

# Hero MotoCorp

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR5,170      TP: INR6,248 (+21%)      Buy**

## Steady quarter

### Rural recovery bodes well for HMCL

- Hero MotoCorp's (HMCL) 4QFY26 PAT at INR14b came in line with our estimate. Margins remained stable YoY despite the ramp-up in its EV business.
- We expect HMCL to benefit from a gradual rural recovery, given the strong brand equity in the economy and executive segments. Its focus on ramping up presence in scooters (both ICE and EVs) and exports is likely to help drive volume growth. We project HMCL to deliver a CAGR of ~10%/9%/9% in revenue/EBITDA/PAT over FY26-28. At ~18.3x/16.2x FY27E/28E EPS, the stock appears attractively valued. We reiterate our BUY rating with a TP of INR6,248 (based on 18x FY28E EPS + INR89/419 for Hero FinCorp/Ather after 20% holdco discount).

Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USDb)	1034.5 / 10.9
52-Week Range (INR)	6390 / 3710
1, 6, 12 Rel. Per (%)	-5/2/34
12M Avg Val (INR M)	3722

### Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Sales	468.3	509.1	561.3
EBITDA	68.7	72.5	81.3
Adj. PAT	53.6	56.6	63.8
Adj. EPS (INR)	267.8	282.5	318.8
EPS Gr. (%)	16.3	5.5	12.9
BV/Sh. (INR)	1,078	1,160	1,244

### Ratios

RoE (%)	25.9	25.2	26.5
RoCE (%)	25.3	24.7	26.0
Payout (%)	69.1	70.8	73.7

### Valuations

P/E (x)	19.3	18.3	16.2
P/BV (x)	4.8	4.5	4.2
Div. Yield (%)	3.6	3.9	4.5
FCF Yield (%)	7.2	4.7	6.2

### Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	34.7	34.7	34.7
DII	24.8	26.4	27.9
FII	31.1	29.4	27.4
Others	9.3	9.5	9.9

FII includes depository receipts

### Earnings in line with estimates

- 4Q net revenues grew 28.8% YoY (in line) to ~INR128b.
- Net realizations grew 3.7% YoY/2.7% QoQ to ~INR74.6k per unit. Volumes rose 24.2% YoY (flat QoQ) at 1.7m units.
- Gross margins contracted 300bp YoY to 31.5% (below the estimated 32.2%).
- EBITDA was up 31.1% YoY to INR18.6b, broadly in line with our estimates. EBITDA margins marginally expanded 30bp YoY to 14.5% (in line).
- PAT came in line with our estimates at INR14b, up 29.6%.
- FY26 revenue/EBITDA/PAT grew 15%/17%/16% YoY, respectively, while CFO/FCF stood at INR83b/INR74b in FY26.
- RoCE/RoE in FY26 stood at 26%/25%, respectively.

### Highlights from the management commentary

- In FY26, retail performance outpaced dispatches, which helped reduce channel inventory to five weeks, within which EV inventory stood at under 10 days.
- Management expects the domestic 2W industry to grow in high single digits in FY27, with scooters outpacing the motorcycle segment by a couple of percent points. HMCL expects to outperform the industry in both segments.
- Management expects the export momentum to continue over the next couple of years as it expands its product offerings and enters new markets.
- Near-term margins are expected to remain under pressure due to commodity inflation, but HMCL plans to partially offset the impact through price hikes and cost savings
- PLI has been approved for three products, covering around 60% of the EV portfolio, and this coverage is expected to increase to 90% in FY27.
- HMCL plans INR15b capex in FY27, focused on scooters, EVs, and a second parts center. Around INR7b of capex is earmarked for the second parts center in South India.

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

**Research analyst - Jeemit Shah** (Jeemit.Shah@MotilalOswal.com) | **Uday Nair** (Uday.Nair@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](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Valuation and view**

- We expect HMCL to benefit from a gradual rural recovery, given strong brand equity in the economy and executive segments. Its focus on ramping up presence in scooters (both ICE and EVs) and exports is likely to help drive volume growth. We expect HMCL to deliver a volume CAGR of ~8% over FY26-28, driven by new launches and a ramp-up in exports.
- We project a CAGR of ~10%/9%/9% in revenue/EBITDA/PAT over FY26-28. At ~18.3x/16.2x FY27E/28E EPS, the stock appears attractively valued. We reiterate our BUY rating with a TP of INR6,248 (based on 18x FY28E EPS + INR89/419 for Hero FinCorp/Ather after 20% holdco discount).

**Qty performance (S/A)**

Y/E March	FY25				FY26				FY25	(INR m)		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		FY26	4Q	Var. (%)
Total Volumes ('000 nos)	1,535	1,520	1,464	1,381	1,367	1,691	1,697	1,714	5,899	6,469	1,714	
Growth YoY (%)	13.5	7.3	0.3	-0.9	-10.9	11.3	15.9	24.2	4.9	9.7	24.2	
Net Realization	66,076	68,851	69,755	71,991	70,069	71,724	72,658	74,646	69,088	72,393	73,312	
Growth YoY (%)	1.9	3.3	4.7	5.3	6.0	4.2	4.2	3.7	3.7	4.8	1.8	
<b>Net Op Revenues</b>	<b>1,01,437</b>	<b>1,04,632</b>	<b>1,02,108</b>	<b>99,387</b>	<b>95,789</b>	<b>1,21,264</b>	<b>1,23,284</b>	<b>1,27,965</b>	<b>4,07,564</b>	<b>4,68,301</b>	<b>1,25,678</b>	<b>1.8</b>
Growth YoY (%)	15.7	10.8	5.0	4.4	-5.6	15.9	20.7	28.8	8.8	14.9	26.5	
RM Cost (% sales)	67.7	66.7	65.8	65.5	66.7	66.7	67.4	68.5	66.4	67.4	67.8	
Staff Cost (% sales)	6.0	6.2	6.5	6.8	6.5	5.8	5.7	5.3	6.4	5.8	5.7	
Other Exp (% sales)	11.9	12.6	13.3	13.5	12.3	12.5	12.2	11.7	12.8	12.1	12.2	
<b>EBITDA</b>	<b>14,598</b>	<b>15,159</b>	<b>14,765</b>	<b>14,156</b>	<b>13,817</b>	<b>18,234</b>	<b>18,101</b>	<b>18,556</b>	<b>58,677</b>	<b>68,708</b>	<b>17,946</b>	<b>3.4</b>
EBITDA Margins (%)	14.4	14.5	14.5	14.2	14.4	15.0	14.7	14.5	14.4	14.7	14.3	
Change (%)	21.0	14.1	8.4	4.1	-5.3	20.3	22.6	31.1	11.6	17.1	14.3	
Other Income	2,317	2,830	3,175	2,237	3,037	2,328	2,959	2,086	10,559	10,410	2,463	
Interest	48	49	55	47	56	57	60	55	199	228	68	
Depreciation	1,932	1,937	1,969	1,921	1,928	1,970	2,044	2,039	7,759	7,980	2,067	
<b>PBT before EO Exp/(Inc)</b>	<b>14,935</b>	<b>16,003</b>	<b>15,916</b>	<b>14,425</b>	<b>14,870</b>	<b>18,537</b>	<b>18,955</b>	<b>18,548</b>	<b>61,278</b>	<b>70,910</b>	<b>18,274</b>	
Effective Tax Rate (%)	24.8	24.8	24.4	25.1	24.3	24.9	24.1	24.5	24.8	24.4	25.3	
<b>Adj. PAT</b>	<b>11,226</b>	<b>12,035</b>	<b>12,028</b>	<b>10,809</b>	<b>11,257</b>	<b>13,928</b>	<b>14,385</b>	<b>14,011</b>	<b>46,100</b>	<b>53,581</b>	<b>13,655</b>	<b>2.6</b>
Growth (%)	18.7	14.2	12.1	6.4	0.3	15.7	19.6	29.6	12.7	16.2	26.3	



## Key takeaways from the management commentary

### FY26 highlights

- HMCL strengthened its portfolio with nine launches and refreshes in FY26, which included HF Deluxe Pro, Glamour X, Destini 125, Destini 110, Xoom 160, Xtreme 125R and Xpulse 210. The Harley-Davidson line-up was expanded with HDX440T and the re-introduction of Street Bob. These launches essentially filled the whitespace in both motorcycles and scooters. This led to market share growth in the 100cc,125cc,400-500cc motorcycle segment, scooters, and exports during FY26.
- HMCL expanded its EV line-up with VIDA VX2, VIDA VX2 Go 3.4kWh. EV market share increased from 6.1% in FY25 to 11.2% in FY26.
- In FY26, retail performance outpaced dispatches, which helped reduce channel inventory to five weeks, within which, EV inventory stood at under 10 days.
- ICE EBITDA margin stood at 17% in 4QFY26 (+100bp YoY) as well as in FY26 (+90bp YoY), supported by operating leverage, price hikes, and cost savings. The EV business had an impact of INR2.2b in 4QFY26.
- Total dividend for FY26 was INR185/share, implying a payout of about 70%.

### Domestic 2Ws – industry update

- Management expects the domestic 2W industry to grow in high single digits in FY27, with scooters outpacing the motorcycle segment by a couple of percent points. HMCL expects to outperform the industry in both segments.
- HMCL plans multiple launches across scooters, premium motorcycles, and VIDA in FY27. Further, it is working on low-emission powertrains like flex fuels.

### Update on exports

- Exports volumes grew 41% YoY in FY26, while exports revenues reached INR35b.
- Management expects the export momentum to continue over the next couple of years as it expands its product offerings and enters new markets.
- Management indicated witnessing good traction in LATAM and sees further opportunity in the region, while Africa remains a smaller market for HMCL, but the company is planning new launches and expansion into more regions. HMCL is the largest player in Bangladesh, but the company currently operates in only around 50% of the market; it plans to launch products in the remaining 50%. Further, HMCL has re-entered Sri Lanka, where it expects to gain a share. However, the fuel price hikes in Bangladesh and Sri Lanka could affect demand in the near term, while container cost increases are expected to be passed on to customers.

### Update on capex and investments

- HMCL plans INR15b capex in FY27, focused on scooters, EVs, and a second parts center. Around INR7b of capex is earmarked for a second parts center in South India.
- Destini capacity has already been increased by 50%, and Xoom capacity is expected to double in 1QFY27. EV capacity will rise from 15,000 units to 25,000 units by end-May and is expected to reach 50,000 units over the next few quarters.
- Further, the company plans to continue to invest in development of new products across premium motorcycles, scooters, and VIDA.
- HMCL increased ad spend by 22% in FY26 and plans to continue investing in brand building.

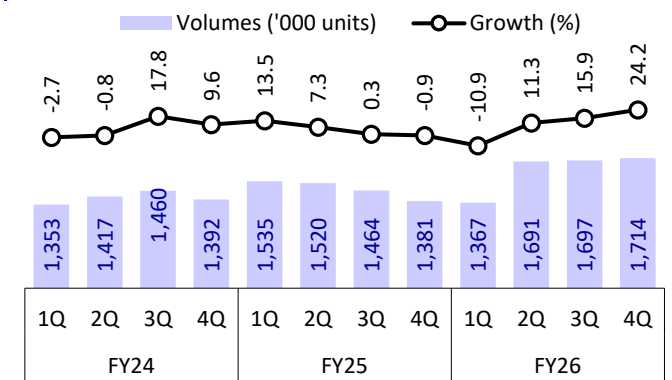
**Update on raw materials/margin**

- Management flagged near-term uncertainty from West Asia, affecting gas, metals, and labor costs. Near-term margins are expected to remain under pressure due to commodity inflation, but HMCL plans to partially offset the impact through price hikes and cost savings.
- Despite near-term challenges, the company maintained its medium-term margin guidance of 14-16%.
- In 4QFY26, commodity cost increase was around INR 2,100/unit, while revenue per unit increased by around INR 2,000/unit.
- Since April, RM costs have been in high single digits due to BOM costs, and the full impact has not yet been passed on to consumers despite a 2% price hike in April.
- PLI has been approved for three products, covering around 60% of the EV portfolio. This coverage is expected to increase to 90% in FY27, with PLI benefit at 13% of revenue, which would further support margins. Further, management is working on BOM cost reduction for new EV launches via value engineering to improve profitability. Loss per unit on its EV portfolio is gradually reducing every quarter, according to management.

**Other highlights**

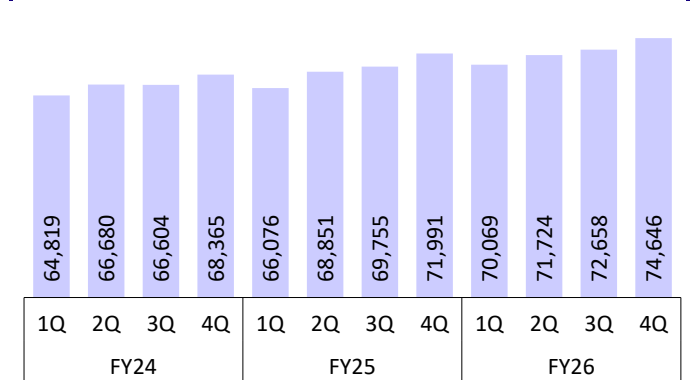
- Spare parts revenue was INR16.5b in 4QFY26 and INR62b in FY26, up 6% YoY. HMCL currently services around 50% of parts requirement and plans to double capacity to address a larger share of the market.
- HMCL invested another INR2b in Euler Motors, raising its stake to 37%. This funding round would take care of the capital needs for FY27.

**Exhibit 1: Trend in volumes**



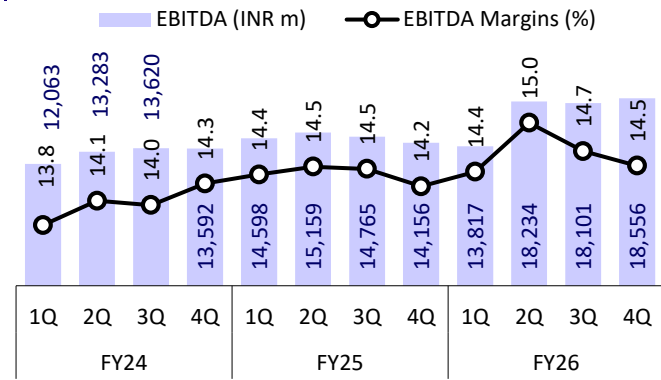
Source: SIAM

**Exhibit 2: Trend in blended realizations**



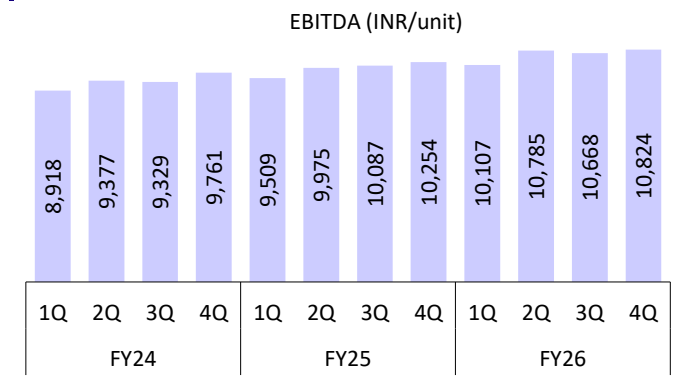
Source: Company, MOFSL

**Exhibit 3: Trends in EBITDA and EBITDA margin**



Source: Company, MOFSL

**Exhibit 4: Trend in EBITDA per unit**



Source: Company, MOFSL

**Valuation and view**

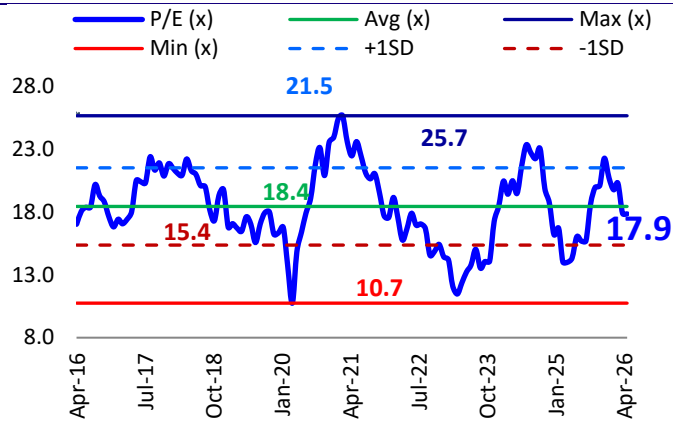
- Gradual rural revival bodes well for HMCL:** Rural sentiment is favorable on the back of healthy monsoon and positive terms of trade for farmers. Further, management has indicated that it is seeing a gradual recovery in rural markets currently. Given that HMCL has a dominant 100-110cc portfolio, any recovery in the rural region bodes well for the company. Incremental positives for entry-level demand include a marriage season in 1Q and the upcoming 8th pay commission. Given a pickup in 100cc motorcycles and new launches in 125cc segment (new Glamor and Xtreme), we expect HMCL to post a steady 7% volume CAGR in domestic motorcycles over FY26-28E.
- Seeing healthy market share recovery in scooters:** Destiny 125 is seeing strong demand in scooters. Further, HMCL is seeing a marked pickup in EV volumes after the launch of Vida VX2. Accordingly, it is in the process of doubling its EV capacity soon. Beyond this, it has recently launched Xoom in the 160cc segment. It has planned launches both in scooters and EV segment in FY27 as well. Given its refreshed product portfolio, we expect HMCL to outperform scooter segment, albeit over a low base.
- Exports offer a huge headroom for growth:** Exports to emerging markets present a huge opportunity (~2x the Indian market) for HMCL, given that it has a relatively smaller presence in exports so far. HMCL has more than doubled its target export markets to 52 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. In FY26, HMCL posted 41% YoY growth in exports, 16% higher than industry growth, and in line with its target set for FY26. We expect exports to continue to be a steady growth driver for HMCL in the coming years on the back of expanding export regions and targeted product introductions in existing markets.
- Reiterate BUY:** We expect HMCL to benefit from a gradual rural recovery, given strong brand equity in the economy and executive segments. Its focus on ramping up presence in scooters (both ICE and EVs) and exports is likely to help drive volume growth. We expect HMCL to deliver a volume CAGR of ~8% over FY26-28, driven by new launches and a ramp-up in exports. We project a CAGR of ~10%/9%/9% in revenue/EBITDA/PAT over FY26-28. At ~18.3x/16.2x FY27E/28E EPS, the stock appears attractively valued. We reiterate our BUY rating with a TP of INR6,248 (based on 18x FY28E EPS + INR89/419 for Hero FinCorp/Ather after 20% holdco discount).

**Exhibit 5: Revisions to our estimates**

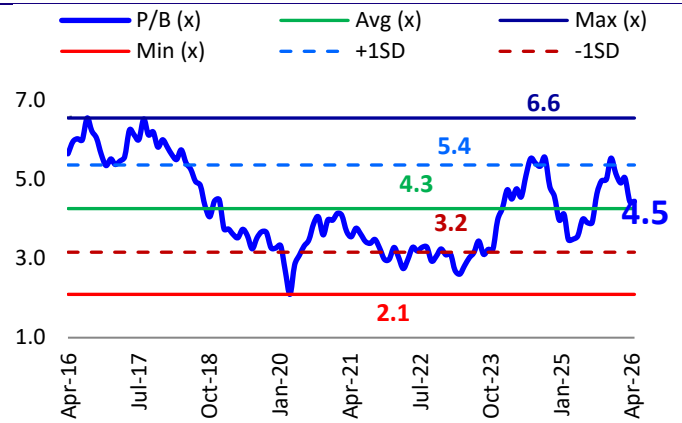
(INR b)	FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	6,962	6,862	1.5	7,569	7,240	4.5
Net Sales	509.1	508.4	0.1	561.3	552.0	1.7
EBITDA	72.5	71.8	1.0	81.3	79.4	2.4
EBITDA Margins (%)	14.2	14.1	10bp	14.5	14.4	10bp
Net Profit	56.6	56.6	-0.1	63.8	63.3	0.8
EPS (INR)	282.5	282.9	-0.1	318.8	316.4	0.8

Source: MOFSL

**Exhibit 6: P/E and P/B bands**



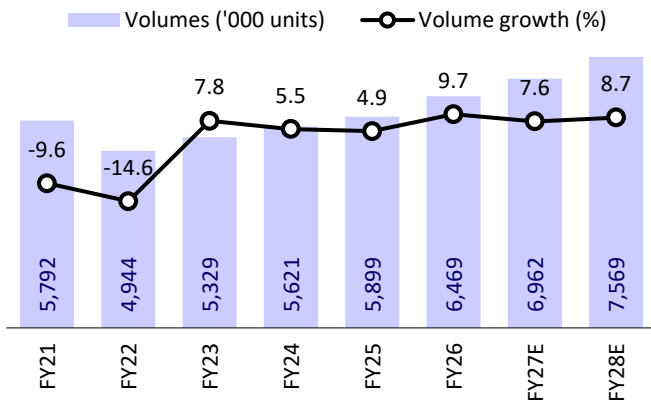
Source: MOFSL



Source: MOFSL

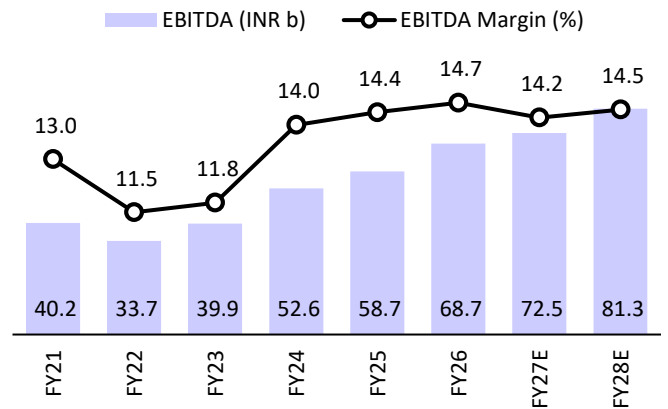
## Story in charts

**Exhibit 7: Steady growth expected, led by rural recovery**



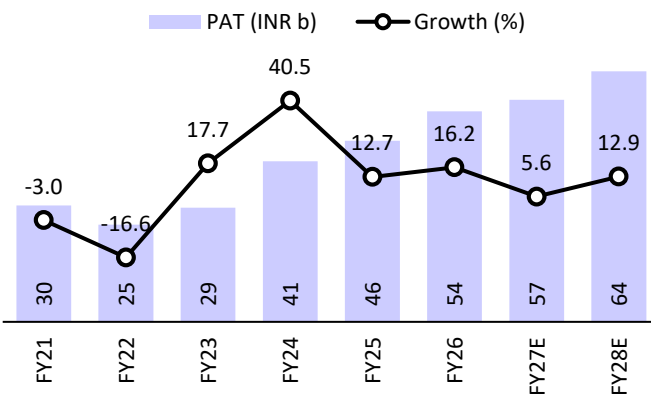
Source: Company, MOFSL

**Exhibit 8: EBITDA margin trend**



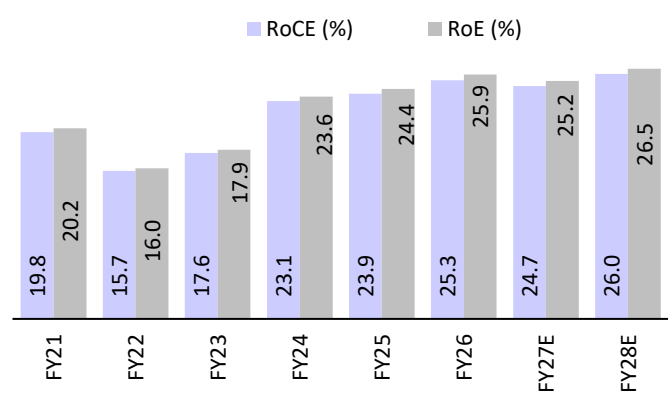
Source: Company, MOFSL

**Exhibit 9: PAT growth to be steady**



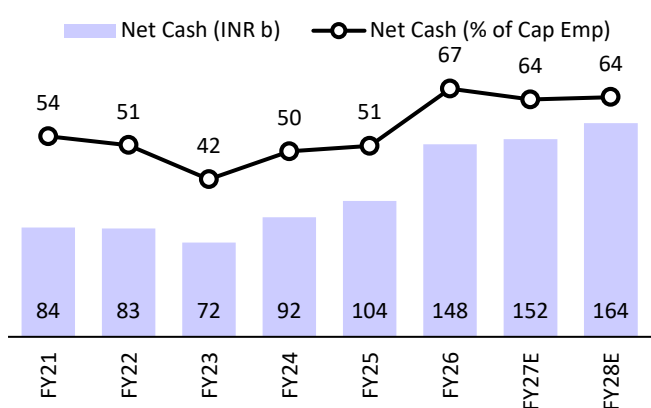
Source: Company, MOFSL

**Exhibit 10: Trend in return ratios**



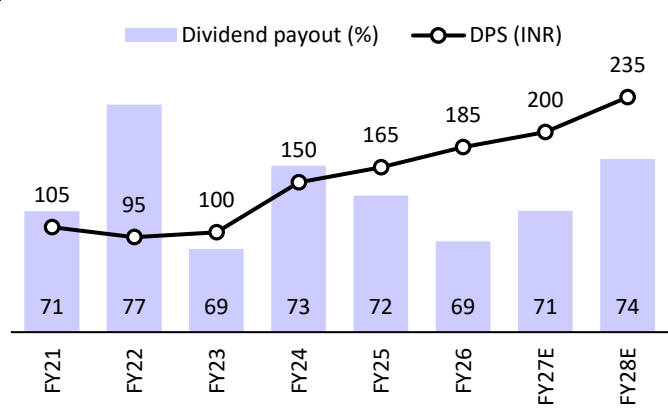
Source: Company, MOFSL

**Exhibit 11: Trend in cash levels**



Source: Company, MOFSL

**Exhibit 12: Dividend payout trends**



Source: Company, MOFSL

**Exhibit 13: Snapshot of the revenue model**

<b>000 units</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27E</b>	<b>FY28E</b>
Total M/Cycles	5,333	4,628	4,959	5,191	5,476	5,843	6,242	6,792
Growth (%)	-11.0	-13.2	7.2	4.7	5.5	6.7	6.8	8.8
% of total volumes	92.1	93.6	93.1	92.3	92.8	90.3	89.7	89.7
Total Scooters	458	316	369	431	423	626	720	778
Growth (%)	9.2	-30.9	16.8	16.6	-1.9	48.2	15.0	8.0
% of total volumes	7.9	6.4	6.9	7.7	7.2	9.7	10.3	10.3
<b>Total volumes</b>	<b>5,792</b>	<b>4,944</b>	<b>5,329</b>	<b>5,621</b>	<b>5,899</b>	<b>6,469</b>	<b>6,962</b>	<b>7,569</b>
Growth (%)	-9.6	-14.6	7.8	5.5	4.9	9.7	7.6	8.7
- of which Exports	172	290	162	171	258	349	419	503
% of total volumes	3.3	6.5	3.3	3.3	4.8	5.9	6.6	7.3
Net Realizations (INR/unit)	53,182	59,152	63,443	66,630	69,088	72,394	73,127	74,157
Growth (%)	18.8	10.7	8.4	6.0	3.9	4.1	1.4	1.4
<b>Net Revenues (INR b)</b>	<b>308</b>	<b>292</b>	<b>338</b>	<b>375</b>	<b>408</b>	<b>468</b>	<b>509</b>	<b>561</b>
Growth (%)	6.8	-5.0	15.6	10.8	8.8	14.9	8.7	10.3

SIAM, Company, MOFSL

## Financials and valuations

Income Statement							(INR m)	
Y/E March	2021	2022	2023	2024	2025	2026	2027E	2028E
<b>Volumes ('000)</b>	<b>5,792</b>	<b>4,944</b>	<b>5,329</b>	<b>5,621</b>	<b>5,899</b>	<b>6,469</b>	<b>6,962</b>	<b>7,569</b>
Volume Growth (%)	-9.6	-14.6	7.8	5.5	4.9	9.7	7.6	8.7
<b>Net Revenues</b>	<b>3,08,006</b>	<b>2,92,455</b>	<b>3,38,057</b>	<b>3,74,557</b>	<b>4,07,564</b>	<b>4,68,301</b>	<b>5,09,124</b>	<b>5,61,330</b>
Change (%)	6.8	-5.0	15.6	10.8	8.8	14.9	8.7	10.3
<b>EBITDA</b>	<b>40,192</b>	<b>33,688</b>	<b>39,862</b>	<b>52,557</b>	<b>58,677</b>	<b>68,708</b>	<b>72,518</b>	<b>81,257</b>
EBITDA Margin (%)	13.0	11.5	11.8	14.0	14.4	14.7	14.2	14.5
Change (%)	1.5	-16.2	18.3	31.8	11.6	17.1	5.5	12.0
Depreciation	6,769	6,498	6,570	7,114	7,759	7,980	8,531	9,236
<b>EBIT</b>	<b>33,424</b>	<b>27,190</b>	<b>33,293</b>	<b>45,443</b>	<b>50,918</b>	<b>60,728</b>	<b>63,988</b>	<b>72,021</b>
Interest cost	218	258	199	185	199	228	230	232
Other Income	5,799	5,569	5,652	8,926	10,559	10,410	11,331	12,945
Non-recurring Expense	0	0	0	1,600	0	1,190	0	0
<b>PBT</b>	<b>39,004</b>	<b>32,501</b>	<b>38,746</b>	<b>52,584</b>	<b>61,278</b>	<b>69,720</b>	<b>75,088</b>	<b>84,734</b>
Tax	9,362	7,771	9,640	12,904	15,179	17,038	18,530	20,901
Effective Tax Rate (%)	24.0	23.9	24.9	24.5	24.8	24.4	24.7	24.7
<b>Adj. PAT</b>	<b>29,642</b>	<b>24,730</b>	<b>29,106</b>	<b>40,887</b>	<b>46,100</b>	<b>53,581</b>	<b>56,559</b>	<b>63,833</b>
Change (%)	-3.0	-16.6	17.7	40.5	12.7	16.2	5.6	12.9

Balance Sheet							(INR m)	
Y/E March	2021	2022	2023	2024	2025	2026	2027E	2028E
<b>Sources of Funds</b>								
Share Capital	400	400	400	400	400	400	400	400
Reserves	1,51,585	1,57,430	1,66,651	1,79,462	1,97,669	2,15,381	2,31,899	2,48,685
<b>Net Worth</b>	<b>1,51,984</b>	<b>1,57,829</b>	<b>1,67,051</b>	<b>1,79,862</b>	<b>1,98,069</b>	<b>2,15,781</b>	<b>2,32,300</b>	<b>2,49,086</b>
Deferred Tax	4,041	3,833	4,054	4,348	5,096	5,831	5,831	5,831
<b>Capital Employed</b>	<b>1,56,025</b>	<b>1,61,662</b>	<b>1,71,105</b>	<b>1,84,210</b>	<b>2,03,165</b>	<b>2,21,612</b>	<b>2,38,131</b>	<b>2,54,917</b>
<b>Application of Funds</b>								
Gross Fixed Assets	1,42,362	1,46,657	1,51,942	1,57,862	1,65,383	1,74,004	1,89,004	2,04,004
Less: Depreciation	82,478	88,592	94,328	99,522	1,06,369	1,14,349	1,22,879	1,32,115
<b>Net Fixed Assets</b>	<b>59,884</b>	<b>58,065</b>	<b>57,614</b>	<b>58,340</b>	<b>59,014</b>	<b>59,656</b>	<b>66,125</b>	<b>71,889</b>
Capital WIP	4,366	4,582	4,638	4,805	4,925	7,442	7,442	7,442
Investments	1,05,876	1,07,288	1,11,875	1,31,551	1,50,445	1,95,504	2,05,504	2,22,004
<b>Curr.Assets, L &amp; Adv.</b>	<b>51,485</b>	<b>47,206</b>	<b>58,504</b>	<b>61,019</b>	<b>64,817</b>	<b>59,843</b>	<b>65,040</b>	<b>71,155</b>
Inventory	14,696	11,227	14,341	14,438	14,576	18,582	20,565	22,674
Sundry Debtors	24,268	23,043	27,982	27,034	36,744	25,932	30,162	33,255
Cash & Bank Balances	1,692	987	1,684	5,399	2,891	5,316	3,383	3,174
Loans & Advances	892	402	436	457	271	279	305	336
Others	9,938	11,547	14,062	13,691	10,335	9,734	10,626	11,716
<b>Current Liab. &amp; Prov.</b>	<b>65,585</b>	<b>55,478</b>	<b>61,527</b>	<b>71,506</b>	<b>76,037</b>	<b>1,00,833</b>	<b>1,05,980</b>	<b>1,17,573</b>
Sundry Creditors	52,046	42,603	47,045	55,282	55,661	75,188	79,518	87,672
Other Liabilities	10,211	9,490	10,744	11,516	13,317	15,822	16,452	18,139
Provisions	3,328	3,385	3,738	4,708	7,058	9,823	10,010	11,762
<b>Net Current Assets</b>	<b>-14,101</b>	<b>-8,272</b>	<b>-3,022</b>	<b>-10,487</b>	<b>-11,220</b>	<b>-40,989</b>	<b>-40,940</b>	<b>-46,418</b>
<b>Application of Funds</b>	<b>1,56,025</b>	<b>1,61,662</b>	<b>1,71,105</b>	<b>1,84,210</b>	<b>2,03,164</b>	<b>2,21,612</b>	<b>2,38,131</b>	<b>2,54,917</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	2021	2022	2023	2024	2025	2026	2027E	2028E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>148.4</b>	<b>123.8</b>	<b>145.6</b>	<b>204.6</b>	<b>230.3</b>	<b>267.8</b>	<b>282.5</b>	<b>318.8</b>
EPS Growth (%)	-3.0	-16.6	17.7	40.5	12.6	16.3	5.5	12.9
Cash EPS	182.2	156.3	178.5	234.1	269.0	303.2	325.1	365.0
Book Value per Share	760.7	789.9	835.9	900.0	989.4	1,078.4	1,160.3	1,244.2
DPS	105.0	95.0	100.0	150.0	165.0	185.0	200.0	235.0
Payout (Incl. Div. Tax) %	70.8	76.8	68.7	73.3	71.7	69.1	70.8	73.7

### Valuation (x)

P/E	34.8	41.8	35.5	25.3	22.5	19.3	18.3	16.2
EV/EBITDA	23.0	27.4	23.1	17.1	15.0	12.1	11.4	10.0
EV/Sales	3.0	3.2	2.7	2.4	2.2	1.8	1.6	1.4
Price to Book Value	6.8	6.5	6.2	5.7	5.2	4.8	4.5	4.2
Dividend Yield (%)	2.0	1.8	1.9	2.9	3.2	3.6	3.9	4.5

### Profitability Ratios (%)

RoE	20.2	16.0	17.9	23.6	24.4	25.9	25.2	26.5
RoCE	19.8	15.7	17.6	23.1	23.9	25.3	24.7	26.0
RoIC	50.1	44.5	49.2	71.9	87.7	157.5	274.2	246.1

### Turnover Ratios

Debtors (Days)	30	30	32	28	35	21	23	23
Inventory (Days)	18	15	16	15	14	15	16	16
Creditors (Days)	62	53	51	54	50	59	57	57
Working Capital (Days)	-17	-10	-3	-10	-10	-32	-29	-30
Asset Turnover (x)	2.0	1.8	2.0	2.0	2.0	2.1	2.1	2.2
Fixed Asset Turnover	2.2	2.0	2.3	2.4	2.5	2.8	2.8	2.9

### Cash Flow Statement

Y/E March	2021	2022	2023	2024	2025	2026	2027E	2028E
<b>(INR m)</b>								
Profit before Tax	39,004	32,501	38,746	52,584	61,278	69,720	75,088	84,734
Depreciation & Amort.	6,769	6,498	6,570	7,114	7,759	7,980	8,531	9,236
Direct Taxes Paid	-9,759	-7,688	-8,496	-13,142	-15,341	-11,156	-18,530	-20,901
(Inc)/Dec in Working Capital	10,700	-6,825	-5,832	10,747	-3,036	25,838	-1,983	5,270
Other Items	-4,987	-4,283	-5,197	-6,637	-8,841	-8,042	230	232
<b>CF from Oper. Activity</b>	<b>41,727</b>	<b>20,203</b>	<b>25,791</b>	<b>50,665</b>	<b>41,819</b>	<b>84,339</b>	<b>63,336</b>	<b>78,571</b>
Extraordinary Items	0	0	0	-1,600	0	-1,190	0	0
<b>CF after EO Items</b>	<b>41,727</b>	<b>20,203</b>	<b>25,791</b>	<b>49,065</b>	<b>41,819</b>	<b>83,149</b>	<b>63,336</b>	<b>78,571</b>
(Inc)/Dec in FA+CWIP	-5,101	-5,240	-5,675	-7,102	-8,103	-9,936	-15,000	-15,000
<b>Free Cash Flow</b>	<b>36,626</b>	<b>14,963</b>	<b>20,115</b>	<b>43,563</b>	<b>33,716</b>	<b>74,403</b>	<b>48,336</b>	<b>63,571</b>
(Pur)/Sale of Invest.	-16,998	3,721	987	-10,917	-7,755	-35,119	-10,000	-16,500
<b>CF from Inv. Activity</b>	<b>-22,099</b>	<b>-1,519</b>	<b>-4,688</b>	<b>-18,019</b>	<b>-15,858</b>	<b>-45,055</b>	<b>-25,000</b>	<b>-31,500</b>
Interest Paid	-515	-458	-455	-449	-540	-683	-230	-232
Dividends Paid	-18,900	-18,931	-19,951	-26,883	-27,929	-34,986	-40,040	-47,047
<b>CF from Fin. Activity</b>	<b>-19,415</b>	<b>-19,389</b>	<b>-20,406</b>	<b>-27,331</b>	<b>-28,469</b>	<b>-35,669</b>	<b>-40,270</b>	<b>-47,279</b>
<b>Inc/(Dec) in Cash</b>	<b>213</b>	<b>-705</b>	<b>697</b>	<b>3,715</b>	<b>-2,508</b>	<b>2,425</b>	<b>-1,934</b>	<b>-208</b>
Add: Beginning Balance	1,479	1,692	987	1,684	5,399	2,891	5,316	3,382
<b>Closing Balance</b>	<b>1,692</b>	<b>987</b>	<b>1,684</b>	<b>5,399</b>	<b>2,891</b>	<b>5,316</b>	<b>3,382</b>	<b>3,174</b>

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. INH000000412 and BSE enlistment no. 5028. 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](http://www.motilaloswal.com). MOFSL 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 and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.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>. As per Regulatory requirements, Research Audit Report is uploaded on [www.motilaloswal.com](http://www.motilaloswal.com) > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://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. INH000000412) 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](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

**Specific Disclosures**

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.  
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.  
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.  
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.  
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- 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, enlistment as RA with Exchange 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
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@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, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. 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.