

# Hero MotoCorp Limited

CMP : Rs 3110.65

July 25, 2018

## Sales up 10%; net down 1%

The country's largest two-wheeler maker, Hero Motocorp registered 1% drop in standalone net profit to Rs 909.7 crore for the first quarter ended June 2017 vis a vis Rs 914.04 crore in previous corresponding quarter. HMCL recorded a stand-alone total income of Rs 8,809.8 crore for the June quarter, an increase of 10% compared to Rs 7,980.5 crore (net of excise) posted in the corresponding quarter last year. The impact on the profit was on account of the tax benefits coming to an end in Q4FY18 at the manufacturing facility at Haridwar.

Both topline and bottomline fell a short of expectations. Market had pegged the bottom line at Rs 1,001 crore and revenue at Rs 9,067 crore.

Sales volumes of the company jumped 14% to 21.06 lakh units in June 2018 quarter vis a vis 18.54 lakh unit in previous corresponding quarter. The company's domestic sales grew 14% to 20.6 lakh units while exports grew slightly slower at 9% to 46,287 units.

"The Indian economy continues to grow in the face of global headwinds from several fronts. However, the industry has been adversely impacted by the volatility in commodity prices driven by global trends," Pawan Munjal, Chairman and Managing Director of HMCL.

"Despite these challenges, the industry will maintain the growth momentum during the rest of the fiscal, with consumption expected to remain high on the back of a normal monsoon and the upcoming festive season. At Hero MotoCorp, we are geared up to ride the positive momentum with new premium motorcycles and scooters, lined up for launch in the coming months." he said.

## Quarter Performance

The OPM during the first quarter ended June 2018 fell 60 bps to 15.6% due to increased raw material and employee cost. Raw material cost (as a % to sales, net of stock) rose 190 bps to 69.8%. Other expenses (% of sales net of stock) fell 150 bps to 9.7%. Employee expenses rose 6 bps at 4.7%. Realisation per unit was lower by 2.9% on yoy basis during the quarter under review at Rs 41,832. Realization dropped on qoq basis too.

Thus the operating profit rose 6% to Rs 1377.29 crore. Other income fell 12% to Rs115.73crore. After 11% increase in depreciation cost to Rs 148.17 crore and negligible interest cost at Rs 2.11 crore, PBT rose 4% to Rs 1342.74crore. After 14% rise in tax provision at Rs 433.57crore (298 bps rise in tax rate), net profit fell 1% to Rs909.17crore.

## INDEX DETAILS

SENSEX	36858.23
NIFTY (S&P CNX)	11132.00

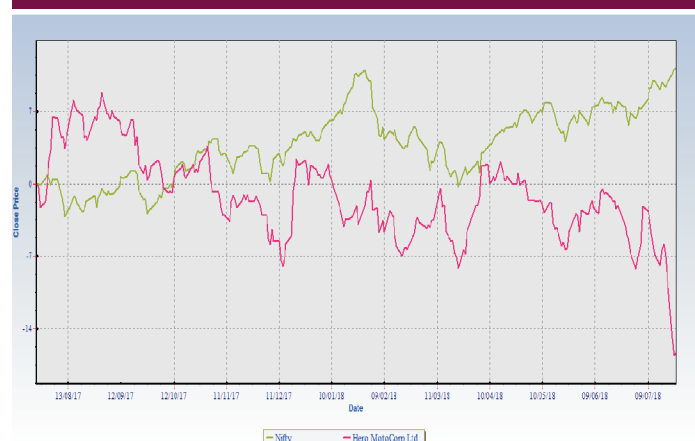
## SCRIP DETAILS

Industry	2/3 Wheelers
Mkt Cap (Rs in Crore)	62149.21
Book Value (Rs)	589.29
Free Float (%)	65.37
Avg Vol Weekly (NSE)	1039354
52 Week H/L (NSE)	4200.00 / 3037.10
Dividend Yield (%)	3.05
BSE Code	500182
NSE Code	HEROMOTOCO

## SHAREHOLDING PATTERN(%)

PARTICULARS	LATEST QUARTER	PREVIOUS QUARTER
Promoters	34.63	34.63
FIIIs	39.61	41.92
DIIIs	14.37	12.02
Others	11.39	11.43
Totals	100	100

## Price Comparison with Sensex



## Hero MotoCorp: Results

Particulars	Q1FY19	Q1FY18	Var.(%)	FY18	FY17	Var.(%)
Total Operating Income	8809.82	7980.5	10	32230.49	28500.44	13
OPM(%)	15.6	16.2		16.4	16.3	
OP	1377.29	1295.91	6	5280.2	4634.8	14
Other Income	115.73	131.7	-12	525.82	522.43	1
PBIDT	1493.02	1427.61	5	5806	5157.2	13
Interest	2.11	1.58	34	6.25	6.05	3
PBDT	1490.91	1426.03	5	5799.76	5151.17	13
Depreciation	148.17	132.95	11	555.6	492.73	13
PBT Before EO	1342.74	1293.08	4	5244.16	4658.44	13
EO						
PBT after EO	1342.74	1293.08	4	5244.16	4658.44	13
Tax provision <sup>^</sup>	433.57	379.04	14	1546.8	1281.34	21
PAT	909.17	914.04	-1	3697.36	3377.1	9
Other Comprehensive income/expense						
Net Profit	909.17	914.04	-1	3697.36	3377.1	9
EPS*	182.1	183.1		185.1	169.1	

## NOTES

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**Main Office** : Ck-15, Sector-II, Salt Lake City, Kolkata-700091.