

Hero MotoCorp

Estimate change 

TP change 

Rating change 

CMP: INR5,072 TP: INR5,865 (+16%)

Buy

Higher spends on EV hurts margins

Preparing for a healthy festive growth in coming quarters

- HMCL posted a disappointing operating performance in 1QFY25 mainly due to adverse mix and impact of higher spends on EVs. Volume growth has been healthy so far in Q1 and the company is preparing itself for an anticipated strong festive season going ahead on the back of improving rural sentiment.
- We cut our FY25E/FY26E EPS by 9% each to factor in weak operating performance in Q1. We expect a CAGR of ~12%/15%/16.5% in revenue/EBITDA/PAT over FY24-26E. The stock currently trades at ~22x/18x FY25E/FY26E EPS. Reiterate our BUY rating on the stock with a TP of INR5,865 (19x Jun'26E EPS + INR174/INR198 for Hero FinCorp/Ather after 20% holding company discount).

Weak operating performance in Q1

- Revenue/EBITDA/Adj. PAT grew ~16%/21%/19% YoY to INR101.4b/INR14.6b/INR11.2b (est. INR106.1b/INR16b/INR12.4b).
- Net realizations improved 2% YoY to INR66.1k (est. INR69.1k). Volumes grew 13.5% YoY.
- Gross margins improved 170bp YoY (-130bp QoQ) to 32.3% (est. 33%).
- EBITDA margin stood at 14.4% (+60bp YoY; est. 15.1%).
- Margin was lower than expected due to: 1) adverse mix in favor of entry level products in marriage season 2) lower spare parts sales at 12.5% of revenues Vs 14.7% QoQ 3) impact of spends on EV at INR 1.8bn
- Core ICE margins actually stood at 16.4%, as per management.

Highlights from the management commentary

- **Domestic demand outlook:** It is seeing a good recovery in both the entry and 125cc segments for the last couple of quarters. Rural growth is also ahead of urban growth for HMCL. The management has indicated its retail market share was ahead of wholesale market share in 2Ws in 1Q.
- **Performance in the entry-level and 125cc segments:** HMCL has improved its market share in 125cc segment to 20% in 1Q from 13% in 4Q, as per management. It has increased capacity of Xtreme 125cc to 25k per month and expects to increase to 40k per month in the next couple of months.
- **Margins:** HMCL saw modest raw material inflation of INR340 per unit in 1Q. Input costs are likely to remain range-bound in the near term, as per management.

Valuation and view

- We expect HMCL to deliver a volume CAGR of 8% over FY24-26E, driven by new launches in the 125cc, scooters and premium segments, and a ramp-up in exports. HMCL will also benefit from a gradual rural recovery, given strong brand equity in the economy and executive segments.

Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USDb)	1014.1 / 12.1
52-Week Range (INR)	5895 / 2874
1, 6, 12 Rel. Per (%)	-7/-5/44
12M Avg Val (INR M)	3100

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	374.6	409.8	467.1
EBITDA	52.6	59.9	69.2
Adj. PAT	40.9	46.3	55.5
Adj. EPS (INR)	204.6	231.5	277.4
EPS Gr. (%)	40.5	13.2	19.8
BV/Sh. (INR)	900	960	1,037

Ratios

RoE (%)	23.6	24.9	27.8
RoCE (%)	23.1	24.4	27.3
Payout (%)	73.3	73.4	72.1

Valuations

P/E (x)	24.8	21.9	18.3
P/BV (x)	5.6	5.3	4.9
Div. Yield (%)	3.0	3.4	3.9
FCF Yield (%)	4.3	3.9	5.2

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	34.8	34.8	34.8
DII	26.9	27.8	27.3
FII	29.9	28.9	28.1
Others	8.5	8.6	9.9

FII Includes depository receipts

Research analyst - Aniket Mhatre (Aniket.Mhatre@MotilalOswal.com)

Research analyst - Amber Shukla (Amber.Shukla@MotilalOswal.com) | Aniket Desai - (Aniket.Desai@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- We expect a CAGR of ~12%/15%/16.5% in revenue/EBITDA/PAT over FY24-26E. The stock currently trades at ~22x/18x FY25E/FY26E EPS. Reiterate our BUY rating on the stock with a TP of INR5,865 (19x Jun'26E EPS + INR174/INR198 for Hero FinCorp/Ather after 20% holding company discount).

Quarterly Performance (S/A)

Y/E March	FY24				FY25E				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Total Volumes ('000 nos)	1,353	1,417	1,460	1,392	1,535	1,432	1,580	1,511	5,621	6,058	1,535	0
Growth YoY (%)	-2.7	-0.8	12.3	9.6	13.5	1.1	3.5	8.5	5.5	7.8	13.5	
Net Realization	64,819	66,680	66,604	68,373	66,076	67,728	68,067	68,718	66,632	67,645	69,057	-4.3
Growth YoY (%)	7.4	4.9	5.5	4.6	1.9	1.6	3.2	0.5	5.0	1.5	6.5	
Net Op Revenues	87,673	94,454	97,237	95,193	101,437	96,993	107,569	103,814	3,74,557	4,09,814	1,06,013	-4.3
Growth YoY (%)	4.5	4.1	18.5	14.6	15.7	2.7	6.8	9.1	10.8	9.4	20.9	
RM Cost (% sales)	69.4	68.6	66.2	66.4	67.7	67.0	67.0	67.1	67.6	67.2	67.0	
Staff Cost (% sales)	6.6	6.1	6.2	6.8	6.0	6.4	6.1	6.2	6.4	6.2	6.4	
Other Exp (% sales)	10.3	11.2	12.5	12.5	11.9	12.0	12.2	12.0	11.7	12.0	11.5	
EBITDA	12,063	13,283	14,687	13,592	14,598	14,164	15,859	15,242	53,624	59,863	15,969	-8.6
EBITDA Margins (%)	13.8	14.1	15.1	14.3	14.4	14.6	14.7	14.7	14.3	14.6	15.1	
Other Income	2,222	2,483	2,420	1,800	2,317	2,200	2,400	2,369	8,926	9,286	2,400	
Interest	47	48	45	46	48	45	45	42	185	180	45	
Depreciation	1,690	1,749	1,825	1,851	1,932	1,950	1,950	1,951	7,114	7,783	1,880	
PBT before EO Exp/(Inc)	12,548	13,970	15,237	13,496	14,935	14,369	16,264	15,617	55,250	61,185	16,444	
Effective Tax Rate (%)	24.7	24.6	22.6	24.7	24.8	24.3	24.3	23.6	24.1	24.2	24.3	
Adj. PAT	9,462	10,538	11,801	10,161	11,226	10,877	12,312	11,932	41,962	46,348	12,448	-9.8
Growth (%)	51.5	47.2	42.9	18.3	18.6	3.2	1.1	17.4	44.2	10.5	31.6	

Key Performance Indicators

Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY24	FY25E	1Q (%)
Volumes ('000 units)	1,353	1,417	1,460	1,392	1,535	1,432	1,580	1,511	5,621	6,058	1,535
Growth (%)	-2.7	-0.8	12.3	9.6	13.5	1.1	3.5	8.5	1.2	1.2	13.5
Dom. 2W Mkt Sh (%)	31.8	29.7	29.9	29.4	29.8				30.2	108.6	
Net Realization	64,819	66,680	66,604	68,373	66,076	67,728	68,067	68,718	66,632	67,645	69,057
Growth YoY (%)	7.4	4.9	5.5	4.6	1.9	1.6	3.2	0.5	5.0	1.5	6.5
Cost Break-up											
RM Cost (% of sales)	69.4	68.6	66.2	66.4	67.7	67.0	67.0	67.1	67.6	67.2	67.0
Staff Cost (% of sales)	6.6	6.1	6.2	6.8	6.0	6.4	6.1	6.2	6.4	6.2	6.4
Other Cost (% of sales)	10.3	11.2	12.5	12.5	11.9	12.0	12.2	12.0	11.7	12.0	11.5
Gross Margins (%)	30.6	31.4	33.8	33.6	32.3	33.0	33.0	32.9	32.4	32.8	33.0
EBITDA Margins (%)	13.8	14.1	15.1	14.3	14.4	14.6	14.7	14.7	14.3	14.6	15.1
EBIT Margins (%)	11.8	12.2	13.2	12.3	12.5	12.6	12.9	12.8	12.4	12.7	13.3

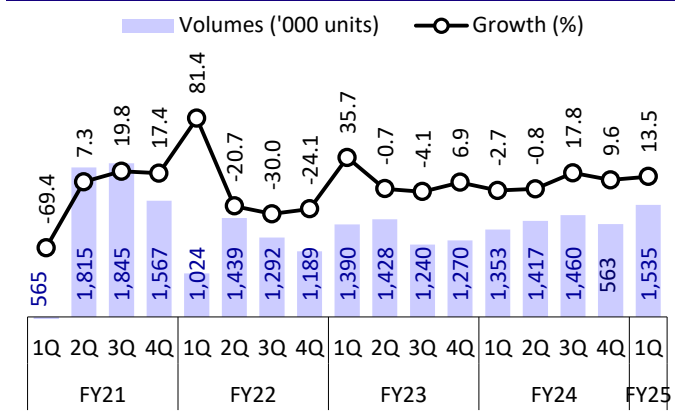
E:MOFSL Estimates



Key takeaways from the management commentary

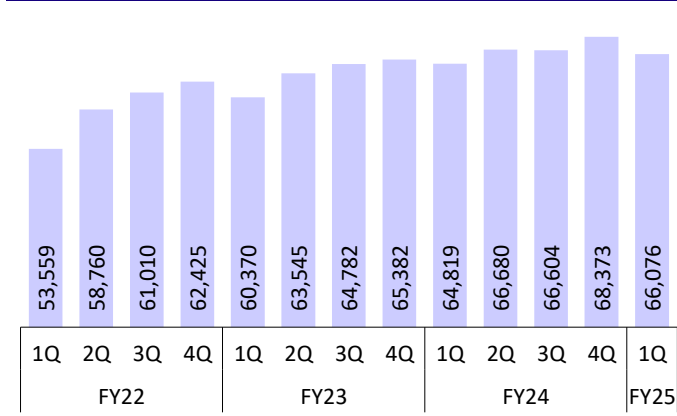
- **Domestic demand outlook:** HMCL is seeing a good recovery in both the entry-level and 125cc segments in the last couple of quarters. Rural growth is also ahead of urban growth for HMCL. The management has indicated that its retail market share was ahead of wholesale market share in 2Ws in 1Q.
- **Performance in the entry-level and 125cc segments:** HMCL's market share improved in the 125cc segment to 20% in 1Q from 13% in 4Q, as per management. HMCL has increased capacity of Xtreme 125cc to 25k per month and expects to increase it to 40k per month in the next couple of months. About 38-40% of its network received Xtreme 125 as per management.
- **New launches:** The company plans to launch a couple of new models in the premium segment in FY25. It also has a new scooter launch lined up. Apart from this, it is targeting to reduce costs and thereby launch much more affordable EV scooters in the coming quarters.
- **Market share improvement top priority.** The management has also indicated that strong margins would help HMCL invest in building brands going forward, especially in the premium segment and EVs. It plans to aggressively grow its premium portfolio in the coming quarters.
- **Inventory level relative to pre-festive period is under control.** It would start inventory buildup ahead of the anticipated strong festive season.
- **EVs:** Vida is currently available with 300 dealers across 175 cities. The upcoming new Vida products are expected to be PLI compliant, as per management. As BOM costs come down and HMCL gains scale, it expects the EV business to become profitable.
- **Margins:** HMCL saw modest raw material inflation of INR340 per unit in 1Q. Input costs are likely to remain range-bound in the near term, as per management.
- **Exports:** The current situation in Bangladesh has been a setback. Overall exports represent about 4% of revenues and Bangladesh is about 13% of exports (so about 0.3-0.4% of revenues).
- **Financing for the entry-level segment:** It would focus on reviving its entry segment demand backed by refreshes and innovative financing solutions. It has launched Hero Digi Fin solution, which is an automated aggregation platform for financing solutions, which is expected to make financing more accessible to a much wider set of customers.
- **Distribution:** HMCL now has around 520 Hero 2.0 outlets (covering about 50% of total HMCL dealerships) and about 40 Premia outlets. It plans to cross 100 Premia outlets by FY25 end. Apart from this, it has upgraded 190 customer service centers so far.
- Financing share stood at 60% for 1Q.
- Capex guidance stands at INR10-12b for FY25.

Exhibit 1: Trend in volumes



Source: SIAM

Exhibit 2: Trend in blended realizations



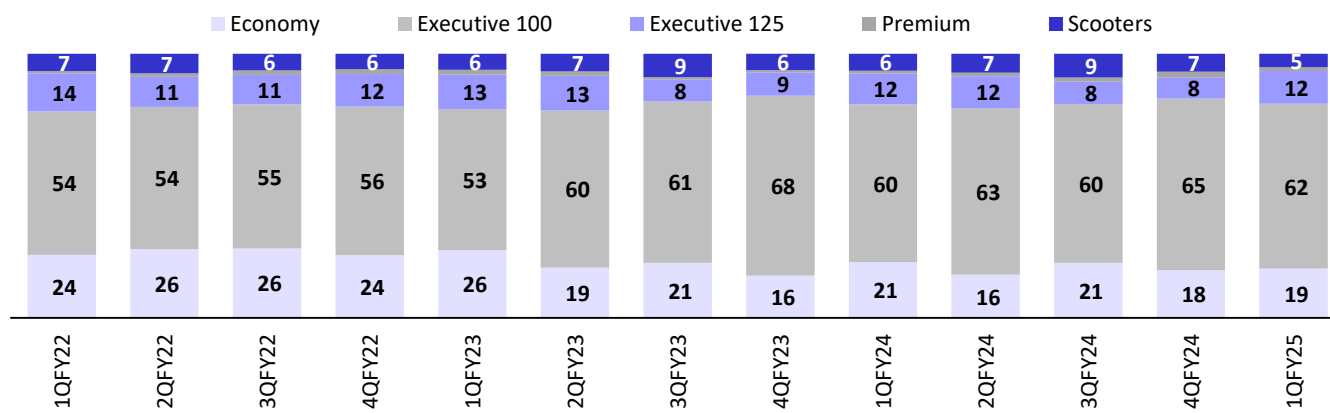
Source: Company, MOFSL

Exhibit 3: Trend in segmental mix ('000 units)

	1QFY25	1QFY24	YoY %	4QFY24	QoQ %	FY25E	FY24	YoY %
Total Motorcycles	1,441	1,263	14.1	1,296	11.2	5,593	5,186	7.8
% of total	93.9	93.4		93.1		92.3	92.3	
Scooters	94	90	4.7	97	-2.6	465	431	8.0
% of total	6.1	6.6		6.9		7.7	7.7	
Total 2Ws	1,535	1,353	13.5	1,392	10.3	6,058	5,617	7.9
Of which exports	51	35	44.4	67	-23.9	243	197	23.5
% of total	3.3	2.6		4.8		4.0	3.5	

Source: Company, MOFSL

Exhibit 4: Segment-wise contribution in product mix



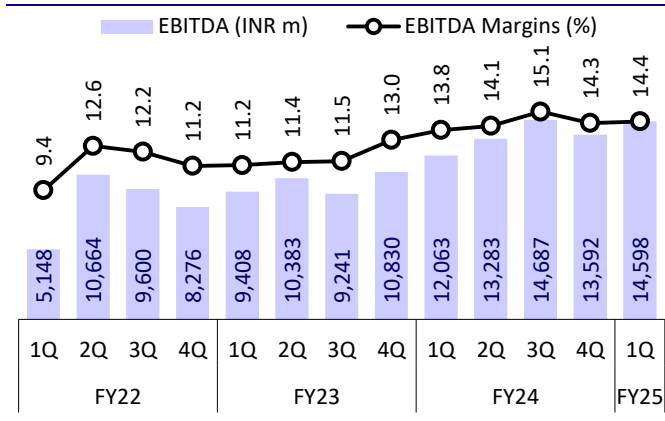
Source: SIAM

Exhibit 5: Trend in market share

Segment	1QFY25	1QFY24	Chg YoY (BP)	4QFY24	Chg QoQ (BP)
Economy	79.5	79.3	20	80.2	-70
Executive - 125	19.9	19.9	0	13.3	660
Premium 150-250cc	3.2	3.9	-70	4.1	-90
Premium >250cc	2.2	0.0	220	3.3	-120
Dom. Motorcycles	43.7	45.0	-130	42.4	130
Dom. Scooters	5.1	6.5	-140	6.2	-110
Total 2W (Domestic M.S.)	29.8	31.8	-200	29.4	30

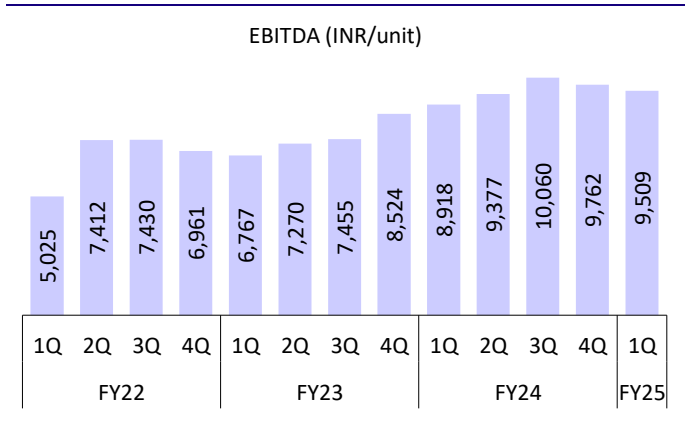
Source: Company, MOFSL

Exhibit 6: Trend in EBITDA and EBITDA margin



Source: Company, MOFSL

Exhibit 7: Trend in EBITDA per unit



Source: Company, MOFSL

Valuation and view

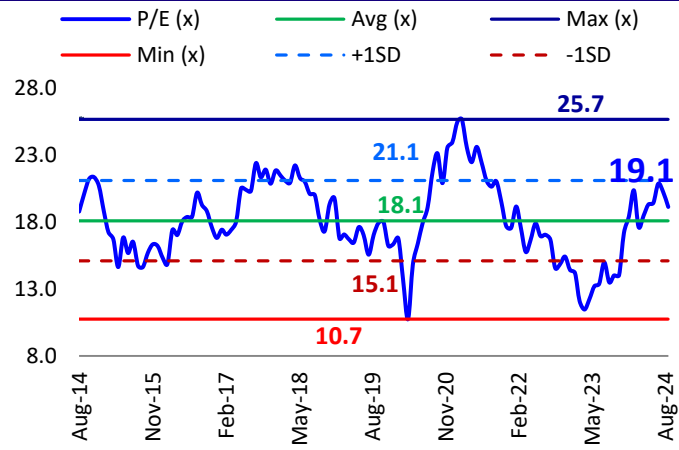
- **We expect HMCL to deliver a volume CAGR of 8% over FY24-26E**, driven by 1) new launches in 125cc, scooters and premium segments, 2) a ramp-up in exports. It is ramping up capacity for both Xtreme 125R and for its premium products, which would help drive growth in these segments. It targets to launch two new scooters in 125cc and 150cc segments in the coming quarters. The company will also benefit from a gradual rural recovery, given strong brand equity in the economy and executive segments.
- **Gradual rural revival bodes well for HMCL:** The management has indicated that it is seeing a gradual recovery in rural markets currently. Given that HMCL has a dominant 100-110cc portfolio, any recovery in rural region bodes well for the company. Given the widely held expectation of a normal monsoon in FY25, we expect HMCL’s 100cc segment to post much better growth in FY25E.
- **Exports offer huge headroom for growth:** Exports to emerging markets present a huge opportunity (~2x that of the Indian market) for HMCL given that it has a relatively smaller presence in exports so far. HMCL has doubled its target export markets to 40 countries over the past few years. Over the years, HMCL has been working on launching new products customized to key markets, revamping its distribution network, and investing in brand building in key markets. We expect exports to continue to be a steady growth driver for HMCL in the coming years.
- **Reiterate Buy:** We cut our FY25E/FY26E EPS by 9% each to factor in lower volume growth and weaker realizations. HMCL is a good proxy on rural market recovery, with its stronghold in the 100cc motorcycle segment and step in the right direction in the 125cc with Xtreme 125R. It has low vulnerability to EVs, as it garners 7% volumes from scooters and its core 100cc motorcycle is less prone to EVs. We expect a CAGR of ~12%/15%/16.5% in revenue/EBITDA/PAT over FY24-26E. The stock currently trades at ~22x/18x FY25E/FY26E EPS. Reiterate our BUY rating on the stock with a TP of INR5,865 (19x Jun’26E EPS + INR174/INR198 for Hero FinCorp/Ather after 20% holding company discount).

Exhibit 8: Revisions to our estimates

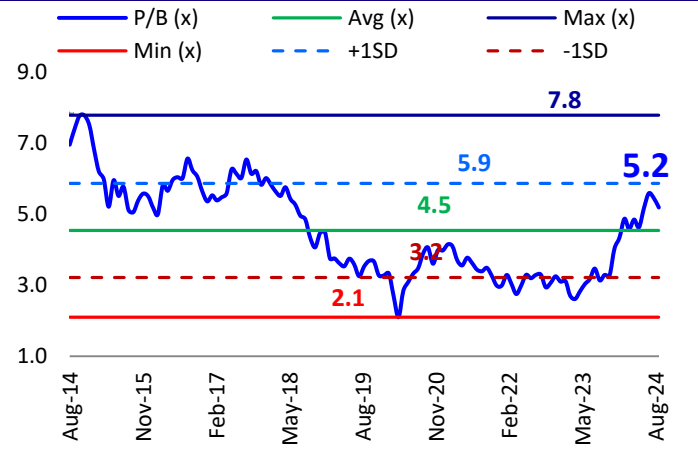
(INR B)	FY25E			FY26E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	6,058	6,209	-2.4	6,570	6,810	-3.5
Net Sales	409.8	431	-4.8	467.1	496	-5.8
EBITDA	59.9	65	-7.5	69.2	75	-7.6
EBITDA Margins (%)	14.6	15.0	-40	14.8	15.1	-30
Net Profit	46.3	51	-9.4	55.5	61	-8.8
EPS (Rs)	231.5	255.4	-9.4	277.4	304.2	-8.8

Source: MOFSL

Exhibit 9: P/E and P/B band



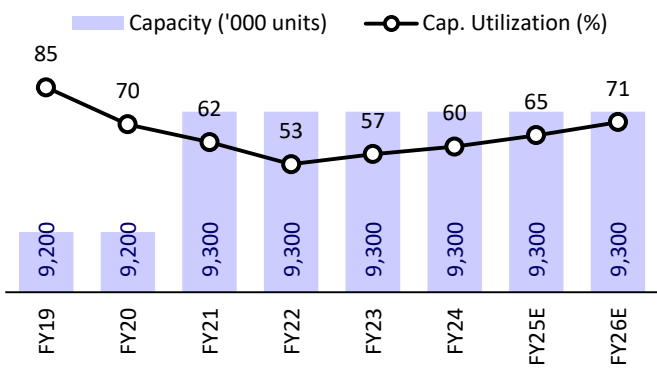
Source: MOFSL



Source: MOFSL

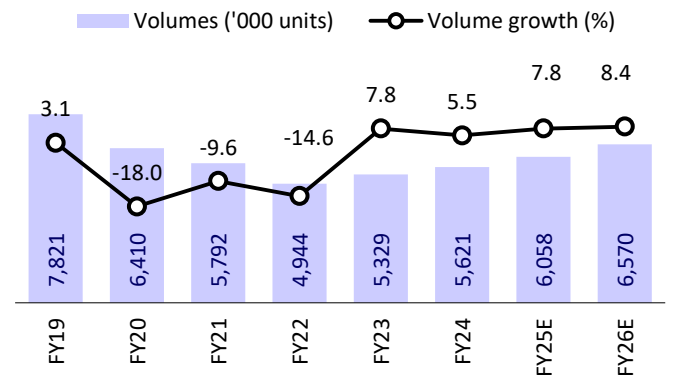
Story in charts

Exhibit 10: Adding capacity ahead of growth



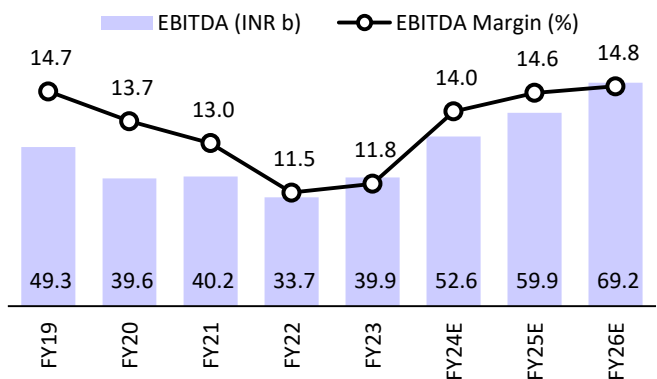
Source: Company, MOFSL

Exhibit 11: Volume sustainability led by rural recovery



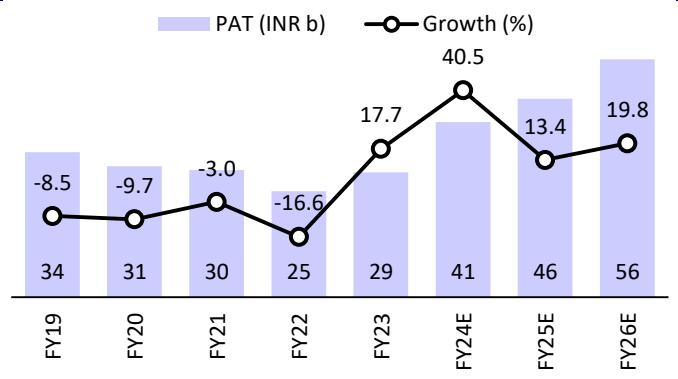
Source: Company, MOFSL

Exhibit 12: EBITDA margin trajectory



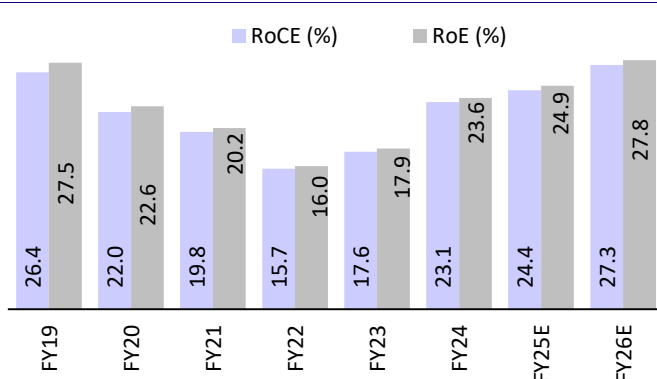
Source: Company, MOFSL

Exhibit 13: PAT growth to be steady



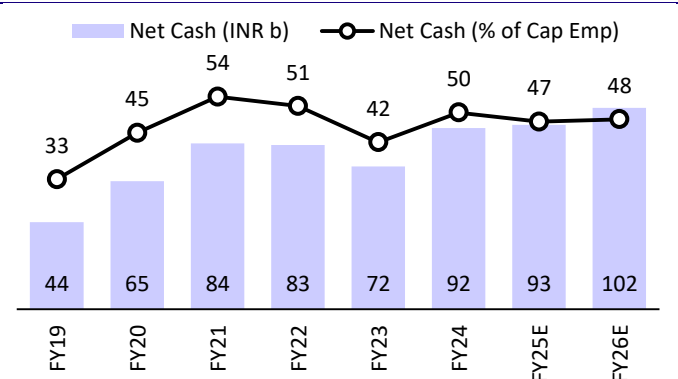
Source: Company, MOFSL

Exhibit 14: Trend in return ratios



Source: Company, MOFSL

Exhibit 15: Trend in cash levels



Source: Company, MOFSL

Exhibit 16: Snapshot of the revenue model

000 units	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total M/Cycles	7,081	5,990	5,333	4,628	4,959	5,191	5,593	6,067
<i>Growth (%)</i>	6.0	-15.4	-11.0	-13.2	7.2	4.7	7.8	8.5
<i>% of total volumes</i>	90.5	93.5	92.1	93.6	93.1	92.3	92.3	92.4
Total Scooters	740	419	458	316	369	431	465	502
<i>Growth (%)</i>	-18.7	-43.3	9.2	-30.9	16.8	16.6	8.0	8.0
<i>% of total volumes</i>	9.5	6.5	7.9	6.4	6.9	7.7	7.7	7.6
Total volumes	7,821	6,410	5,792	4,944	5,329	5,621	6,058	6,570
<i>Growth (%)</i>	3.1	-18.0	-9.6	-14.6	7.8	5.5	7.8	8.4
- of which Exports	187	162	172	290	162	171	222	266
<i>% of total volumes</i>	2.6	2.8	3.3	6.5	3.3	3.3	4.0	4.5
Net Realizations (INR/unit)	43,027	44,988	53,182	59,152	63,443	66,632	67,645	71,094
<i>Growth (%)</i>	0.6	4.3	18.8	10.7	8.4	2.9	3.5	5.1
Net Revenues (INR b)	337	288	308	292	338	375	410	467
<i>Growth (%)</i>	4.4	-14.3	6.8	-5.0	15.6	10.8	9.4	14.0

SIAM, Company, MOFSL

Financials and valuations

Income Statement								(INR m)
Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Volumes ('000)	7,821	6,410	5,792	4,944	5,329	5,621	6,058	6,570
Volume Growth (%)	3.1	-18.0	-9.6	-14.6	7.8	5.5	7.8	8.4
Net Revenues	3,36,505	2,88,360	3,08,006	2,92,455	3,38,057	3,74,557	4,09,814	4,67,062
Change (%)	4.4	-14.3	6.8	-5.0	15.6	10.8	9.4	14.0
EBITDA	49,301	39,579	40,192	33,688	39,862	52,557	59,863	69,163
EBITDA Margin (%)	14.7	13.7	13.0	11.5	11.8	14.0	14.6	14.8
Depreciation	6,020	8,180	6,769	6,498	6,570	7,114	7,783	8,113
EBIT	43,281	31,400	33,424	27,190	33,293	45,443	52,079	61,051
Interest cost	86	220	218	258	199	185	180	180
Other Income	6,913	7,283	5,799	5,569	5,652	8,926	9,286	12,356
Non-recurring Expense	0	-7,274	0	0	0	1,600	0	0
PBT	50,107	45,736	39,004	32,501	38,746	52,584	61,185	73,227
Tax	16,259	9,404	9,362	7,771	9,640	12,904	14,837	17,695
Effective Tax Rate (%)	32.4	20.6	24.0	23.9	24.9	24.5	24.2	24.2
Adj. PAT	33,849	30,554	29,642	24,730	29,106	40,887	46,348	55,532
Change (%)	-8.5	-9.7	-3.0	-16.6	17.7	40.5	13.4	19.8

Balance Sheet								(INR m)
Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Sources of Funds								
Share Capital	400	400	400	400	400	400	400	400
Reserves	1,28,172	1,40,965	1,51,585	1,57,430	1,66,651	1,79,462	1,91,776	2,07,268
Net Worth	1,28,571	1,41,364	1,51,984	1,57,829	1,67,051	1,79,862	1,92,176	2,07,668
Deferred Tax	5,365	3,928	4,041	3,833	4,054	4,348	4,348	4,348
Loans	0	0	0	0	0	0	0	0
Capital Employed	1,33,936	1,45,292	1,56,025	1,61,662	1,71,105	1,84,210	1,96,524	2,12,016
Application of Funds								
Gross Fixed Assets	1,16,282	1,38,161	1,42,362	1,46,657	1,51,942	1,57,862	1,69,862	1,82,862
Less: Depreciation	70,097	76,991	82,478	88,592	94,328	99,522	1,07,305	1,15,418
Net Fixed Assets	46,186	61,171	59,884	58,065	57,614	58,340	62,557	67,444
Capital WIP	5,419	3,413	4,366	4,582	4,638	4,805	4,805	4,805
Investments	59,686	82,227	1,04,997	1,06,523	1,10,104	1,30,861	1,33,861	1,45,861
Curr.Assets, L & Adv.	65,121	40,683	52,364	47,970	60,276	61,709	71,454	80,885
Inventory	10,724	10,920	14,696	11,227	14,341	14,438	16,396	18,686
Sundry Debtors	28,216	16,031	24,268	23,043	27,982	27,034	30,605	34,881
Cash & Bank Balances	1,365	2,419	2,572	1,751	3,455	6,089	8,668	9,328
Loans & Advances	850	896	892	402	436	457	510	581
Others	23,968	10,417	9,938	11,547	14,062	13,691	15,275	17,409
Current Liab. & Prov.	42,476	42,201	65,585	55,478	61,527	71,506	76,153	86,979
Sundry Creditors	33,553	30,305	52,046	42,603	47,045	55,282	60,118	68,516
Other Liabilities	7,161	9,207	10,211	9,490	10,744	11,516	10,930	12,457
Provisions	1,762	2,689	3,328	3,385	3,738	4,708	5,105	6,006
Net Current Assets	22,646	-1,518	-13,222	-7,508	-1,251	-9,796	-4,699	-6,094
Application of Funds	1,33,936	1,45,292	1,56,025	1,61,662	1,71,105	1,84,210	1,96,524	2,12,016

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
Basic (INR)								
EPS	169.5	153.0	148.4	123.8	145.6	204.6	231.5	277.4
EPS Growth (%)	-8.5	-9.7	-3.0	-16.6	17.7	40.5	13.2	19.8
Cash EPS	199.6	222.8	182.2	156.3	178.5	234.1	270.4	317.9
Book Value per Share	643.7	707.7	760.7	789.9	835.9	900.0	959.9	1,037.3
DPS	87.0	90.0	105.0	95.0	100.0	150.0	170.0	200.0
Payout (Incl. Div. Tax) %	62.9	71.8	70.8	76.8	68.7	73.3	73.4	72.1
Valuation (x)								
P/E	29.9	33.2	34.2	41.0	34.8	24.8	21.9	18.3
EV/EBITDA	19.3	23.5	22.5	26.9	22.6	16.7	14.6	12.4
EV/Sales	2.8	3.2	2.9	3.1	2.7	2.3	2.1	1.8
Price to Book Value	7.9	7.2	6.7	6.4	6.1	5.6	5.3	4.9
Dividend Yield (%)	1.7	1.8	2.1	1.9	2.0	3.0	3.4	3.9
Profitability Ratios (%)								
RoE	27.5	22.6	20.2	16.0	17.9	23.6	24.9	27.8
RoCE	26.4	22.0	19.8	15.7	17.6	23.1	24.4	27.3
RoIC	53.0	40.0	50.1	44.5	49.2	71.9	86.1	91.5
Turnover Ratios								
Debtors (Days)	32	21	30	30	32	28	29	29
Inventory (Days)	12	15	18	15	16	15	15	15
Creditors (Days)	36	38	62	53	51	54	54	54
Working Capital (Days)	25	-2	-16	-9	-1	-10	-4	-5
Asset Turnover (x)	2.5	2.0	2.0	1.8	2.0	2.0	2.1	2.2
Fixed Asset Turnover	3.0	2.3	2.2	2.0	2.3	2.4	2.5	2.6

Cash Flow Statement

Y/E March	2019	2020	2021	2022	2023	2024	2025E	2026E
(INR m)								
Profit before Tax	50,107	45,736	39,004	32,501	38,746	52,584	61,185	73,227
Depreciation & Amort.	6,020	8,180	6,769	6,498	6,570	7,114	7,783	8,113
Direct Taxes Paid	-20,515	-5,443	-9,759	-7,688	-8,496	-13,142	-14,837	-17,695
(Inc)/Dec in Working Capital	-19,189	12,027	10,700	-6,825	-5,832	10,747	-2,519	2,055
Other Items	-6,634	-6,399	-4,987	-4,283	-5,197	-6,637	180	180
CF from Oper. Activity	9,791	54,101	41,727	20,203	25,791	50,665	51,792	65,880
Extra-ordinary Items	0	0	0	0	0	-1,600	0	0
CF after EO Items	9,791	54,101	41,727	20,203	25,791	49,065	51,792	65,880
(Inc)/Dec in FA+CWIP	-9,179	-13,586	-5,101	-5,240	-5,675	-7,102	-12,000	-13,000
Free Cash Flow	611	40,515	36,626	14,963	20,115	43,563	39,792	52,880
(Pur)/Sale of Invest.	22,392	-15,245	-16,998	3,721	987	-10,917	-3,000	-12,000
CF from Inv. Activity	13,212	-28,831	-22,099	-1,519	-4,688	-18,019	-15,000	-25,000
Interest Paid	-86	-874	-515	-458	-455	-449	-180	-180
Dividends Paid	-22,854	-23,323	-18,900	-18,931	-19,951	-26,883	-34,034	-40,040
CF from Fin. Activity	-22,940	-24,198	-19,415	-19,389	-20,406	-27,331	-34,214	-40,220
Inc/(Dec) in Cash	63	1,072	213	-705	697	3,715	2,578	660
Add: Beginning Balance	344	407	1,479	1,692	987	1,684	5,399	7,977
Closing Balance	407	1,479	1,692	987	1,684	5,399	7,977	8,637

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH00000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH00000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months

- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI:

ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.