ADD

Hero MotoCorp

Strong 1Q; capacity expansion underpins growth

Emkay — Your success is our success

Auto & Auto Ancillaries ▸ Result Update ▸ **August 09, 2026**

CMP (Rs): 5,725 | TP (Rs): 6,700

HMCL reported a healthy 1Q, with revenue up 36% yoy, led by a 23% yoy/4% qoq volume/ASP growth (ASP 4% ahead of estimate). EBITDA rose 25% yoy, while EBITDAM fell by 120bps qoq amid 300bps qoq gross margin decline (~4.5% commodity impact), partially offset by 180bps qoq curtailment in other expenses. HMCL guides for double-digit growth for the domestic 2W industry in FY27, with growth in 2H as well (despite a high base). For HMCL, growth is expected to be led by sustained demand across segments (aided by product interventions, particularly in EVs and premium motorcycles) and capacity expansion (EVs – 3x; Destini – 2x; Xoom by 50%; Splendor by 2k/day, etc), and supported by lean channel inventory (Vida: 2-3 days; Xoom/Destini – half of normal; Splendor – low vs normalized 6 weeks). HMCL has taken 4.5% blended price hikes in ICE-2Ws and 'early double-digit' hikes in EVs since Feb-26-end (marginal hikes seen in ICE/EVs in Jul-26). It aims to offset a marginal uptick in input cost expected in 2Q via improved product mix, optimized discretionary spends, and accelerated cost-savings. We raise FY27E/28E EPS by 6% to factor in better ASPs. Our TP increases by ~12% to Rs6,700 (from Rs6,000; rolled forward) at 18x Jun-28E core PER. We retain ADD, as the core portfolio (commuter motorcycles) faces structural growth issues (segment share at 32% in 1QFY27; FY25/FY24: 38%/41%) and EV risks. However, valuations at 18x FY28E PER and dividend yield (FY28E: 4%) provide comfort.

Overall strong 1Q; beat across parameters

Revenue rose ~36% yoy to Rs130bn, led by 3.8% qoq higher ASP and volume growth of 23% yoy to 1.68mn units. EBITDA came in at Rs17.3bn. EBITDAM at 13.3% fell by 122bps qoq, largely due to ~300bps gross margin contraction, which was partly offset by 180bps qoq drop in other expenses. APAT grew ~29% yoy to Rs14.5bn (Emkay estimate: Rs12.6bn).

Earnings call KTAs

1) The management anticipates the 2W industry to approach double-digit growth in FY27, with positive growth in 2H despite a higher base from last year. Demand momentum seen in 1Q is expected to continue in 2Q. 2) HMCL retained medium-term EBITDAM target of 14-16%, but acknowledged that it may not be achievable in the short term due to transitory commodity cost pressures. For 2QFY27, a marginal uptick in input cost inflation is expected (1Q saw net commodity impact of 4.5%) to be offset via improved product mix, optimized discretionary spends, and accelerated cost-saving programs. 3) HMCL implemented a blended average price hike of 4.5% for ICE 2Ws and double-digit price hike for EVs since Feb-26. 4) EV channel inventory is low (2-3 days), indicating immediate retail of supplied units. Channel stock for ICE scooters, especially Xoom/Destini, is about half of the normal level. The motorcycle portfolio currently holds lower inventory, with HMCL building toward 6 weeks of channel stock to prepare for festive. 5) It has expanded production capacity for several segments: EV capacity doubled from 15kpm units to 30kpm units as of Aug-26, with plans to reach 45kpm units by FY27-end; Splendor capacity increased by 2k/day (>50kpm); Destini capacity doubled; and Xoom scooter capacity increased by 50%. 6) HMCL is advancing its E-motorcycles with 2 concepts, Project UBEX (urban mobility) and VXZ (high performance), expected to launch starting FY28; it plans significant portfolio expansion in the premium segment over next 12M (refreshes this festive and larger full body change models in upcoming quarters). 7) FY27 capex guidance: Rs15bn.

Hero MotoCorp: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	407,564	468,301	545,371	589,044	631,887
EBITDA	58,677	68,707	73,787	81,085	89,179
Adj. PAT	46,100	53,871	58,059	63,355	69,098
Adj. EPS (Rs)	230.7	269.6	290.6	317.1	345.8
EBITDA margin (%)	14.4	14.7	13.5	13.8	14.1
EBITDA growth (%)	11.6	17.1	7.4	9.9	10.0
Adj. EPS growth (%)	11.7	16.9	7.8	9.1	9.1
RoE (%)	24.4	26.0	25.9	26.1	26.3
RoIC (%)	83.9	147.3	320.2	327.8	273.6
P/E (x)	24.8	21.7	19.7	18.1	16.6
EV/EBITDA (x)	17.3	14.2	13.2	11.9	10.8
P/B (x)	5.8	5.3	4.9	4.5	4.2
FCFF yield (%)	3.3	7.5	5.5	6.3	6.0

Source: Company, Emkay Research

Target Price – 12M	Jun-27
Change in TP (%)	**11.7**
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	17.0

Stock Data	**HMCL IN**
52-week High (Rs)	6,390
52-week Low (Rs)	4,422
Shares outstanding (mn)	200.1
Market-cap (Rs bn)	1,146
Market-cap (USD mn)	12,034
Net-debt, FY27E (Rs mn)	(172,431.3)
ADTV-3M (mn shares)	0.7
ADTV-3M (Rs mn)	3,823.2
ADTV-3M (USD mn)	40.2
Free float (%)	65.3
Nifty-50	24,570.7
INR/USD	95.2

Shareholding,Jun-26	
Promoters (%)	34.7
FPIs/MFs (%)	31.1/24.4

Price Performance

(%)	1M	3M	12M
Absolute	14.6	7.1	22.8
Rel. to Nifty	13.8	6.1	23.0

1-Year share price trend (Rs)

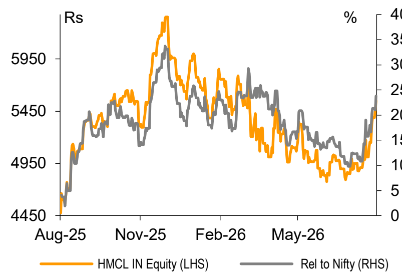

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Exhibit 1: Total volumes were up 23% yoy, led by 15%/101% yoy rise in domestic motorcycle/scooter volumes

Particulars	1QFY27	1QFY26	yoy %	4QFY26	qoq %
Domestic motorcycles (no of units)	1,392,539	1,213,371	14.8	1,420,892	(2.0)
Market share (%)	42.1	41.8	29 bps	41.9	19 bps
Domestic scooters (no of units)	179,568	89,286	101.1	166,370	7.9
Market share (%)	8.2	5.4	287 bps	7.4	82.0 bps
Domestic volumes (no of units)	1,572,107	1,302,657	20.7	1,587,262	(1.0)
Market share (%)	**28.6**	**27.9**	**78 bps**	**28.2**	**47 bps**
Total volumes (no of units)	**1,677,278**	**1,367,070**	**22.7**	**1,714,285**	**(2.2)**
Realization (Rs)	**77,499**	**70,069**	**10.6**	**74,646**	**3.8**

Source: Company, Emkay Research

Exhibit 2: Revenue was up ~36% yoy on 23% volume rise and 11% improvement in ASP; EBITDAM fell by 122bps qoq

Rs mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	yoy (%)	qoq (%)
Volumes (no of units)	**1,535,156**	**1,519,684**	**1,463,802**	**1,380,545**	**1,367,070**	**1,690,702**	**1,696,777**	**1,714,285**	**1,677,278**	***22.7***	***(2.2)***
Growth yoy (%)	*13.5*	*7.3*	*0.3*	*-0.9*	*-10.9*	*11.3*	*15.9*	*24.2*	*22.7*		
ASP (Rs)	**66,076**	**68,851**	**69,755**	**71,991**	**70,069**	**71,723**	**72,658**	**74,646**	**77,499**	***10.6***	***3.8***
Growth yoy (%)	*1.9*	*3.3*	*4.7*	*5.3*	*6.0*	*4.2*	*4.2*	*3.7*	*10.6*		
Revenue	**101,437**	**104,632**	**102,108**	**99,387**	**95,789**	**121,263**	**123,284**	**127,965**	**129,988**	***35.7***	***1.6***
Growth yoy (%)	***15.7***	***10.8***	***5.0***	***4.4***	***-5.6***	***15.9***	***20.7***	***28.8***	***35.7***		
Expenditure	**86,840**	**89,473**	**87,343**	**85,231**	**81,972**	**103,029**	**105,183**	**109,410**	**112,723**	***37.5***	***3.0***
as a % of sales	*85.6*	*85.5*	*85.5*	*85.8*	*85.6*	*85.0*	*85.3*	*85.5*	*86.7*		
Consumption of RM	68,672	69,795	67,152	65,069	63,904	80,939	83,131	87,656	92,897	*45.4*	*6.0*
as a % of sales	*67.7*	*66.7*	*65.8*	*65.5*	*66.7*	*66.7*	*67.4*	*68.5*	*71.5*	*3.0*	
Employee Cost	6,083	6,535	6,622	6,711	6,260	6,981	7,050	6,814	6,991	*11.7*	*2.6*
as a % of sales	*6.0*	*6.2*	*6.5*	*6.8*	*6.5*	*5.8*	*5.7*	*5.3*	*5.4*	*0.1*	
Other expenditure	12,085	13,143	13,569	13,451	11,808	15,109	15,003	14,940	12,834	*8.7*	*(14.1)*
as a % of sales	*11.9*	*12.6*	*13.3*	*13.5*	*12.3*	*12.5*	*12.2*	*11.7*	*9.9*	*(1.8)*	
EBITDA	**14,598**	**15,159**	**14,765**	**14,156**	**13,817**	**18,234**	**18,101**	**18,556**	**17,266**	***25.0***	***(7.0)***
Growth yoy (%)	***21.0***	***14.1***	***8.4***	***4.1***	***-5.3***	***20.3***	***22.6***	***31.1***	***25.0***		
EBITDA margin (%)	***14.4***	***14.5***	***14.5***	***14.2***	***14.4***	***15.0***	***14.7***	***14.5***	***13.3***		
Depreciation	1,932	1,937	1,969	1,921	1,928	1,970	2,044	2,039	2,053	*6.5*	*0.7*
EBIT	**12,666**	**13,222**	**12,796**	**12,235**	**11,889**	**16,264**	**16,056**	**16,517**	**15,213**	***28.0***	***(7.9)***
Other Income	2,317	2,830	3,175	2,237	3,037	2,328	2,959	2,086	4,409	*45.2*	*111.3*
Interest	48	49	55	47	56	57	60	55	63	*11.9*	*13.4*
PBT	**14,935**	**16,003**	**15,916**	**14,425**	**14,870**	**18,536**	**18,955**	**18,548**	**19,559**	***31.5***	***5.4***
Total Tax	3,708	3,967	3,888	3,615	3,613	4,609	4,280	4,537	5,014	*38.8*	*10.5*
Adjusted PAT	**11,226**	**12,035**	**12,028**	**10,809**	**11,257**	**13,928**	**14,676**	**14,011**	**14,545**	***29.2***	***3.8***
Growth yoy (%)	***14.0***	***14.2***	***12.1***	***6.4***	***0.3***	***15.7***	***22.0***	***29.6***	***29.2***		
Exceptional items	0	0	0	0	0	0	1,190	0	0		
Reported PAT	**11,226**	**12,035**	**12,028**	**10,809**	**11,257**	**13,928**	**13,486**	**14,011**	**14,545**	***29.2***	***3.8***
Adjusted EPS	**56.2**	**60.2**	**60.2**	**54.1**	**56.3**	**69.7**	**67.5**	**70.1**	**72.8**	***29.2***	***3.8***

(%)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	yoy (bps)	qoq (bps)
EBITDAM	14.4	14.5	14.5	14.2	14.4	15.0	14.7	14.5	13.3	(114)	(122)
EBITM	12.5	12.6	12.5	12.3	12.4	13.4	13.0	12.9	11.7	(71)	(120)
EBTM	14.7	15.3	15.6	14.5	15.5	15.3	15.4	14.5	15.0	(48)	55
PATM	11.1	11.5	11.8	10.9	11.8	11.5	11.9	10.9	11.2	(56)	24
Effective Tax rate	24.8	24.8	24.4	25.1	24.3	24.9	22.6	24.5	25.6	134	118

Source: Company, Emkay Research

Exhibit 3: Actual vs estimates

(Rs mn)	Actual	Emkay Estimate	Variance (%)	Consensus	Variance (%)
Net sales	129,988	123,327	*5.4*	124,301	*4.6*
EBITDA	17,266	16,033	*7.7*	16,250	*6.3*
EBITDA margin (%)	*13.3*	13.0	*28 bps*	13.1	*21 bps*
Adjusted net income	14,545	12,571	*15.7*	12,607	*15.4*

Source: Company, Emkay Research

Exhibit 4: During 1Q, the EBITDA margin drag from EVs stood at ~260bps; underlying ICE margin down by 90bps yoy at 15.9%

(%)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Reported EBITDAM	13.8	14.1	14.0	14.3	14.4	14.5	14.5	14.2	14.4	15.0	14.7	14.5	13.3
Change qoq (bps)		*30*	*(6)*	*27*	*11*	*10*	*(3)*	*(22)*	*18*	*61*	*(35)*	*(18)*	*(122)*
Underlying ICE EBITDAM	14.5	15.0	16.0	15.3	16.4	16.5	16.0	16.1	16.8	17.7	17.0	17.0	15.9
Change qoq (bps)		*50*	*100*	*(70)*	*110*	*10*	*(50)*	*10*	*70*	*90*	*(70)*	*0*	*(110)*
Drag from EVs	*74*	*94*	*199*	*102*	*201*	*201*	*154*	*186*	*238*	*266*	*232*	*250*	*262*

Source: Company, Emkay Research

Exhibit 5: Industry volume mix has further tilted toward premium motorcycles and exports

Volume mix (%)	FY21	FY22	FY23	FY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Industry													
Commuter motorcycles	**42.3**	**39.4**	**40.3**	**40.9**	**39.9**	**38.8**	**37.7**	**35.4**	**36.6**	**35.7**	**34.3**	**33.4**	**31.8**
-- Economy motorcycles	*14.0*	*11.7*	*9.6*	*9.7*	*8.4*	*8.3*	*8.3*	*6.8*	*7.2*	*8.0*	*6.9*	*6.2*	5.0
-- Executive motorcycles	*15.2*	*15.6*	*17.2*	*16.5*	*16.5*	*15.4*	*15.3*	*14.3*	*14.9*	*14.6*	*14.5*	*14.5*	14.4
--125cc motorcycles	13.1	12.1	13.4	14.7	15.1	15.1	14.1	14.3	14.5	13.1	12.8	12.7	12.4
Premium motorcycles	**12.0**	**10.0**	**11.7**	**13.0**	**12.9**	**11.7**	**11.8**	**12.9**	**12.4**	**12.7**	**13.2**	**13.4**	**13.5**
Scooters	**24.5**	**23.5**	**27.2**	**27.9**	**29.9**	**31.0**	**30.2**	**30.4**	**29.8**	**31.1**	**31.4**	**32.2**	**31.5**
-- ICE	24.3	21.9	23.3	23.3	25.4	25.5	24.6	24.5	24.6	26.2	25.8	26.4	24.5
-- EV	0.2	1.6	3.9	4.5	4.5	5.5	5.6	5.8	5.2	4.9	5.6	5.8	7.0
Mopeds	**3.4**	**2.7**	**2.2**	**2.2**	**2.0**	**2.2**	**2.2**	**1.9**	**1.8**	**1.9**	**2.0**	**1.9**	**1.9**
Exports	**17.8**	**24.4**	**18.6**	**16.0**	**15.3**	**16.3**	**18.1**	**19.5**	**19.3**	**18.6**	**19.1**	**19.0**	**21.3**

Source: Company, Emkay Research; Note: Here, premium refers to >125cc motorcycles

Exhibit 6: HMCL's segment mix has further tilted toward commuter motorcycles and scooters

HMCL's product mix (%)	FY21	FY22	FY23	FY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Commuter Motorcycles	**87.6**	**86.4**	**88.7**	**88.0**	**89.6**	**88.2**	**87.3**	**83.3**	**87.9**	**83.0**	**83.3**	**81.8**	**82.1**
-- Economy motorcycles	28.7	23.6	19.7	18.4	17.9	16.1	15.5	16.3	18.3	16.5	15.0	13.3	12.1
-- Executive motorcycles	42.3	51.4	58.4	59.9	59.9	59.4	59.3	57.0	61.5	57.0	58.3	58.3	60.5
--125cc motorcycles	16.6	11.4	10.5	9.7	11.8	12.6	12.4	10.1	8.1	9.5	10.0	10.2	9.6
Premium motorcycles	**1.5**	**1.4**	**1.3**	**1.3**	**1.5**	**1.2**	**1.1**	**1.2**	**0.9**	**1.4**	**1.0**	**1.2**	**0.9**
Scooters	**7.7**	**6.2**	**6.7**	**7.1**	**5.6**	**6.4**	**6.6**	**8.1**	**6.5**	**9.0**	**9.7**	**9.7**	**10.7**
-- ICE	7.7	6.2	6.7	6.8	4.9	5.4	5.8	6.6	4.9	6.7	7.3	7.1	7.3
-- EV	0.0	0.0	0.0	0.4	0.7	1.1	0.8	1.5	1.7	2.3	2.5	2.6	3.4
Exports	**3.3**	**6.1**	**3.2**	**3.6**	**3.3**	**4.2**	**5.0**	**7.4**	**4.7**	**6.6**	**6.0**	**7.3**	**6.3**
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: SIAM, Emkay Research

Exhibit 7: HMCL's domestic model mix has seen improvement in share of Splendor, Super Splendor, Vida, and Xoom

Segment	Model-wise volume mix (%)	FY22	FY23	FY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
Motorcycles													
Economy motorcycles	HF Deluxe	25.1	20.4	19.1	18.5	16.9	16.4	17.6	19.2	17.7	16.0	14.4	12.9
Executive motorcycles	**Splendor**	**51.3**	**57.1**	**55.5**	**58.0**	**58.1**	**59.2**	**58.0**	**60.6**	**56.7**	**58.2**	**59.0**	**61.3**
Executive motorcycles	Passion	3.4	3.3	6.6	4.1	4.1	3.4	3.7	4.1	4.6	3.8	4.0	3.3
Executive 125cc motorcycle	Glamour	6.1	4.8	4.4	4.2	3.1	3.1	2.2	1.1	4.0	4.5	4.6	4.1
Executive 125cc motorcycle	**Super Splendor**	**6.1**	**6.0**	**5.4**	**4.9**	**3.8**	**4.1**	**3.8**	**3.9**	**3.1**	**2.6**	**2.8**	**3.1**
Executive 125cc motorcycle	Xtreme 125R	0.0	0.0	0.3	3.2	6.3	6.0	4.8	3.4	3.1	3.6	3.8	3.1
Premium motorcycles	Xtreme	0.8	0.6	0.6	0.4	0.5	0.5	0.7	0.3	0.4	0.4	0.4	0.2
Premium motorcycles	Xpulse	0.7	0.7	0.6	0.6	0.5	0.3	0.4	0.5	0.7	0.5	0.7	0.5
Premium motorcycles	Karizma	0.0	0.0	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Premium motorcycles	Maverick 440	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Scooters													
Scooters	Maestro	1.2	0.7	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Scooters	Pleasure	3.9	3.3	2.6	1.8	2.7	3.1	2.9	1.6	2.0	1.8	1.5	1.5
Scooters	**Xoom**	**0.0**	**0.4**	**1.6**	**0.9**	**0.9**	**0.7**	**0.8**	**0.4**	**1.3**	**1.1**	**1.2**	**1.6**
Scooters	Destini 125	1.5	2.5	2.6	2.4	2.0	2.3	3.5	3.0	3.9	4.8	5.0	4.7
Scooters	**Vida**	**0.0**	**0.0**	**0.4**	**0.7**	**1.1**	**0.8**	**1.6**	**1.7**	**2.5**	**2.6**	**2.9**	**3.6**

Source: SIAM, Emkay Research

Exhibit 8: HMCL has seen share loss in 1Q on qoq basis, largely due to share loss in premium motorcycles and exports, partially offset by gain in the scooter category

Market share (%)	FY21	FY22	FY23	FY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
HMCL	**31.4**	**27.2**	**27.1**	**25.9**	**25.3**	**23.9**	**24.0**	**23.8**	**23.1**	**24.3**	**23.7**	**23.6**	**23.0**
Commuter motorcycles	**65.0**	**59.6**	**59.7**	**55.8**	**56.9**	**54.5**	**55.6**	**55.9**	**55.5**	**56.5**	**57.6**	**57.9**	**59.3**
-- Economy motorcycles	64.3	54.8	55.5	49.3	54.1	46.8	45.1	57.1	59.1	50.3	51.3	50.9	55.4
-- Executive motorcycles	87.4	89.4	92.0	94.0	92.4	92.2	92.9	94.8	95.2	94.9	95.1	95.0	96.4
--125cc motorcycles	39.8	25.7	21.3	17.1	19.9	20.0	21.2	16.6	12.8	17.6	18.5	19.0	17.7
Premium motorcycles	**3.8**	**3.7**	**3.0**	**2.5**	**2.9**	**2.5**	**2.2**	**2.2**	**1.6**	**2.7**	**1.7**	**2.0**	**1.5**
Scooters	**9.8**	**7.1**	**6.7**	**6.6**	**4.7**	**4.9**	**5.2**	**6.4**	**5.0**	**7.0**	**7.3**	**7.1**	**7.8**
-- ICE	9.9	7.7	7.8	7.5	4.9	5.0	5.7	6.4	4.6	6.2	6.7	6.3	6.9
-- EV	0.0	0.0	0.2	2.0	3.8	4.5	3.2	6.2	7.3	11.3	10.2	10.6	11.1
Mopeds	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Exports	**5.8**	**6.8**	**4.7**	**5.8**	**5.5**	**6.1**	**6.7**	**9.0**	**5.6**	**8.6**	**7.5**	**9.0**	**6.8**
Domestic 2W market share (%)	**36.9**	**33.8**	**32.2**	**29.7**	**28.9**	**27.4**	**27.8**	**27.3**	**27.2**	**27.9**	**27.5**	**27.1**	**27.4**

Source: SIAM, Emkay Research

Exhibit 9: Retail market share – HMCL has witnessed a rise in market share in 1QFY27, but saw a decline in Jul-26

2W Retail Volume (no of units)	FY23	FY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	Jul-26
BJAUT	1,657,174	2,135,477	549,844	476,974	703,610	525,220	551,468	427,197	753,494	619,987	600,189	180,041
HMCL	5,044,769	5,436,131	1,380,283	1,054,166	1,852,972	1,257,807	1,429,494	1,026,930	2,207,094	1,519,685	1,554,854	440,537
HMSI	3,904,302	4,157,707	1,200,686	1,119,794	1,604,509	1,115,933	1,214,604	1,077,769	1,870,468	1,419,649	1,401,316	469,466
TVSL	2,455,900	2,994,030	804,820	736,950	1,022,456	847,701	931,785	818,703	1,314,579	1,110,746	1,101,778	373,882
RE	693,627	792,299	202,749	181,898	259,308	236,736	242,578	232,143	365,177	308,036	284,395	94,737
2W Industry Retails	**16,007,882**	**17,466,755**	**4,651,388**	**4,174,301**	**6,107,851**	**4,573,132**	**4,974,143**	**4,195,246**	**7,275,439**	**5,716,614**	**5,688,050**	**1,816,980**

2Ws Market Share (%)	FY23	FY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27	Jul-26
BJAUT	10.4	12.2	11.8	11.4	11.5	11.5	11.1	10.2	10.4	10.8	10.6	9.9
HMCL	31.5	31.1	29.7	25.3	30.3	27.5	28.7	24.5	30.3	26.6	27.3	24.2
HMSI	24.4	23.8	25.8	26.8	26.3	24.4	24.4	25.7	25.7	24.8	24.6	25.8
TVSL	15.3	17.1	17.3	17.7	16.7	18.5	18.7	19.5	18.1	19.4	19.4	20.6
RE	4.3	4.5	4.4	4.4	4.2	5.2	4.9	5.5	5.0	5.4	5.0	5.2

Source: Vahan, Emkay Research

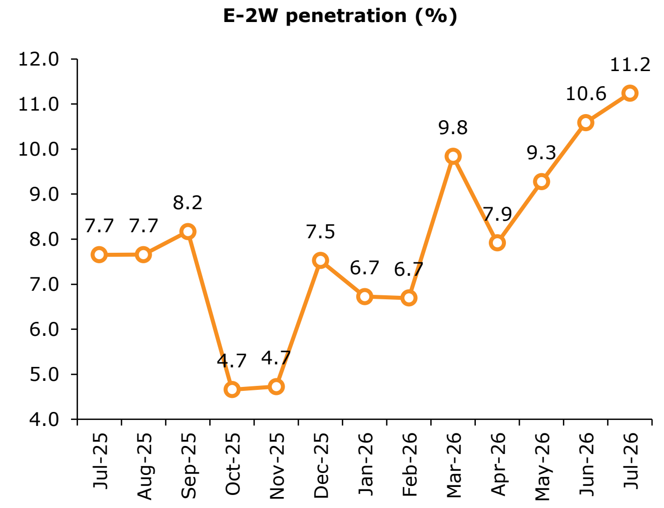
Exhibit 10: E-2W retails – HMCL has consistently maintained the #4 spot, with ~11% share; E-2W industry growth accelerated to 88% in Jul-26

E-2W retail (no of units)	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26
Ola Electric	18,447	19,459	13,856	16,437	8,888	9,394	7,808	4,167	10,256	12,327	15,218	16,249	14,102
TVS Motor	23,592	25,646	23,925	31,075	32,310	26,826	36,132	33,493	51,593	40,011	42,965	47,418	55,465
Ather Energy	17,837	19,210	19,364	29,871	21,876	18,371	23,082	21,260	36,333	28,459	28,512	31,440	30,317
Bajaj Auto	20,556	12,246	20,274	32,463	26,825	19,912	26,573	26,337	47,733	34,555	39,507	43,505	45,562
Hero MotoCorp	10,834	13,769	13,273	16,498	12,876	11,392	13,866	12,973	22,194	15,904	19,214	21,893	22,883
Okinawa	185	171	107	180	151	100	129	113	140	133	112	129	121
Greaves Electric	4,266	4,567	4,352	7,743	5,893	4,849	5,421	4,761	7,979	7,009	7,702	10,938	10,125
HMSI	411	378	348	401	356	271	297	206	149	402	525	816	937
Bgauss Auto	1,763	1,729	2,524	3,077	2,951	2,511	2,539	2,723	3,773	3,230	3,300	3,975	5,518
River mobility	1,680	1,904	1,895	1,822	2,064	2,059	2,856	2,480	4,284	3,729	3,800	4,449	5,944
Revolt Intellicorp	836	1,088	709	1,357	1,055	536	672	664	1,342	962	742	889	1,251
Others	8,106	9,500	9,249	9,964	9,715	8,493	9,876	9,211	13,482	10,573	10,856	13,250	11,976
Industry	**108,513**	**109,667**	**109,876**	**150,888**	**124,960**	**104,714**	**129,251**	**118,388**	**199,258**	**157,294**	**172,453**	**194,951**	**204,201**
Growth yoy (%)	**(6.4)**	**17.4**	**14.4**	**4.1**	**(1.6)**	**34.3**	**26.1**	**47.0**	**43.9**	**63.1**	**64.4**	**76.1**	**88.2**

Market share (%)	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26
Ola Electric	17.0	17.7	12.6	10.9	7.1	9.0	6.0	3.5	5.1	7.8	8.8	8.3	6.9
TVS Motor	21.7	23.4	21.8	20.6	25.9	25.6	28.0	28.3	25.9	25.4	24.9	24.3	27.2
Ather Energy	16.4	17.5	17.6	19.8	17.5	17.5	17.9	18.0	18.2	18.1	16.5	16.1	14.8
Bajaj Auto	18.9	11.2	18.5	21.5	21.5	19.0	20.6	22.2	24.0	22.0	22.9	22.3	22.3
Hero MotoCorp	10.0	12.6	12.1	10.9	10.3	10.9	10.7	11.0	11.1	10.1	11.1	11.2	11.2
Okinawa	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Greaves Electric	3.9	4.2	4.0	5.1	4.7	4.6	4.2	4.0	4.0	4.5	4.5	5.6	5.0
HMSI	0.4	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.1	0.3	0.3	0.4	0.5
Bgauss Auto	1.6	1.6	2.3	2.0	2.4	2.4	2.0	2.3	1.9	2.1	1.9	2.0	2.7
River mobility	1.5	1.7	1.7	1.2	1.7	2.0	2.2	2.1	2.1	2.4	2.2	2.3	2.9
Revolt Intellicorp	0.8	1.0	0.6	0.9	0.8	0.5	0.5	0.6	0.7	0.6	0.4	0.5	0.6
Others	7.5	8.7	8.4	6.6	7.8	8.1	7.6	7.8	6.8	6.7	6.3	6.8	5.9
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

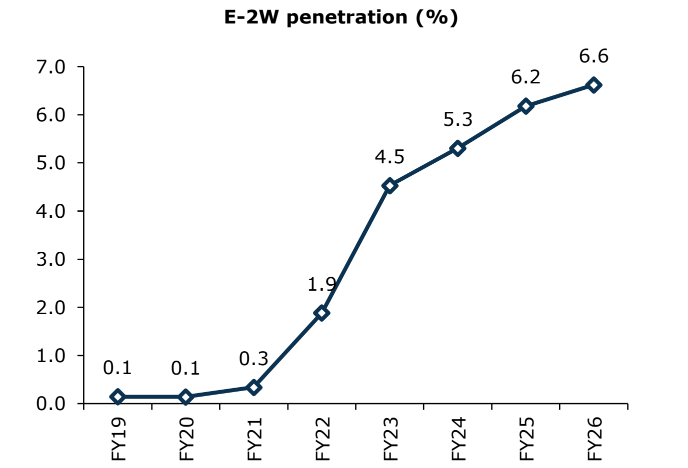
Source: Vahan, Emkay Research

Exhibit 11: Domestic E-2W penetration at 11.2% in Jul-26 vs 10.6%/9.3%/7.9% in Jun/May/Apr-26 and 7.7% in Jul-25…



Source: Vahan, Emkay Research

Exhibit 12: …with FY26 penetration at ~6.6%



Source: Vahan, Emkay Research

Exhibit 13: We build in an overall 2W volume run-rate of ~571k/598k/622k in FY27E/FY28E/FY29E, implying yoy growth of 6%/5%/4%

Volumes (no of units)	FY26YTD	FY27YTD	yoy (%)	FY26 Rem	FY27E Rem	yoy (%)	FY26	yoy (%)	FY27E	yoy (%)	FY28E	yoy (%)	FY29E	yoy (%)
Scooters	**89,286**	**179,568**	***101.1***	**393,302**	**567,000**	***44.2***	**572,870**	***46.4***	**746,568**	***30.3***	**824,880**	***10.5***	**906,847**	***9.9***
-- ICE	*66,631*	*122,731*	*84.2*	***301,666***	***360,000***	*19.3*	*424,397*	*27.5*	*482,731*	*13.7*	*500,880*	*3.8*	*522,847*	*4.4*
-- EVs	*22,655*	*56,837*	*150.9*	*91,636*	*207,000*	*125.9*	*148,473*	*153.8*	*263,837*	*77.7*	*324,000*	*22.8*	*384,000*	*18.5*
Motorcycles	**1,213,426**	**1,391,969**	***14.7***	**4,098,790**	**4,255,073**	***3.8***	**5,490,759**	***5.2***	**5,647,042**	***2.8***	**5,815,855**	***3.0***	**5,968,113**	***2.6***
--Economy	*250,291*	*202,991*	*-18.9*	*809,208*	*603,000*	*-25.5*	*1,012,199*	*4.2*	*805,991*	*-20.4*	*820,080*	*1.7*	*836,482*	*2.0*
--Executive	*841,169*	*1,013,848*	*20.5*	*2,776,401*	*3,069,000*	*10.5*	*3,790,249*	*8.9*	*4,082,848*	*7.7*	*4,182,120*	*2.4*	*4,265,762*	*2.0*
--Executive 125cc	*110,282*	*160,259*	*45.3*	*456,732*	*522,000*	*14.3*	*616,991*	*-11.1*	*682,259*	*10.6*	*728,280*	*6.7*	*776,358*	*6.6*
--Premium	*11,684*	*14,871*	*27.3*	*56,449*	*61,073*	*8.2*	*71,320*	*-1.4*	*75,944*	*6.5*	*85,375*	*12.4*	*89,511*	*4.8*
Total Domestic	**1,302,712**	**1,571,537**	***20.6***	**4,492,092**	**4,822,073**	***7.3***	**6,063,629**	***8.1***	**6,393,610**	***5.4***	**6,640,735**	***3.9***	**6,874,961**	***3.5***
Total Exports	64,416	105,171	*63.3*	297,573	361,663	*21.5*	402,744	*39.0*	466,834	*15.9*	543,076	*16.3*	593,964	*9.4*
Total Volumes	**1,367,128**	**1,676,708**	***22.6***	**4,789,665**	**5,183,736**	***8.2***	**6,466,373**	***9.6***	**6,860,444**	***6.1***	**7,183,811**	***4.7***	**7,468,925**	***4.0***

Monthly Run Rate (no of units)	FY26YTD	FY27YTD	yoy (%)	FY26 Rem	FY27E Rem	yoy (%)	FY26	yoy (%)	FY27E	yoy (%)	FY28E	yoy (%)	FY29E	yoy (%)
Scooters	**29,762**	**59,856**	***101.1***	**43,700**	**63,000**	***44.2***	**47,739**	***46.4***	**62,214**	***30.3***	**68,740**	***10.5***	**75,571**	***9.9***
-- ICE	*22,210*	*40,910*	*84.2*	*33,518*	*40,000*	*19.3*	*35,366*	*27.5*	*40,228*	*13.7*	*41,740*	*3.8*	*43,571*	*4.4*
-- EVs	*7,552*	*18,946*	*150.9*	*10,182*	*23,000*	*125.9*	*12,373*	*153.8*	*21,986*	*77.7*	*27,000*	*22.8*	*32,000*	*18.5*
Motorcycles	**404,475**	**463,990**	***14.7***	**455,421**	**472,786**	***3.8***	**457,563**	***5.2***	**470,587**	***2.8***	**484,655**	***3.0***	**497,343**	***2.6***
--Economy	*83,430*	*67,664*	*-18.9*	*89,912*	*67,000*	*-25.5*	*84,350*	*4.2*	*67,166*	*-20.4*	*68,340*	*1.7*	*69,707*	*2.0*
--Executive	*280,390*	*337,949*	*20.5*	*308,489*	*341,000*	*10.5*	*315,854*	*8.9*	*340,237*	*7.7*	*348,510*	*2.4*	*355,480*	*2.0*
--Executive 125cc	*36,761*	*53,420*	*45.3*	*50,748*	*58,000*	*14.3*	*51,416*	*-11.1*	*56,855*	*10.6*	*60,690*	*6.7*	*64,697*	*6.6*
--Premium	*3,895*	*4,957*	*27.3*	*6,272*	*6,786*	*8.2*	*5,943*	*-1.4*	*6,329*	*6.5*	*7,115*	*12.4*	*7,459*	*4.8*
Total Domestic	**434,237**	**523,846**	*20.6*	**499,121**	**535,786**	***7.3***	**505,302**	*8.1*	**532,801**	*5.4*	**553,395**	***3.9***	**572,913**	***3.5***
Total Exports	21,472	35,057	*63.3*	33,064	40,185	*21.5*	33,562	*39.0*	38,903	*15.9*	45,256	*16.3*	49,497	*9.4*
Total Volumes	**455,709**	**558,903**	***22.6***	**532,185**	**575,971**	***8.2***	**538,864**	***9.6***	**571,704**	***6.1***	**598,651**	***4.7***	**622,410**	***4.0***

Source: Company, Emkay Research

Exhibit 14: We build in 5%/11%/9% volume/revenue/PAT CAGR over FY26-29E

Particulars (no of units)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Domestic Motorcycles	4,337,634	4,797,255	5,019,916	5,218,401	5,490,759	5,647,042	5,815,855	5,968,113
Growth yoy (%)	(15.9)	10.6	4.6	4.0	5.2	2.8	3.0	2.6
Domestic Scooters	305,892	358,541	400,453	391,419	572,870	746,568	824,880	906,847
Growth yoy (%)	(31.0)	17.2	11.7	(2.3)	46.4	30.3	10.5	9.9
Total Domestic 2W	**4,643,526**	**5,155,796**	**5,420,369**	**5,609,820**	**6,063,629**	**6,393,610**	**6,640,735**	**6,874,961**
Growth yoy (%)	(17.1)	11.0	5.1	3.5	8.1	5.4	3.9	3.5
Export Motorcycles	290,131	161,902	170,587	258,418	349,372	394,790	442,165	481,885
Growth yoy (%)	68.7	(44.2)	5.4	51.5	35.2	13.0	12.0	9.0
Export Scooters	10,491	10,850	30,329	31,250	53,372	72,044	100,911	112,079
Growth yoy (%)	(27.9)	3.4	179.5	3.0	70.8	35.0	40.1	11.1
Exports	**300,622**	**172,752**	**200,916**	**289,668**	**402,744**	**466,834**	**543,076**	**593,964**
Growth yoy (%)	61.2	(42.5)	16.3	44.2	39.0	15.9	16.3	9.4
Total	**4,944,148**	**5,328,548**	**5,621,285**	**5,899,488**	**6,466,373**	**6,860,444**	**7,183,811**	**7,468,925**
Growth yoy (%)	(14.6)	7.8	5.5	4.9	9.6	6.1	4.7	4.0

Revenue Model	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Average Monthly Volumes (no of units)	412,012	444,046	468,440	491,624	538,864	571,704	598,651	622,410
Volumes (no of units)	4,944,148	5,328,548	5,621,285	5,899,488	6,466,373	6,860,444	7,183,811	7,468,925
Growth yoy (%)	(14.6)	7.8	5.5	4.9	9.6	6.1	4.7	4.0
ASP (Rs/unit)	59,152	63,443	66,632	69,085	72,421	79,495	81,996	84,602
Growth yoy (%)	11.1	7.3	5.0	3.7	4.8	9.8	3.1	3.2
Revenues	**292,455**	**338,057**	**374,557**	**407,564**	**468,301**	**545,371**	**589,044**	**631,887**
Growth yoy (%)	(5.0)	15.6	10.8	8.8	14.9	16.5	8.0	7.3
Gross Profit	**84,187**	**99,475**	**120,250**	**136,877**	**152,671**	**162,800**	**176,426**	**189,257**
Gross Margin (%)	28.8	29.4	32.1	33.6	32.6	29.9	30.0	30.0
Gross Profit per Vehicle	17,028	18,668	21,392	23,201	23,610	23,730	24,559	25,339
Employee Costs	**19,354**	**21,898**	**24,023**	**25,952**	**27,105**	**28,304**	**30,360**	**30,968**
% of Revenue	6.6	6.5	6.4	6.4	5.8	5.2	5.2	4.9
Employee Costs per Vehicle	3,915	4,110	4,274	4,399	4,192	4,126	4,226	4,146
Other Expenses	**31,145**	**37,715**	**43,669**	**52,248**	**56,860**	**60,708**	**64,980**	**69,110**
% of Revenue	10.6	11.2	11.7	12.8	12.1	11.1	11.0	10.9
Other Expenses per Vehicle	6,299	7,078	7,769	8,856	8,793	8,849	9,045	9,253
EBITDA	**33,688**	**39,862**	**52,557**	**58,677**	**68,707**	**73,787**	**81,085**	**89,179**
EBITDA margin (%)	11.5	11.8	14.0	14.4	14.7	13.5	13.8	14.1
EBITDA Growth yoy (%)	(16.2)	18.3	31.8	11.6	17.1	7.4	9.9	10.0
EBITDA per Vehicle (Rs)	6,814	7,481	9,350	9,946	10,625	10,755	11,287	11,940
Depreciation	6,498	6,570	7,114	7,759	7,980	8,377	9,028	9,566
as a % of Gross Block	4.5	4.4	4.6	4.7	4.6	4.6	4.6	4.6
EBIT	**27,500**	**33,348**	**45,493**	**50,971**	**60,782**	**65,467**	**72,118**	**79,613**
EBIT Margin (%)	9.4	9.9	12.1	12.5	13.0	12.0	12.2	12.6
EBIT per Vehicle (Rs)	5,562	6,258	8,093	8,640	9,400	9,543	10,039	10,659
PAT	**24,730**	**29,106**	**41,280**	**46,100**	**53,871**	**58,059**	**63,355**	**69,098**
PAT Margin (%)	8.5	8.6	11.0	11.3	11.5	10.6	10.8	10.9
PAT per Vehicle (Rs)	5,002	5,462	7,343	7,814	8,331	8,463	8,819	9,251
EPS (Rs)	**123.8**	**145.7**	**206.6**	**230.7**	**269.6**	**290.6**	**317.1**	**345.8**
PER (x)	**46.3**	**39.3**	**27.7**	**24.8**	**21.2**	**19.7**	**18.1**	**16.6**
Core PER (x)	**42.1**	**34.4**	**25.1**	**21.6**	**17.1**	**15.8**	**14.3**	**11.0**

Source: Company, Emkay Research

Exhibit 15: We introduce FY29 estimates and keep FY27-28E EPS largely unchanged

Standalone	FY26		FY27E				FY28E				FY29E	
Rs mn	Actuals	% yoy	Earlier	Revised	% Change	% yoy	Earlier	Revised	% Change	% yoy	Introduced	% yoy
Volumes (no of units)	6,466,373	9.6	6,851,400	6,860,444	0.1	6.1	7,125,491	7,183,811	0.8	4.7	7,468,925	4.0
ASP (Rs/unit)	72,421	4.8	75,395	79,495	5.4	9.8	77,472	81,996	5.8	3.1	84,602	3.2
Net Sales	468,301	14.9	516,561	545,371	5.6	16.5	552,027	589,044	6.7	8.0	631,887	7.3
EBITDA	68,707	17.1	70,238	73,787	5.1	7.4	77,106	81,085	5.2	9.9	89,179	10.0
Margin (%)	14.7	27 bps	13.6	13.5	(7) bps	(114) bps	14.0	13.8	(20) bps	24 bps	14.1	35 bps
APAT	53,871	16.9	54,849	58,059	5.9	7.8	59,607	63,355	6.3	9.1	69,098	9.1
EPS (Rs)	269.6	16.9	274.5	290.6	5.9	7.8	298.3	317.1	6.3	9.1	345.8	9.1
Core EPS (Rs)	227.5	20.4	231.2	244.8	5.9	7.6	254.5	269.7	6.0	10.2	346.8	28.6
Monthly Run Rate	538,864	9.6	570,950	571,704	0.1	6.1	593,791	598,651	0.8	4.7	622,410	4.0

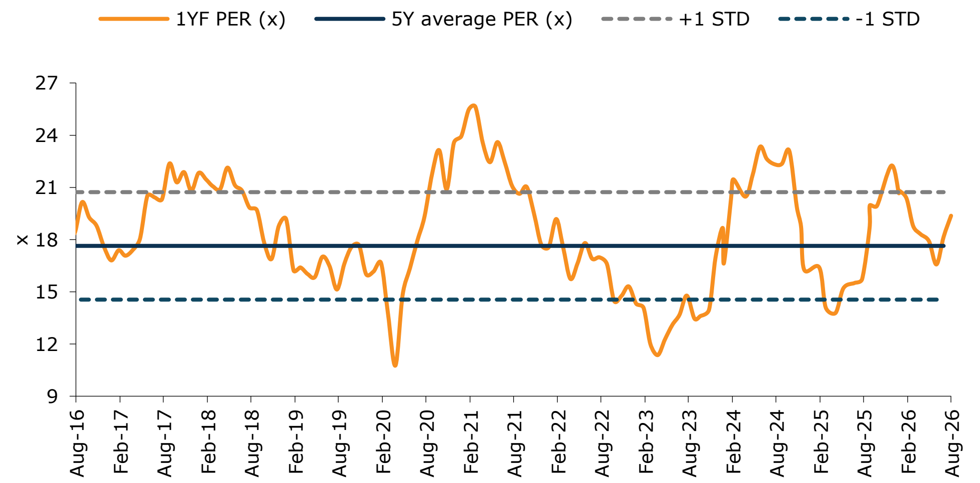
Source: Company, Emkay Research

Exhibit 16: We raise our SOTP-based TP by ~12% to Rs6,700 from Rs6,000

SOTP	Basis of Valuation	Equity value (Rs mn)	Equity value/share (Rs)	Contribution to SOTP (%)
Core business	18x Jun-28E core EPS	1,010,408	4,833	71.6
Hero FinCorp	1.5x FY28E PBV (20% Holdco discount)	42,942	215	3.2
Ather Energy	7x Jun-28E EV/S (20% Holdco discount)	157,123	786	11.7
Cash per share	As of Jun-28E		915	13.6
Total			**6,749**	**100.0**
Total (Rounded off)			**6,700**	

Source: Company, Emkay Research

Exhibit 17: HMCL is currently trading near its LTA on 1YF PER basis



Source: Bloomberg, Emkay Research

Exhibit 18: Valuation matrix – Peer companies

Company name	Price (Rs)	Reco	Target Price (Rs)	% Upside / (Downside)	FY26-28E Revenue CAGR	FY26-28E EPS CAGR	PER (x)			PBV (x)			EV/EBITDA (x)			ROE (%)		
							FY26	FY27E	FY28E	FY26E	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
OEMs																		
Ather Energy	1,482	BUY	1,600	8.0	59%	LTP	-109.9	-408.3	138.1	21.9	12.3	11.3	-117.4	-953.1	85.7	-33.4	-3.9	8.6
TVS Motor	4,441	BUY	5,300	19.3	21%	30%	57.7	41.9	34.0	18.8	13.6	10.3	32.3	24.7	20.3	34.6	37.7	34.6
Bajaj Auto	11,662	BUY	13,700	17.5	18%	17%	33.1	26.7	24.1	9.3	8.9	7.8	24.0	18.9	16.6	29.3	33.9	34.7
Eicher Motors	8,020	BUY	9,100	13.5	21%	19%	39.5	32.9	27.8	8.8	7.5	6.5	34.3	26.8	22.1	24.0	24.6	25.1
Hero MotoCorp	**5,725**	**ADD**	**6,700**	**17.0**	**10%**	**8%**	**21.2**	**19.7**	**18.1**	**5.3**	**4.9**	**4.5**	**14.2**	**13.2**	**11.9**	**26.0**	**25.9**	**26.1**
Ola Electric	41	SELL	30	-27.0	9%	-	-9.9	-14.1	-13.9	5.4	7.4	15.9	-19.6	-34.5	-42.2	-43.1	-52.5	-114.5
Maruti Suzuki India	14,037	ADD	15,500	10.4	14%	14%	30.6	28.2	23.6	4.2	3.8	3.4	17.4	15.2	12.4	14.5	14.2	15.3
Hyundai Motor India	2,201	BUY	2,450	11.3	16%	19%	32.9	30.8	23.2	8.9	7.5	6.2	18.0	16.3	12.3	29.9	26.6	29.2
Mahindra & Mahindra	3,502	BUY	4,100	17.1	15%	9%	26.7	25.5	22.6	5.9	5.0	4.3	17.5	16.3	13.6	23.2	20.5	20.0
Tata Motors PV	347	ADD	390	12.4	14%	163%	50.9	10.9	7.4	1.1	1.0	0.9	7.9	4.3	3.2	4.5	9.9	13.2
Tata Motors	453	BUY	700	54.5	16%	16%	23.6	20.2	17.6	12.4	7.7	5.4	16.2	12.6	10.6	64.6	47.1	35.8
Ashok Leyland	178	BUY	240	35.2	14%	19%	26.6	22.4	18.8	8.0	6.4	5.3	16.9	13.6	11.2	31.8	31.7	30.7
Escorts	3,060	BUY	4,000	30.7	10%	10%	25.2	22.6	21.0	2.8	2.6	2.3	18.5	17.5	15.0	11.9	11.7	11.7

Source: Company, Emkay Research

Hero MotoCorp: Standalone Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**407,564**	**468,301**	**545,371**	**589,044**	**631,887**
Revenue growth (%)	8.8	14.9	16.5	8.0	7.3
EBITDA	**58,677**	**68,707**	**73,787**	**81,085**	**89,179**
EBITDA growth (%)	11.6	17.1	7.4	9.9	10.0
Depreciation & Amortization	7,759	7,980	8,377	9,028	9,566
EBIT	**50,918**	**60,727**	**65,409**	**72,057**	**79,613**
EBIT growth (%)	12.0	19.3	7.7	10.2	10.5
Other operating income	-	-	-	-	-
Other income	10,559	10,410	12,456	12,908	13,051
Financial expense	199	228	246	265	287
PBT	**61,278**	**70,909**	**77,620**	**84,700**	**92,377**
Extraordinary items	0	(1,190)	0	0	0
Taxes	15,179	17,038	19,560	21,344	23,279
Minority interest	-	-	-	-	-
Income from JV/Associates	-	-	-	-	-
Reported PAT	**46,100**	**52,681**	**58,059**	**63,355**	**69,098**
PAT growth (%)	16.2	14.3	10.2	9.1	9.1
Adjusted PAT	**46,100**	**53,871**	**58,059**	**63,355**	**69,098**
Diluted EPS (Rs)	**230.7**	**269.6**	**290.6**	**317.1**	**345.8**
Diluted EPS growth (%)	11.7	16.9	7.8	9.1	9.1
DPS (Rs)	**140.1**	**175.2**	**185.0**	**203.4**	**222.0**
Dividend payout (%)	**60.7**	**66.5**	**63.7**	**64.1**	**64.2**
EBITDA margin (%)	14.4	14.7	13.5	13.8	14.1
EBIT margin (%)	12.5	13.0	12.0	12.2	12.6
Effective tax rate (%)	24.8	24.0	25.2	25.2	25.2
NOPLAT (pre-IndAS)	**38,306**	**46,136**	**48,926**	**53,898**	**59,551**
Shares outstanding (mn)	200	200	200	200	200

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	400	400	400	400	400
Reserves & Surplus	197,669	215,381	232,799	251,805	273,226
Net worth	**198,069**	**215,781**	**233,199**	**252,205**	**273,626**
Minority interests	-	-	-	-	-
Non-current liab. & prov.	5,096	5,831	6,636	7,515	8,473
Total debt	**0**	**0**	**0**	**0**	**0**
Total liabilities & equity	**205,845**	**224,093**	**242,695**	**262,809**	**285,188**
Net tangible fixed assets	49,490	50,131	54,174	0	0
Net intangible assets	5,593	5,593	5,593	0	0
Net ROU assets	-	-	-	-	-
Capital WIP	4,925	7,442	10,022	8,017	8,017
Goodwill	-	-	-	-	-
Investments [JV/Associates]	23,795	33,795	43,795	53,795	63,795
Cash & equivalents	**128,833**	**166,211**	**172,431**	**182,028**	**185,103**
Current assets (ex-cash)	61,531	54,167	64,919	70,118	84,439
Current Liab. & Prov.	73,356	98,352	113,524	121,002	129,802
NWC (ex-cash)	**(11,825)**	**(44,185)**	**(48,605)**	**(50,884)**	**(45,363)**
Total assets	**205,845**	**224,093**	**242,695**	**262,809**	**285,188**
Net debt	(128,833)	(166,211)	(172,431)	(182,028)	(185,103)
Capital employed	205,845	224,093	242,695	262,809	285,188
Invested capital	**47,189**	**15,470**	**15,093**	**17,791**	**25,745**
BVPS (Rs)	991.3	1,080.0	1,167.2	1,262.3	1,369.5
Net Debt/Equity (x)	(0.7)	(0.8)	(0.7)	(0.7)	(0.7)
Net Debt/EBITDA (x)	(2.2)	(2.4)	(2.3)	(2.2)	(2.1)
Interest coverage (x)	308.6	312.6	316.8	320.1	323.2
RoCE (%)	**32.5**	**34.4**	**34.7**	**35.0**	**35.2**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	61,279	69,720	77,620	84,700	92,377
Others (non-cash items)	(4,334)	(6,596)	(3,679)	(3,707)	(3,329)
Taxes paid	(15,341)	(11,156)	(18,755)	(20,466)	(22,321)
Change in NWC	(3,336)	25,838	4,620	2,684	(6,870)
Operating cash flow	**41,819**	**83,149**	**68,429**	**72,504**	**69,711**
Capital expenditure	(8,103)	(9,936)	(15,000)	(12,000)	(12,000)
Acquisition of business	(12,898)	(38,255)	(14,500)	(12,500)	(3,000)
Interest & dividend income	5,143	0	0	0	0
Investing cash flow	**(15,858)**	**(48,191)**	**(29,500)**	**(24,500)**	**(15,000)**
Equity raised/(repaid)	69	25	0	0	0
Debt raised/(repaid)	0	0	0	0	0
Payment of lease liabilities	(50)	80	0	0	0
Interest paid	(540)	(683)	(246)	(265)	(287)
Dividend paid (incl tax)	(27,998)	(35,011)	(36,963)	(40,642)	(44,349)
Others	-	-	-	-	-
Financing cash flow	**(28,519)**	**(35,589)**	**(37,209)**	**(40,907)**	**(44,635)**
Net chg in Cash	(2,558)	(631)	1,720	7,097	10,075
OCF	41,819	83,149	68,429	72,504	69,711
Adj. OCF (w/o NWC chg.)	45,156	57,311	63,809	69,820	76,580
FCFF	33,716	73,213	53,429	60,504	57,711
FCFE	38,660	72,986	53,183	60,238	57,424
OCF/EBITDA (%)	71.3	121.0	92.7	89.4	78.2
FCFE/PAT (%)	83.9	138.5	91.6	95.1	83.1
FCFF/NOPLAT (%)	**88.0**	**158.7**	**109.2**	**112.3**	**96.9**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	24.8	21.7	19.7	18.1	16.6
P/CE(x)	21.2	18.5	17.2	15.8	14.5
P/B (x)	5.8	5.3	4.9	4.5	4.2
EV/Sales (x)	2.5	2.1	1.8	1.6	1.5
EV/EBITDA (x)	17.3	14.2	13.2	11.9	10.8
EV/EBIT(x)	19.9	16.1	14.9	13.3	12.0
EV/IC (x)	21.5	63.2	64.4	54.1	37.2
FCFF yield (%)	3.3	7.5	5.5	6.3	6.0
FCFE yield (%)	3.4	6.4	4.6	5.3	5.0
Dividend yield (%)	2.4	3.1	3.2	3.6	3.9
DuPont-RoE split					
Net profit margin (%)	11.3	11.5	10.6	10.8	10.9
Total asset turnover (x)	2.1	2.2	2.3	2.3	2.3
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	**24.4**	**26.0**	**25.9**	**26.1**	**26.3**
DuPont-RoIC					
NOPLAT margin (%)	9.4	9.9	9.0	9.2	9.4
IC turnover (x)	8.9	14.9	35.7	35.8	29.0
RoIC (%)	**83.9**	**147.3**	**320.2**	**327.8**	**273.6**
Operating metrics					
Core NWC days	(10.6)	(34.4)	(32.5)	(31.5)	(26.2)
Total NWC days	**(10.6)**	**(34.4)**	**(32.5)**	**(31.5)**	**(26.2)**
Fixed asset turnover	2.5	2.7	3.0	3.0	3.0
Opex-to-revenue (%)	19.2	17.9	16.3	16.2	15.8

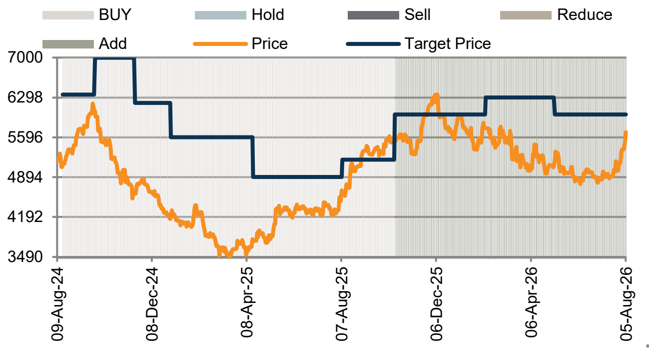
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
05-Jul-26	4,853	6,000	Add	Chirag Jain
06-May-26	5,170	6,000	Add	Chirag Jain
16-Apr-26	5,160	6,300	Add	Chirag Jain
09-Mar-26	5,480	6,300	Add	Chirag Jain
07-Feb-26	5,754	6,300	Add	Chirag Jain
15-Nov-25	5,539	6,000	Add	Chirag Jain
14-Oct-25	5,572	6,000	Add	Chirag Jain
08-Aug-25	4,600	5,200	Buy	Chirag Jain
15-May-25	4,325	4,900	Buy	Chirag Jain
16-Apr-25	3,782	4,900	Buy	Chirag Jain
08-Feb-25	4,275	5,600	Buy	Chirag Jain
10-Jan-25	4,122	5,600	Buy	Chirag Jain
01-Jan-25	4,184	5,600	Buy	Chirag Jain
16-Nov-24	4,604	6,200	Buy	Chirag Jain
26-Sep-24	6,051	7,000	Buy	Chirag Jain
16-Aug-24	5,128	6,350	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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