

Hero MotoCorp

Estimate change 

TP change 

Rating change 

	HMCL IN
Bloomberg Equity Shares (m)	200
M.Cap.(INRb)/(USD\$b)	981.2 / 11.8
52-Week Range (INR)	4924 / 2246
1, 6, 12 Rel. Per (%)	18/49/70
12M Avg Val (INR M)	2170

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	338.1	370.6	426.8
EBITDA	39.9	51.3	61.8
EBITDA margin %	11.8	13.8	14.5
Adj. PAT	29.1	39.9	47.4
Adj. EPS (INR)	145.6	199.5	236.9
EPS Gr. (%)	17.7	37.0	18.8
BV/Sh. (INR)	836	909	1,006

Ratios

RoE (%)	17.9	22.9	24.7
RoCE (%)	17.6	22.5	24.3
Payout (%)	68.7	62.7	59.1

Valuations

P/E (x)	33.7	24.6	20.7
P/BV (x)	5.9	5.4	4.9
Div. Yield (%)	2.0	2.5	2.9
FCF Yield (%)	2.1	3.5	4.6

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	34.8	34.8	34.8
DII	28.1	29.2	27.3
FII	28.3	26.8	27.5
Others	8.8	9.9	10.5

FII Includes depository receipts

CMP: INR4,909

TP: INR5,560 (+13%)

Buy

Operating performance in line with estimates

Industry to see double-digit revenue growth in FY25

- Hero MotoCorp (HMCL) posted an in-line operating performance in 3Q. HMCL expects double-digit revenue growth for the industry in FY25 and aims to outperform the industry with new launches. It expects an uptrend in margins from hereon, owing to benign input costs and improving mix.
- We maintain our FY24E EPS but increase our FY25E EPS by 10% to factor in better product mix and volume recovery. **Reiterate our BUY rating on the stock with a TP of INR5,560** (18x Mar'26E EPS + INR235/INR198 for Hero FinCorp/Ather after 20% holding company discount).

EBITDA margin for ICE stood at ~16%

- 3QFY24 revenue/EBITDA/PAT grew 21%/47%/51% YoY to INR97.2b/INR13.6b/INR10.7b (vs. est. INR96.4b/INR13.4b/INR10.4b).
- 9MFY24 revenue/EBITDA/Adj. PAT grew 10%/34%/50% YoY.
- Net realization grew 3% YoY to INR66.6k (est. INR66k). Volumes grew 18% YoY.
- Gross margins improved 210bp YoY (+130bp QoQ) to 32.7% (est. 31.2%) due to benefits of RM cost softening.
- Despite higher other expenses (+20bp YoY/+120bp QoQ as % of sales), EBITDA margins improved 250bp YoY (-10bp QoQ) to 14% (est. 13.9%).
- EBITDA improved 47% YoY to INR13.6b (est. INR13.4b).
- Higher other income was slightly offset by higher depreciation, leading to adj. PAT growth of 51% YoY to INR10.7b (est. INR10.4b).
- The board approved an interim dividend of INR75 per share and a special dividend of INR25 per share. Total dividend is INR100 per share for FY24.

Highlights from the management commentary

- Demand outlook-** Overall 2W industry revenue should grow in double digits in FY25 and HMCL expects to outperform the industry with its new launches, thereby implying market share gains. Industry growth is likely to be driven by the 125cc+ segment in FY25 as well.
- Margins:** ICE margins stood at 16% in 3Q. The margin impact of EV sales was high in 3Q (200bp) due to the festive season and is likely to be at 100-150bp in FY24. While input costs would remain stable, the management expects margins to be on a gradual uptrend with an improved mix.

Valuation and view

- We expect recovery in domestic 2W demand to continue, led by stable demand in urban markets, better rural off-take, and a lower base of last year. New product launches in the growing 125cc segment and premium segment should augur well for HMCL. Moreover, stable RM prices and cost savings should drive a ~24% earnings CAGR over FY23-25E.
- HMCL is a pure play in the domestic 2W industry, with a stronghold in the 100cc motorcycle segment. It has low vulnerability to EVs as it garners just 7% volumes from scooters and its core 100cc motorcycle is less prone to EVs. The stock currently trades at ~24.6x/20.7x FY24E/FY25E EPS. Retain BUY with a TP of INR5,560 (18x Mar'26E EPS + INR235/INR198 for Hero FinCorp/Ather after 20% holding company discount).

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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.

Quarterly Performance (S/A)

(INR b)

Y/E March	FY23				FY24E				FY23	FY24E	3Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Total Volumes ('000 nos)	1,390	1,428	1,240	1,270	1,353	1,417	1,460	1,376	5,329	5,605	1,460
Growth YoY (%)	35.7	-0.7	-4.1	6.9	-2.7	-0.8	17.8	8.3	7.8	5.2	17.8
Net Realization	60,370	63,545	64,782	65,382	64,819	66,680	66,604	66,285	63,443	66,114	66,013
Growth YoY (%)	12.7	8.1	6.2	4.7	7.4	4.9	2.8	1.4	7.3	4.2	1.9
Net Op Revenues	83.9	90.8	80.3	83.1	87.7	94.5	97.2	91.2	338.1	370.6	96.4
Growth YoY (%)	53.0	7.4	1.9	11.9	4.5	4.1	21.1	9.8	15.6	9.6	20.0
RM Cost (% sales)	72.8	72.0	69.4	68.0	69.4	68.6	67.3	70.5	70.6	68.9	68.8
Staff Cost (% sales)	6.4	6.0	6.8	6.7	6.6	6.1	6.2	6.3	6.5	6.3	6.2
Other Exp (% sales)	9.6	10.6	12.3	12.3	10.3	11.2	12.5	9.7	11.2	11.0	11.1
EBITDA	9.4	10.4	9.2	10.8	12.1	13.3	13.6	12.3	39.9	51.3	13.4
Growth YoY (%)	82.7	-2.6	-3.7	30.9	28.2	27.9	47.4	13.6	0.0	0.0	45.2
EBITDA Margins (%)	11.2	11.4	11.5	13.0	13.8	14.1	14.0	13.5	11.8	13.8	13.9
Other Income	0.5	0.9	1.8	2.4	2.2	2.5	2.4	1.9	5.7	9.0	2
Interest	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0
Depreciation	1.6	1.6	1.6	1.7	1.7	1.7	1.8	1.8	6.6	7.1	2
PBT before EO Exp/(Inc)	8.2	9.6	9.4	11.5	12.5	14.0	14.2	12.3	38.7	53.0	13.8
Effective Tax Rate (%)	24.2	25.7	24.4	25.1	24.7	24.6	24.3	25.3	24.9	24.7	24.7
Adj. PAT	6.2	7.2	7.1	8.6	9.5	10.5	10.7	9.2	29.1	39.9	10.4
Growth (%)	70.9	-9.9	3.6	37.0	51.4	47.2	51.0	7.3	17.7	37.2	46.2

Key Performance Indicators

Y/E March	FY23				FY24E				FY23	FY24E	3Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			
Volumes ('000 units)	1,390.2	1,428.2	1,239.7	1,270.5	1,352.6	1,416.5	1,459.9	1,376.3	5,328.5	5,605.3	1,460
Growth (%)	35.7	-0.7	-4.1	6.9	-2.7	-0.8	17.8	8.3	1.2	1.2	17.8
Dom. 2W Mkt Sh (%)	35.7	29.7	31.3	34.3	31.8	29.7	29.6		32.5		
Net Realization	60,370	63,545	64,782	65,382	64,819	66,680	66,604	66,285	63,443	66,114	66,013
Growth YoY (%)	12.7	8.1	6.2	4.7	7.4	4.9	2.8	1.4	7.3	4.2	1.9
Cost Break-up											
RM Cost (% of sales)	72.8	72.0	69.4	68.0	69.4	68.6	67.3	70.5	70.6	68.9	68.8
Staff Cost (% of sales)	6.4	6.0	6.8	6.7	6.6	6.1	6.2	6.3	6.5	6.3	6.2
Other Cost (% of sales)	9.6	10.6	12.3	12.3	10.3	11.2	12.5	9.7	11.2	11.0	11.1
Gross Margins (%)	27.2	28.0	30.6	32.0	30.6	31.4	32.7	29.5	29.4	31.1	31.2
EBITDA Margins (%)	11.2	11.4	11.5	13.0	13.8	14.1	14.0	13.5	11.8	13.8	13.9
EBIT Margins (%)	9.3	9.6	9.5	11.0	11.8	12.2	12.1	11.5	9.8	11.9	12.1

E:MOFSL Estimates



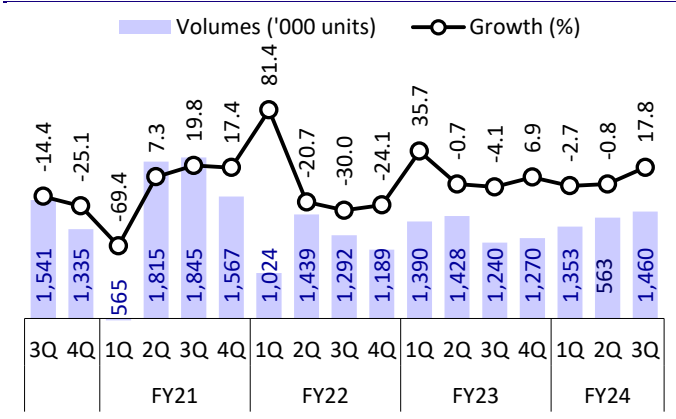
Key takeaways from the management commentary

- **Demand outlook-** Overall 2W industry revenues should be growing in double digits in FY25 and HMCL expects to outperform the industry on the back of its new launches, thereby implying market share gains. Also, industry growth is likely to be driven by 125cc+ segment in FY25 as well.
- Its inventory remains comfortable at 4-6 weeks.
- **New launches and distribution strategy:** While the management refrained from giving out an order book number, it indicated that online searches for Xtreme 125R are higher than those for peer brands. HD X440 has an order book of 3-4 months. The company also launched Maverick 440, for which bookings would commence this month and delivery is expected to start in Apr'24. The expansion of Hero 2.0 stores is underway and the target is to scale up to 400 stores by the end of 4QFY24 (vs. 300 currently) and 500 by FY25. The scale up of its

distribution network and new launches is expected to have a positive rub-off on its existing models as well.

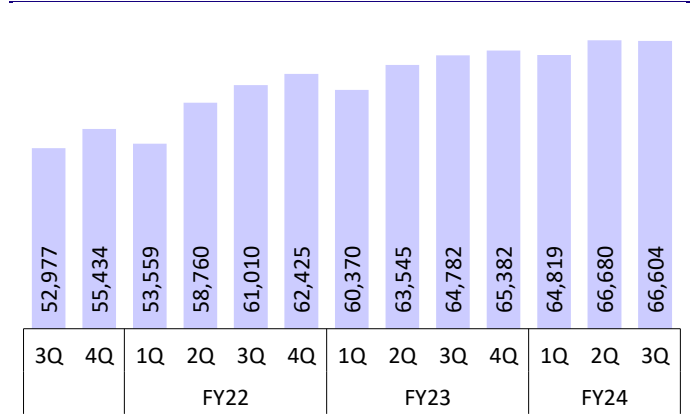
- Electric scooters:** The company plans to launch more products in different price points starting 1QFY25. It would launch one in the affordable category (possibly priced closer to INR100k) and another in the mid segment (possibly priced closer to INR125k). It would not look at discounting in EVs, like peers. The company rather aims to expand the distribution; it is present in 100 cities/150 dealers /3-4 formats. It has 18 Vida hubs — small-format exclusive dealerships, which HMCL plans to scale up to 100 by FY25. It is also ramping up capacities to scale up fast in FY25.
- Electric motorcycles:** The management expects the EV transition to continue to pick up pace in scooters and may not see any material ramp-up in motorcycles in the near term, given unfavorable TCO economics for commuter electric motorcycles at current prices. It would focus on premium electric motorcycles in collaboration with Zero Motorcycles.
- Margins: ICE margins stood at 16% in 3Q. As per the management, the impact of EV sales on core was higher in 3Q (200bp)** given the festive season and is likely to be at 100-150bp in FY24. While input costs should remain stable, the management expects a gradual uptrend in margins with improved mix.
- Financing:** Finance penetration stands at 60-65% for the industry. Given that financing remains one of the key growth drivers for the industry, HMCL has now started a pilot e-Fin platform, where all financiers are present on a single platform for the ease of finance availability for customers.
- Parts/accessories/merchandise** revenues for 3QFY24 stood at INR1.43b (vs. INR1.3b in 3QFY23). It has approved an investment of INR6b over the next two years to set up a global parts center (2.0) with a storage capacity of 36.7k SKUs in Andhra Pradesh, which will take the total spare-parts revenues to INR10b. This investment would be funded through internal accruals. Spare-parts sales are expected to grow in double digits over the next few years. It would be launching exclusive merchandise for HD X440/Maverick to enhance the premium buying experience.
- Focus on alternative fuels:** It is investing in R&D at a double rate vs. competition. It is also working on flex fuel and new battery technologies. It is also focusing on improving mileage of its vehicles.

Exhibit 1: Trend in volumes



Source: SIAM

Exhibit 2: Trend in blended realizations



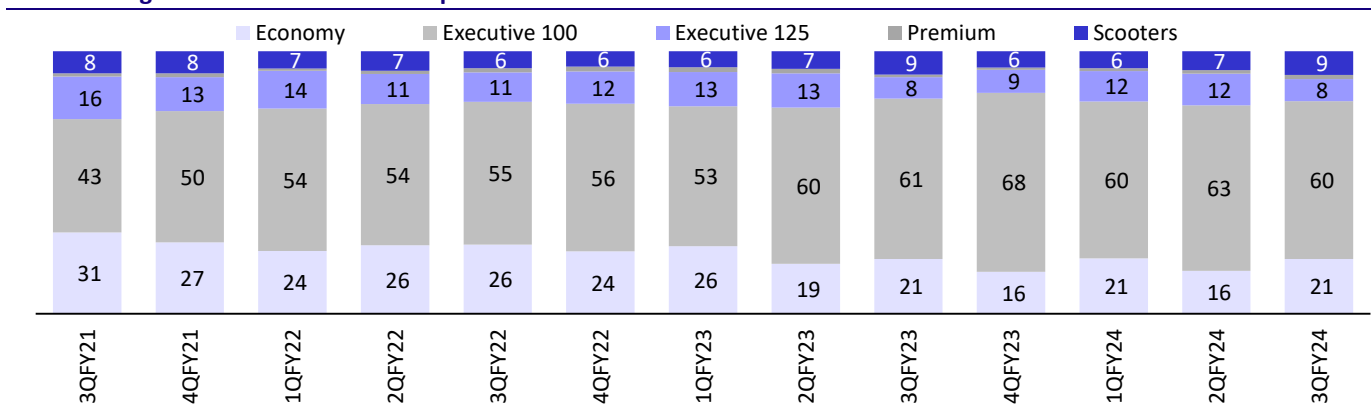
Source: Company, MOFSL

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

	3QFY24	3QFY23	YoY %	2QFY24	QoQ %	FY24E	FY23	YoY %
Total Motorcycles	1,325	1,129	17.4	1,303	1.7	5,199	4,959	4.8
<i>% of total</i>	90.8	90.9		92.2		92.8	93.0	
Scooters	135	114	18.5	109	23.0	406	372	9.1
<i>% of total</i>	9.2	9.1		7.8		7.2	7.0	
Total 2Ws	1,460	1,243	17.5	1,412	3.4	5,605	5,331	5.1
Of which exports	61	36	71.1	49	25.7	181	173	4.9
<i>% of total</i>	4.2	2.9		3.4		3.2	3.2	

Source: Company, MOFSL

Exhibit 4: Segment-wise contribution in product mix



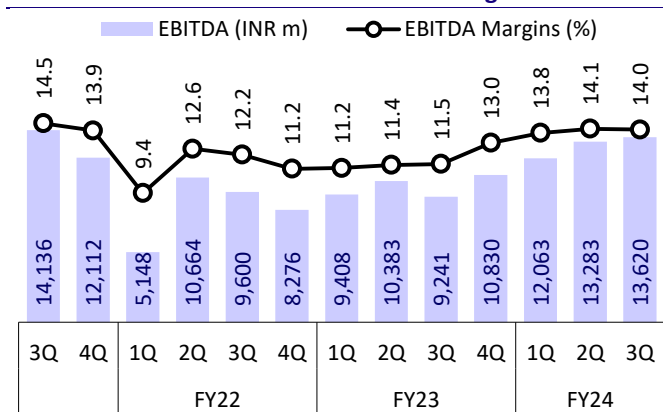
Source: SIAM

Exhibit 5: Trend in Market Share

Segment	3QFY24	3QFY23	Chg YoY (BP)	2QFY24	Chg QoQ (BP)
Economy	44.6	53.3	-870	42.1	250
Executive - 100	85.6	95.6	-1,000	97.3	-1,170
Executive - 125	12.8	14.6	-180	20.5	-770
Premium	3.0	3.1	-10	2.7	30
Dom. Motorcycles	41.6	43.3	-170	43.5	-190
Dom. Scooters	6.2	8.8	-250	4.7	150
Total 2W (Domestic M.S.)	29.6	29.7	-20	29.7	-10

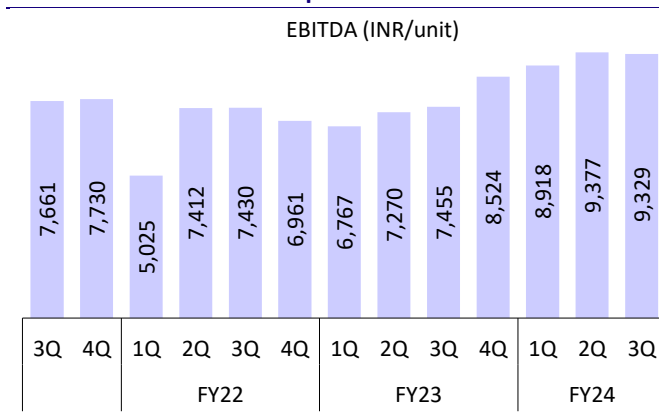
Source: Siam, MOFSL

Exhibit 6: Trend in EBITDA and EBITDA margin



Source: Company, MOFSL

Exhibit 7: Trend in EBITDA per unit



Source: Company, MOFSL

Valuation and view

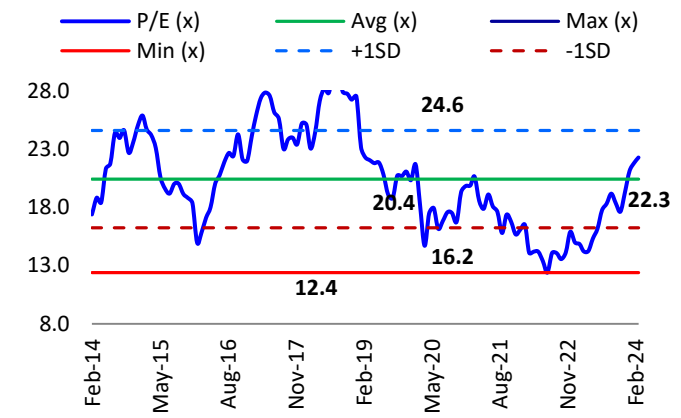
- **We expect HMCL to deliver a volume CAGR of 8% over FY23-26E**, driven by 1) its increased competitiveness in the Economy and the Executive segments after recent launches, 2) growth in the premium segment, 3) faster growth in scooters, and 4) a ramp-up in exports. The company will benefit from a rural recovery, with strong brand equity in the economy and executive segments. It is expanding its presence in the fast-growing scooters and premium motorcycle segments, which will further drive volume growth.
- **HMCL to benefit from a strong portfolio in the economy and executive segments, and new launches in the premium segment:** It is poised for a faster recovery vs. other 2W peers due to its rural-focused portfolio and market leadership in the entry and executive segments. Its co-developed product with Harley Davidson, HD X440, has received a strong response. We are seeing more traction in its core executive segment (Splendor and Passion) due to a decrease in the percentage-wise price differential between the entry and executive models. Any improvement in its competitive positioning within scooters, premium motorcycles, or EVs will serve as catalysts for re-rating.
- **EVs pose a challenge and an opportunity:** EVs pose a threat to incumbents in the scooter segment (HMSI and TVSL) and an opportunity for OEMs that are ready with a compelling e-scooter package. HMCL now has a two-pronged strategy for EVs: 1) stake in Ather, 2) own development (led by a German R&D center) on a fixed battery system. It is focusing on aggressively expanding Vida distribution and ramping up capacities.
- **Export market to offer huge headroom for growth, but scale-up will be a challenge and back-ended:** HMCL has doubled its target export market to 40 countries over the past few years. While motorcycle exports to emerging markets present a huge opportunity (~2x that of the Indian market), HMCL, being one of the last entrants, may find it difficult to compete with incumbents (especially BJAUT) due to the limited scope to differently position its products. It has been working on its distribution for the last few years and is focusing on market-specific products. Recovery in some of these markets, after the recent currency turmoil, works in HMCL's favor. The company aims to achieve 10-15% revenue from exports.
- **Reiterate Buy:** We maintain our FY24E EPS while increase our FY25E EPS by 10% to factor in better product mix and volume recovery led by benefits of new product launches. HMCL is a good proxy on a rural market recovery, with its stronghold in the 100cc Motorcycle segment. 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 ~13%/21%/24% in revenue/EBITDA/PAT over FY23-26E. The stock currently trades at ~24.6x/20.7x FY24E/FY25E EPS. Reiterate our BUY rating on the stock with a TP of INR5,560 (18x Mar'25E EPS + INR235/INR198 for Hero FinCorp/Ather after 20% holding company discount).

Exhibit 8: Revisions to our estimates

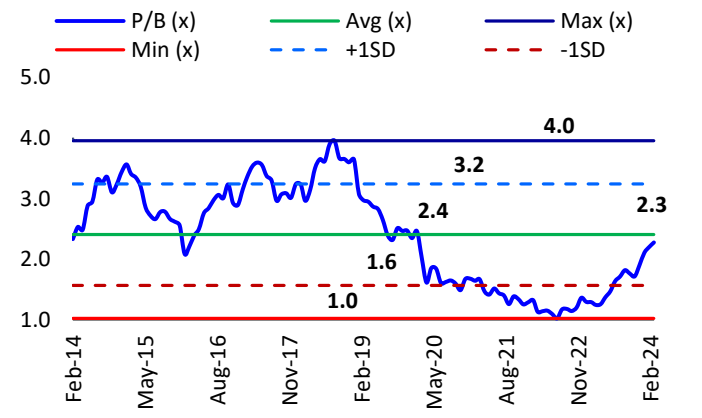
(INR B)	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	5,605	5,605	0.0	6,164	6,081	1.4
Net Sales	370.6	371	0.0	426.8	404	5.8
EBITDA	51.3	51	0.0	61.8	57	7.6
EBITDA Margins (%)	13.8	13.8	0	14.5	14.2	20
Net Profit	39.9	40	-0.1	47.4	43	9.8
EPS (Rs)	199.5	199.7	-0.1	236.9	215.7	9.8

Source: MOFSL

Exhibit 9: P/E and P/B band



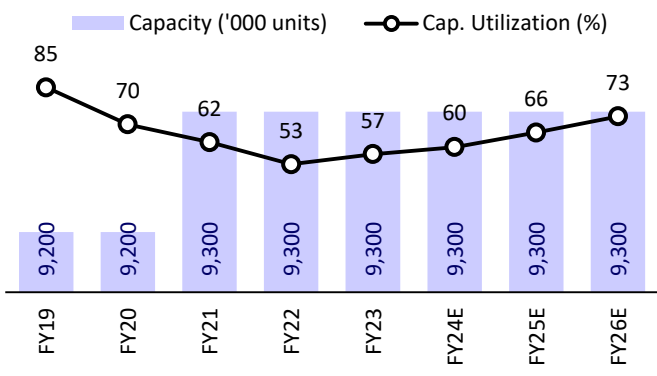
Source: MOFSL



Source: MOFSL

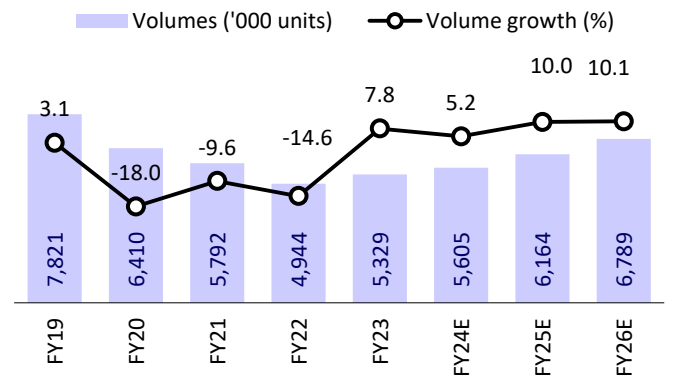
Story in charts

Exhibit 10: Adding capacity ahead of growth



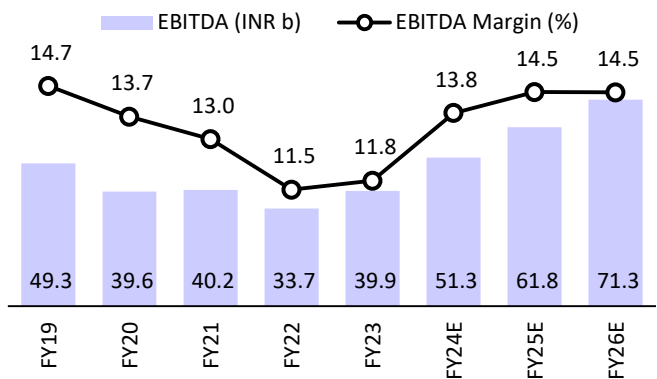
Source: Company, MOFSL

Exhibit 11: Volume sustainability led by rural recovery



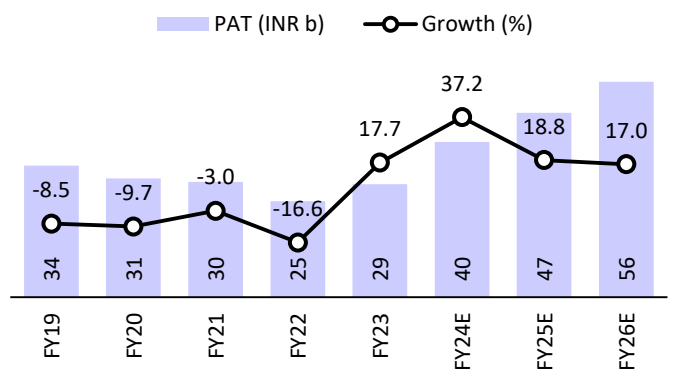
Source: Company, MOFSL

Exhibit 12: EBITDA margin trajectory



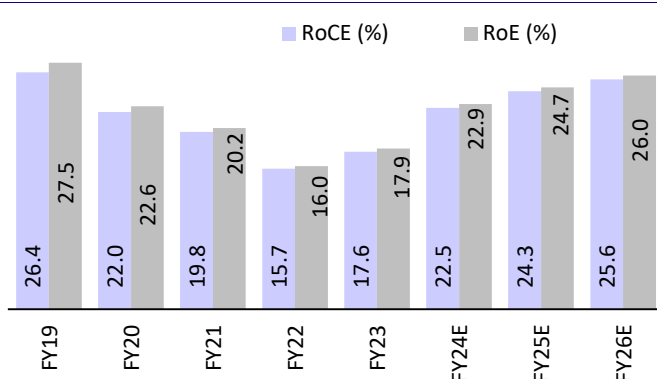
Source: Company, MOFSL

Exhibit 13: PAT growth to be steady



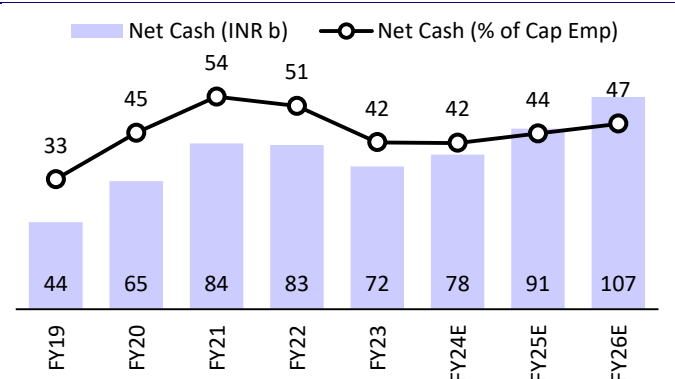
Source: Company, MOFSL

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	FY24E	FY25E	FY26E
Total M/Cycles	7,081	5,990	5,333	4,628	4,959	5,199	5,709	6,280
<i>Growth (%)</i>	6.0	-15.4	-11.0	-13.2	7.2	4.8	9.8	10.0
<i>% of total volumes</i>	90.5	93.5	92.1	93.6	93.1	92.8	92.6	92.5
Total Scooters	740	419	458	316	369	406	455	510
<i>Growth (%)</i>	-18.7	-43.3	9.2	-30.9	16.8	10.0	12.0	12.0
<i>% of total volumes</i>	9.5	6.5	7.9	6.4	6.9	7.2	7.4	7.5
Total volumes	7,821	6,410	5,792	4,944	5,329	5,605	6,164	6,789
<i>Growth (%)</i>	3.1	-18.0	-9.6	-14.6	7.8	5.2	10.0	10.1
- of which Exports	187	162	172	290	162	162	219	295
<i>% of total volumes</i>	2.6	2.8	3.3	6.5	3.3	3.2	3.9	4.8
Net Realizations (INR/unit)	43,027	44,988	53,182	59,152	63,443	66,114	69,243	72,593
<i>Growth (%)</i>	0.6	4.3	18.8	10.7	8.4	4.1	4.9	4.8
Net Revenues (INR b)	337	288	308	292	338	371	427	493
<i>Growth (%)</i>	4.4	-14.3	6.8	-5.0	15.6	9.6	15.2	15.5

SIAM, Company, MOFSL

Financials and valuations

Income Statement								(INR m)
Y/E March	2019	2020	2021	2022	2023	2024E	2025E	2026E
Volumes ('000)	7,821	6,410	5,792	4,944	5,329	5,605	6,164	6,789
Volume Growth (%)	3.1	-18.0	-9.6	-14.6	7.8	5.2	10.0	10.1
Net Revenues	3,36,505	2,88,360	3,08,006	2,92,455	3,38,057	3,70,593	4,26,819	4,92,860
Change (%)	4.4	-14.3	6.8	-5.0	15.6	9.6	15.2	15.5
EBITDA	49,301	39,579	40,192	33,688	39,862	51,270	61,759	71,273
EBITDA Margin (%)	14.7	13.7	13.0	11.5	11.8	13.8	14.5	14.5
Depreciation	6,020	8,180	6,769	6,498	6,570	7,088	7,665	8,284
EBIT	43,281	31,400	33,424	27,190	33,293	44,182	54,094	62,990
Interest cost	86	220	218	258	199	200	200	200
Other Income	6,913	7,283	5,799	5,569	5,652	9,040	9,100	10,900
Non-recurring Expense	0	-7,274	0	0	0	1,600	0	0
PBT	50,107	45,736	39,004	32,501	38,746	51,422	62,994	73,690
Tax	16,259	9,404	9,362	7,771	9,640	12,689	15,560	18,189
Effective Tax Rate (%)	32.4	20.6	24.0	23.9	24.9	24.7	24.7	24.7
Adj. PAT	33,849	30,554	29,642	24,730	29,106	39,939	47,434	55,501
Change (%)	-8.5	-9.7	-3.0	-16.6	17.7	37.2	18.8	17.0

Balance Sheet								(INR m)
Y/E March	2019	2020	2021	2022	2023	2024E	2025E	2026E
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	1,81,565	2,00,971	2,24,439
Net Worth	1,28,571	1,41,364	1,51,984	1,57,829	1,67,051	1,81,965	2,01,371	2,24,840
Deferred Tax	5,365	3,928	4,041	3,833	4,054	4,054	4,054	4,054
Capital Employed	1,33,936	1,45,292	1,56,025	1,61,662	1,71,105	1,86,019	2,05,425	2,28,893
Application of Funds								
Gross Fixed Assets	1,16,282	1,38,161	1,42,362	1,46,657	1,51,942	1,63,080	1,77,580	1,90,580
Less: Depreciation	70,097	76,991	82,478	88,592	94,328	1,01,416	1,09,081	1,17,364
Net Fixed Assets	46,186	61,171	59,884	58,065	57,614	61,664	68,499	73,216
Capital WIP	5,419	3,413	4,366	4,582	4,638	6,500	5,000	5,000
Investments	59,686	82,227	1,04,997	1,06,523	1,10,104	1,10,104	1,10,104	1,10,104
Curr.Assets, L & Adv.	65,121	40,683	52,364	47,970	60,276	75,735	1,00,094	1,30,908
Inventory	10,724	10,920	14,696	11,227	14,341	16,799	19,372	22,369
Sundry Debtors	28,216	16,031	24,268	23,043	27,982	29,644	31,906	36,843
Cash & Bank Balances	1,365	2,419	2,572	1,751	3,455	13,423	30,517	50,564
Loans & Advances	850	896	892	402	436	477	550	635
Others	23,968	10,417	9,938	11,547	14,062	15,392	17,750	20,496
Current Liab. & Prov.	42,476	42,201	65,585	55,478	61,527	67,983	78,272	90,334
Sundry Creditors	33,553	30,305	52,046	42,603	47,045	54,348	62,673	72,370
Other Liabilities	7,161	9,207	10,211	9,490	10,744	9,881	11,395	13,158
Provisions	1,762	2,689	3,328	3,385	3,738	3,754	4,204	4,805
Net Current Assets	22,646	-1,518	-13,222	-7,508	-1,251	7,751	21,822	40,574
Application of Funds	1,33,936	1,45,292	1,56,025	1,61,662	1,71,105	1,86,019	2,05,425	2,28,893

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2019	2020	2021	2022	2023	2024E	2025E	2026E
Basic (INR)								
EPS	169.5	153.0	148.4	123.8	145.6	199.5	236.9	277.2
EPS Growth (%)	-8.5	-9.7	-3.0	-16.6	17.7	37.0	18.8	17.0
Cash EPS	199.6	222.8	182.2	156.3	178.5	228.9	275.2	318.6
Book Value per Share	643.7	707.7	760.7	789.9	835.9	908.9	1,005.8	1,123.1
DPS	87.0	90.0	105.0	95.0	100.0	125.0	140.0	160.0
Payout (Incl. Div. Tax) %	62.9	71.8	70.8	76.8	68.7	62.7	59.1	57.7
Valuation (x)								
P/E	29.0	32.1	33.1	39.7	33.7	24.6	20.7	17.7
EV/EBITDA	18.6	22.6	21.7	25.9	21.8	16.8	13.6	11.5
EV/Sales	2.7	3.1	2.8	3.0	2.6	2.3	2.0	1.7
Price to Book Value	7.6	6.9	6.5	6.2	5.9	5.4	4.9	4.4
Dividend Yield (%)	1.8	1.8	2.1	1.9	2.0	2.5	2.9	3.3
Profitability Ratios (%)								
RoE	27.5	22.6	20.2	16.0	17.9	22.9	24.7	26.0
RoCE	26.4	22.0	19.8	15.7	17.6	22.5	24.3	25.6
RoIC	53.0	40.0	50.1	44.5	49.2	61.1	70.4	77.1
Turnover Ratios								
Debtors (Days)	32	21	30	30	32	31	29	29
Inventory (Days)	12	15	18	15	16	17	17	17
Creditors (Days)	36	38	62	53	51	54	54	54
Working Capital (Days)	25	-2	-16	-9	-1	8	19	30
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	2.7

Cash Flow Statement

Y/E March	2019	2020	2021	2022	2023	2024E	2025E	2026E
(INR m)								
Profit before Tax	50,107	45,736	39,004	32,501	38,746	51,422	62,994	73,690
Depreciation & Amort.	6,020	8,180	6,769	6,498	6,570	7,088	7,665	8,284
Direct Taxes Paid	-20,515	-5,443	-9,759	-7,688	-8,496	-12,689	-15,560	-18,189
(Inc)/Dec in Working Capital	-19,189	12,027	10,700	-6,825	-5,832	965	3,023	1,295
Other Items	-6,634	-6,399	-4,987	-4,283	-5,197	200	200	200
CF from Oper. Activity	9,791	54,101	41,727	20,203	25,791	46,987	58,322	65,280
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	45,387	58,322	65,280
(Inc)/Dec in FA+CWIP	-9,179	-13,586	-5,101	-5,240	-5,675	-13,000	-13,000	-13,000
Free Cash Flow	611	40,515	36,626	14,963	20,115	33,987	45,322	52,280
(Pur)/Sale of Invest.	22,392	-15,245	-16,998	3,721	987	0	0	0
CF from Inv. Activity	13,212	-28,831	-22,099	-1,519	-4,688	-13,000	-13,000	-13,000
Interest Paid	-86	-874	-515	-458	-455	-200	-200	-200
Dividends Paid	-22,854	-23,323	-18,900	-18,931	-19,951	-25,025	-28,028	-32,032
CF from Fin. Activity	-22,940	-24,198	-19,415	-19,389	-20,406	-25,225	-28,228	-32,232
Inc/(Dec) in Cash	63	1,072	213	-705	697	7,162	17,094	20,048
Add: Beginning Balance	344	407	1,479	1,692	987	1,684	8,846	25,940
Closing Balance	407	1,479	1,692	987	1,684	8,846	25,940	45,987

E: MOFSL Estimates

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