



HONDA

The Power of Dreams

— 20th October, 2023 —



India's Best Performing and Most Customer Centric PMS

Honda India Power Products Ltd, formerly known as Honda Siel Power Products Ltd, is a distinguished player in the realm of manufacturing and marketing of power equipment and machinery. Established as a subsidiary of the globally renowned Honda Group, this Indian entity has earned its reputation for providing innovative and high-quality solutions in various sectors. This introduction delves into the key aspects that define Honda India Power Products Ltd, offering insights into its product portfolio, global presence, manufacturing capabilities, and recent developments.

Evolution of Honda India Power Ltd: In July 2020, the company underwent a significant transformation by changing its name from 'Honda Siel Power Products Ltd' to 'Honda India Power Products Ltd'. This rebranding exemplifies the company's commitment to advancing its operations in India and beyond, aligning its identity with its expanding footprint.

Diverse Product Portfolio: Honda India Power Products Ltd offers a diverse range of products, including portable generators, general-purpose engines, water pumping sets, brush cutters, tillers, and lawn mowers. This extensive product line caters to the evolving needs of consumers across various sectors.

Global Reach and Export Focus: The company's global presence is substantial, with exports accounting for 57% of its operations. Notably, its primary export destinations include the USA, Canada, Australia, the United Kingdom, countries within the European Union, and the European Free Trade Association. This international reach underscores its commitment to delivering high-quality power equipment on a global scale.

Robust Manufacturing Capabilities: Situated in Greater Noida, Honda India Power Products Ltd's manufacturing unit boasts a remarkable annual production capacity of 350,000 units. The company has achieved a significant milestone, accumulating a production of 5 million units in FY23. These manufacturing capabilities underscore its commitment to producing world-class power equipment.

New Leadership and Honda Group Affiliation: Recent changes in the Key Management Personnel (KMP) have brought Mr. Shigeki Iwama on board as Director and designated Chairman and Managing Director (CMD) and President & CEO. This appointment reflects the company's dedication to leadership excellence. Moreover, being part of the Honda Group, a multinational conglomerate headquartered in Tokyo, Japan, enhances its credibility and stature. The parent company's substantial 67% shareholding in Honda India Power Products Ltd further solidifies its position within the global market.

Stock Data	
CMP	2853.25
52 Week High/Low	3136/1607
Face Value	10
Market Cap (In Crs)	2,888
NSE	HONDAPOWER
BSE	522064
Bloomberg	HONDAPWR:IN
Sector	Electric Equipments

Shareholding Pattern (in %)		
	June-23	Sep-23
Promoter	66.67%	66.67%
FII	1.73%	1.79%
DII	14.40%	14.72%
Public	17.20%	16.81%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-2.93%	10.92%	11.59%
Honda Power	3.32%	23.34%	71.28%

Key Ratios	
P/E	26.8
PEG Ratio	2.82
Debt To Equity	0
ROE	13.70%
ROCE	18.80%
Dividend Yield	0.58%

Q1 FY 24 Result Update

Q1 FY24 Result Comparison (In Rs Cr)					
	Q1 FY24	Q4 FY23	Q1 FY23	QOQ	YOY
Revenue	210	313	200	-33%	5%
Operating Profits	20	28	6	-29%	233%
Profit Before Tax	23	9	7	156%	229%
Net Profit	17	6	5	183%	240%
EPS	16.66	5.73	4.84	191%	244%

Result Highlights

Honda Power recently unveiled its financial results for the first quarter of FY 24. The numbers reveal an interesting story of growth, resilience, and business acumen. Here's a breakdown of the major highlights.

Revenue Growth: In Q1 FY24, Honda Power reported revenues of ₹210 Crores. While this signifies a decline of 33% compared to the previous quarter (Q4 FY23) which stood at ₹313 Crores, it's heartening to note a 5% year-on-year (YOY) growth from Q1 FY23's ₹200 Crores. This YOY increase indicates that, on an annual basis, the company is on a growth trajectory.

Operating Profits: The company posted ₹20 Crores in operating profits, marking a decline from the ₹28 Crores in Q4 FY23. This translates to a 29% quarter-on-quarter (QOQ) drop. However, when juxtaposed against Q1 FY23's figures, we see a whopping 233% YOY rise from a meager ₹6 Crores. This underscores the company's ability to optimize its operations over the year.

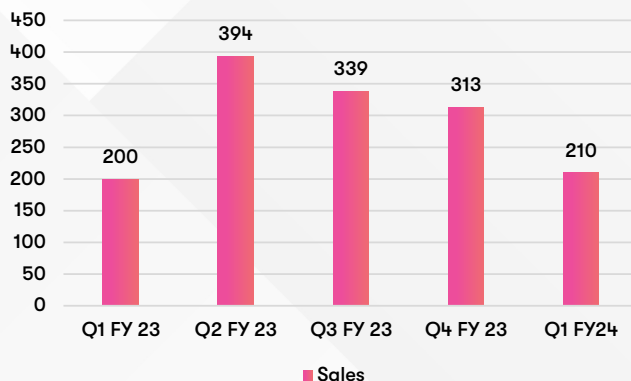
Profit Before Tax (PBT): Honda Power's PBT for Q1 FY24 stands at ₹23 Crores. While this is a significant 156% increase QOQ from the ₹9 Crores in Q4 FY23, it represents an even more impressive 229% YOY growth from the ₹7 Crores in Q1 FY23.

Net Profit: The net profit for Q1 FY24 is ₹17 Crores, highlighting an 183% QOQ growth from the ₹6 Crores in the preceding quarter. Furthermore, compared to Q1 FY23's ₹5 Crores, we're looking at a substantial 240% YOY increment. This robust net profit indicates Honda Power's ability to maintain profitability even amidst shifting market dynamics.

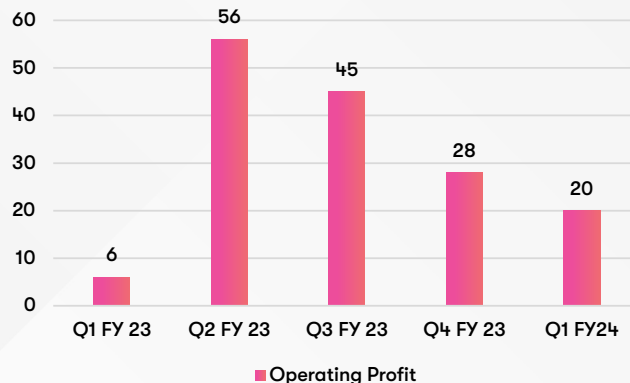
Earnings Per Share (EPS): The EPS figure provides insights into the profitability on a per-share basis. In Q1 FY24, the EPS is ₹16.66, marking a 191% QOQ rise from Q4 FY23's ₹5.73 and a remarkable 244% YOY growth from Q1 FY23's ₹4.84.

In summary, Honda Power's Q1 FY24 results, though mixed when viewed on a quarterly comparison, showcase a compelling growth story when observed on a year-on-year basis. The company seems well-poised to tackle market challenges, optimize its strategies, and continue its upward trajectory in the coming quarters.

Revenue

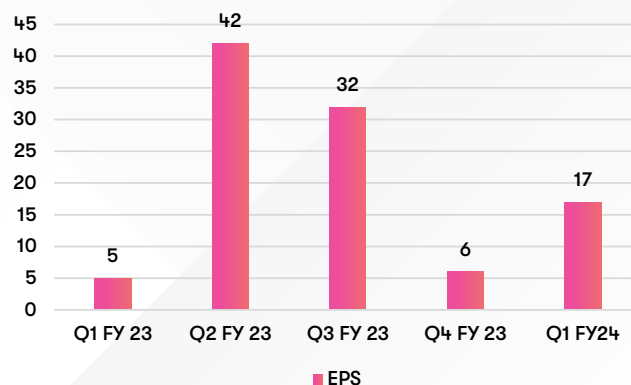


Operating Profit

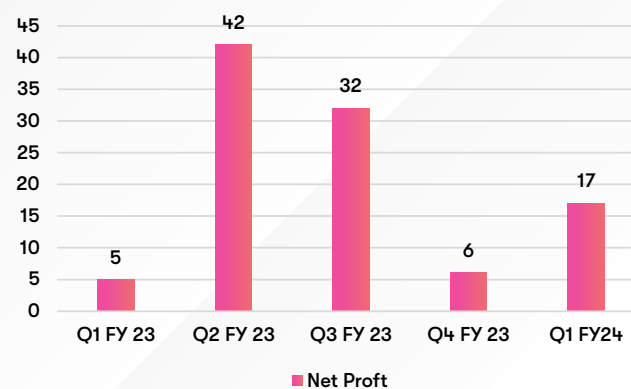


Fiscal Period	2024
Period End Date	Jun 23
Revenue	209.68
Total Revenue	209.68
Cost of Revenue Total	122.90
Gross Profit	87.06
Selling/General/Admin Expenses Total	31.63
Depreciation/ Amortization	5.01
Unusual Expense(Income)	0.00
Other Operating Expenses Total	35.12
Total Operating Expense	194.68
Operating Income	15.30
Interest Inc(Exp) Net-Non-Op Total	-0.50
Other Net	7.57
Net Income Before Taxes	22.82
Provision for Income Taxes	5.92
Net Income After Taxes	16.90
Net Income Before Extra Items	16.90
Net Income	16.90
Income Available to Com Exl Extra Ord	16.90
Diluted Net Income	16.90
Diluted Weighted Average Shares	1.01
Diluted EPS Excluding Extra Ord Items	16.86
DPS-Common Stock Primary Issue	0.00
Diluted Normalized EPS	16.86

EPS



Net Profit



Technical Outlook



Honda Power has given a multiyear breakout on a larger time frame and after retesting gave an another breakout which it is currently retesting, there is a strong buying momentum in this counter which is also indicated by the Moving Averages, 20 DMA > 50 DMA > 100 DMA > 200DMA

Stock can test 4000, 4500 levels on the upper horizon.

On the lower side support is placed at 2600.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	2888.08	2889.10
10	2950.78	2917.15
20	2916.26	2895.25
50	271.99	2736.05
100	2448.03	2554.80
200	2301.16	2334.85

Pivot Levels : FIBONACCI		
R1 2916.23	Pivot 2784.90	S1 2653.57
R2 2997.37		S2 2572.43
R3 3128.70		S3 2441.10

Relative Strength Index (RSI)	Daily	Weekly
	49.48	63.04

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