

Hero MotoCorp

Estimate change 

TP change 

Rating change 

Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USD\$)	1021.8 / 10.7
52-Week Range (INR)	6390 / 4672
1, 6, 12 Rel. Per (%)	-3/5/4
12M Avg Val (INR M)	3558

Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Sales	468.3	569.3	594.5
EBITDA	68.7	76.3	81.3
Adj. PAT	53.6	60.7	64.7
Adj. EPS (INR)	267.8	303.1	323.2
EPS Gr. (%)	16.3	13.2	6.7
BV/Sh. (INR)	1,078	1,181	1,269

Ratios

RoE (%)	25.9	26.8	26.4
RoCE (%)	25.3	26.2	25.8
Payout (%)	69.1	66.0	72.7

Valuations

P/E (x)	19.1	16.9	15.8
P/BV (x)	4.7	4.3	4.0
Div. Yield (%)	3.6	3.9	4.6
FCF Yield (%)	7.3	5.5	6.2

Shareholding Pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	34.7	34.7	34.7
DII	24.0	24.4	26.4
FII	32.2	31.1	28.8
Others	9.1	9.8	10.1

FII includes depository receipts

CMP: INR5,105

TP: INR6,100 (+19%)

Buy

Stable margins amid cost pressures

Festive season to see a mid to high single digit growth, led by EV

- Hero MotoCorp's (HMCL) 2QFY27 earnings came in line with our exp, growing 4.6% YoY to INR14.6b, despite a 50bp beat on EBITDA margins due to better EV profitability, operating leverage and overall cost savings effort.
- HMCL has further consolidated its leadership position in the 100cc segment. The ongoing positive rural sentiment bodes well for stable demand momentum for HMCL. Further, it is delivering a steady outperformance in scooters, both EV and ICE. Exports have also started outperforming, albeit over a low base. Due to better than expected margin performance in 2Q and incremental benefits of PLI flowing through from 3Q, we increase our earnings estimate by 8%/6% for FY27/FY28 respectively. We project a CAGR of ~13%/9%/10% in revenue/EBITDA/PAT over FY26-28. We reiterate our BUY rating with a TP of INR6,100 (based on 18x FY28E core EPS + INR89 for Hero FinCorp after a 20% holdco discount + INR298 for Ather after a 30% holdco discount).

Earnings in line with expectations

- Net revenue grew 21.1% YoY to ~INR147b, broadly in line with our expectations. Growth was led by 10.5% YoY growth in volumes and 9.6% YoY growth in realizations to INR78.6k per unit, supported by pricing actions and a favorable mix.
- Part, Accessories, and Merchandising business grew 27% YoY to INR19.41b.
- EBITDA margin was down 160bp YoY to 13.4% but still beat our exp, as commodity inflation was offset by operating leverage and cost savings.
- EBITDA rose 7.9% YoY to INR19.7b, beating our estimate of INR18.5b.
- However, due to lower-than-expected other income and higher depreciation, PAT came in line with our expectations, growing 4.6% YoY to INR14.6b.
- CFO as of 1HFY27 stood at INR32.4b, while free cash came in at a positive INR25.5b.

Highlights from the management commentary

- Management expects the 2W industry to deliver mid-to-high single-digit growth during the festive period, with ICE growth in the low single digits and EVs supporting overall industry growth. Rural demand remains resilient, supported by sowing levels broadly comparable with the previous year and improving festive sentiment.
- HMCL will continue prioritizing growth and market share expansion, with investments focused on scooters, EVs, premium motorcycles, and underpenetrated export markets.

Research analyst - Jeemit Shah (Jeemit.Shah@MotilalOswal.com) | Radha Agarwalla (Radha.Agarwalla@MotilalOswal.com)

Research analyst - 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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Capacity additions across ICE scooters and EVs, alongside broader retail distribution, are expected to support volume growth. Export wholesale growth is also expected to return to double digits in 3QFY27 and 4QFY27.
- Further launches across Xtreme, Xpulse, Karizma, and Harley-Davidson, together with Premier dealership expansion, are expected to strengthen HMCL's presence in higher-growth premium segments.
- Despite near-term commodity headwinds, management expects stable 3Q margins and a gradual return to the 14-16% EBITDA margin corridor over the next few quarters, supported by pricing, cost savings, premiumization, and improving EV unit economics.

Valuation and view

HMCL has further consolidated its leadership position in the 100cc segment. The ongoing positive rural sentiment bodes well for stable demand momentum for HMCL. Further, it is delivering a steady outperformance in scooters, both EV and ICE. Exports have also started outperforming, albeit over a low base. We project a CAGR of ~13%/9%/10% in revenue/EBITDA/PAT over FY26-28. We reiterate our BUY rating with a TP of INR6,100 (based on 18x FY28E core EPS + INR89 for Hero FinCorp after a 20% holdco discount + INR298 for Ather after a 30% holdco discount).

Quarterly Performance (S/A)

Y/E March	FY26				FY27E				(INR m)			
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY26	FY27E	FY27E 2QE	Var. (%)
Total Volumes ('000 nos)	1,367	1,691	1,697	1,714	1,677	1,868	1,833	1,817	6,469	7,195	1,367	1,691
Growth YoY (%)	-10.9	11.3	15.9	24.2	22.7	10.5	8.0	6.0	9.7	11.2	-10.9	11.3
Net Realization	70,069	71,724	72,658	74,646	77,498	78,615	79,923	80,356	72,394	79,128	70,069	71,724
Growth YoY (%)	6.0	4.2	4.2	3.7	10.6	9.6	10.0	7.6	4.8	9.3	6.0	4.2
Net Op Revenues	95,789	1,21,264	1,23,284	1,27,965	1,29,988	1,46,874	1,46,461	1,46,019	4,68,301	5,69,343	95,789	1,21,264
Growth YoY (%)	-5.6	15.9	20.7	28.8	35.7	21.1	18.8	14.1	14.9	21.6	-5.6	15.9
RM Cost (% sales)	66.7	66.7	67.4	68.5	71.5	71.8	71.7	69.9	67.4	71.2	66.7	66.7
Staff Cost (% sales)	6.5	5.8	5.7	5.3	5.4	5.0	5.1	5.3	5.8	5.2	6.5	5.8
Other Exp (% sales)	12.3	12.5	12.2	11.7	9.9	9.8	9.8	11.4	12.1	10.2	12.3	12.5
EBITDA	13,817	18,234	18,101	18,556	17,266	19,676	19,623	19,750	68,708	76,315	13,817	18,234
EBITDA Margins (%)	14.4	15.0	14.7	14.5	13.3	13.4	13.4	13.5	14.7	13.4	14.4	15.0
Change (%)	-5.3	20.3	22.6	31.1	25.0	7.9	8.4	6.4	17.1	11.1	-5.3	20.3
Other Income	3,037	2,328	2,959	2,086	4,409	1,938	3,000	3,589	10,410	12,936	3,037	2,328
Interest	56	57	60	55	63	61	50	56	228	230	56	57
Depreciation	1,928	1,970	2,044	2,039	2,053	2,163	2,150	2,165	7,980	8,531	1,928	1,970
PBT before EO Exp/(Inc)	14,870	18,537	18,955	18,548	19,559	19,390	20,423	21,118	70,910	80,490	14,870	18,537
Effective Tax Rate (%)	24.3	24.9	24.1	24.5	25.6	24.9	24.5	23.6	24.4	24.6	24.3	24.9
Adj. PAT	11,257	13,928	14,385	14,011	14,545	14,562	15,419	16,145	53,581	60,671	11,257	13,928
Growth (%)	0.3	15.7	19.6	29.6	29.2	4.6	7.2	15.2	16.2	13.2	0.3	15.7



Key takeaways from the management commentary

Demand trends and outlook

- The 2W industry recorded over 27% growth in 2QFY27 Vahan retails.
- Scooters continued to gain market share for the fifth consecutive quarter, with their contribution to HMCL's overall volumes increasing by 3pp over two years. ICE scooter dispatches grew 34% YoY in 2QFY27 and over 50% in 1HFY27, while market share gained approximately 160bp during 1H.
- Combined capacity for the Destini and Xoom scooter brands has nearly doubled YoY to ~80k units per month. Xoom 160 continues to witness strong traction, with single-digit days of channel inventory, prompting further capacity expansion.
- The 100cc motorcycle segment grew 10% in Q2FY27 and 11% in 1HFY27, with Splendor volumes increasing over 20% in Q2. The XTec variant now contributes over 25% of Splendor volumes.
- HMCL's 125cc portfolio grew 19% in 1HFY27, supported by market share gains. Glamour volumes increased over 50% following new variants, while Super Splendor performed well in rural markets. The company has improved its position from third to second in the segment.
- HMCL recorded 24% growth during its broader, approximately 100-day festive period, without market share erosion, and expects market share performance to strengthen toward Dhanteras and Diwali.
- Management expects the 2W industry to deliver mid-to-high single-digit growth during the festive period, with ICE growth in the low single digits and EVs supporting overall industry growth. Rural demand remains resilient, supported by sowing levels broadly comparable with the previous year and improving festive sentiment.
- HMCL will continue prioritizing growth and market share expansion, with investments focused on scooters, EVs, premium motorcycles, and underpenetrated export markets.
- Capacity additions across ICE scooters and EVs, alongside broader retail distribution, are expected to support volume growth. Export wholesale growth is also expected to return to double digits in 3QFY27 and 4QFY27.
- Further launches across Xtreme, Xpulse, Karizma, and Harley-Davidson, together with Premier dealership expansion, are expected to strengthen HMCL's presence in higher-growth premium segments.
- Despite near-term commodity headwinds, management expects stable 3Q margins and a gradual return to the 14-16% EBITDA margin corridor over the next few quarters, supported by pricing, cost savings, premiumization, and improving EV unit economics.

EV business updates

- Vida retail volumes increased 74% YoY to approximately 66k units in 2QFY27, gaining 170bp of EV market share in 1HFY27. Market share reached ~13.5-14% in Oct'26 month-to-date following capacity additions.
- The VX2 Go 3.1kWh and VX2 Plus 4.4kWh variants have expanded Vida's addressable market, with the premium 4.4kWh variant witnessing strong traction. Premium variants now account for close to 40% of the portfolio.

- Vida capacity reached 30k units per month in Sept'26, double the level at FY26-end. HMCL targets 45k units per month by 4QFY27 and over 80k units per month by 2QFY28.
- Vida achieved positive gross margins in 2QFY27, ahead of management's earlier expectations. Quarterly EV revenue stood at approximately INR10b, while EBITDA loss reduced to ~INR1.7b from INR2.3b last quarter.
- HMCL recognized INR630m in PLI benefits during 2Q, covering approximately 70% of its EV portfolio. Certification was received for nearly the entire portfolio in Oct'26, with PLI benefits expected to contribute ~13% of EV revenue from 3QFY27.
- Vida is currently retailing through approximately 700 outlets, with regular supply available at around 450 outlets, against HMCL's broader network of ~8,500 points of sale. Further distribution expansion is expected as production capacity increases.
- HMCL has over 6,000 charging points nationally and has started monetizing its charging infrastructure. The company aims to expand EV market share through capacity additions, portfolio expansion, brand investments, and distribution growth.

Update on premium portfolio

- HMCL established a dedicated Premium Business Unit in 2QFY27 to accelerate execution and strengthen its presence in higher-end motorcycle segments.
- The Xtreme 160R and Xtreme 250R were refreshed in Oct'26, receiving encouraging initial media feedback and dealership inquiries. Management expects these launches to support premium portfolio growth.
- HMCL is focusing on four premium brands—Xtreme, Xpulse, Karizma and Harley-Davidson with further launches and portfolio expansions planned across all four brands.
- The Xpulse franchise recorded over 30% retail growth in 1HFY27 and achieved more than 35% market share in the adventure motorcycle segment.
- The Premia dealership network has reached ~150 stores, with further expansion planned across major cities. Structured community-building initiatives are expected to commence in Dec'26.
- Management plans 3-4 key premium-segment launches during the remainder of FY27 to address portfolio gaps and accelerate market share gains.

International business

- Export wholesale growth was affected by logistical and customs-clearance disruptions in Colombia following an earthquake and demand weakness in Bangladesh amid higher fuel prices. Both markets account for ~25% each of HMCL's export business.
- Despite these disruptions, export retail volumes grew 19% YoY in 2QFY27. Management indicated that operations in Colombia had normalized and recovery was visible in both Colombia and Bangladesh toward the end of the quarter.
- Management expects export wholesale growth to return to double digits in 3QFY27 and 4QFY27 as logistical challenges ease and dispatches normalize.

- HMCL is expanding its presence in Brazil, including plans for a manufacturing facility supported by its flex-fuel portfolio, and strengthening its presence in Mexico. It is also entering new African markets to diversify its export footprint.

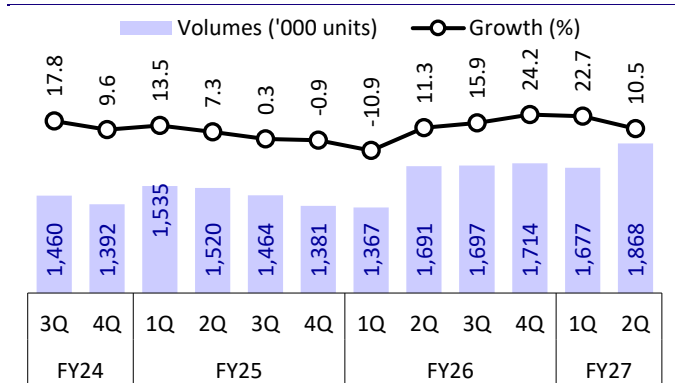
Capex expansion updates

- HMCL remains on track to spend ~INR15b on capex in FY27, with nearly INR6b deployed in 1HFY27.
- The company has expanded Splendor capacity, nearly doubled ICE scooter capacity to approximately 80k units per month and expanded the dedicated premium assembly line at Neemrana.
- HMCL is investing over INR7b in a new automated Global Parts Center 2.0 to double parts-handling capacity and improve domestic and international availability. The facility is expected to become fully operational by the end of CY27.

Raw material updates and margin performance

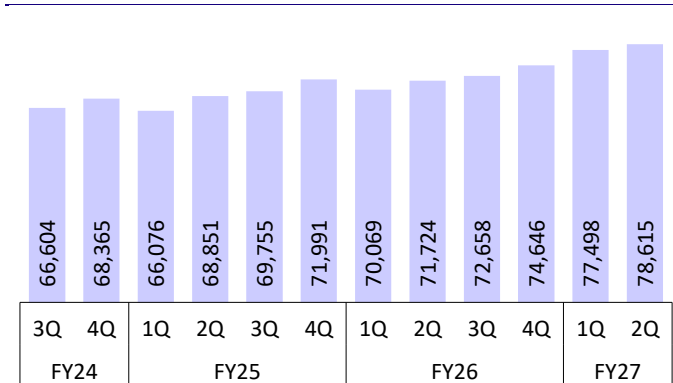
- Input costs increased ~1% QoQ in 2QFY27, with inflation across steel, aluminum, plastics, rubber, and freight compounded by currency depreciation. Cumulative input-cost inflation across 1Q and 2Q stood at ~5.5%.
- HMCL has offset approximately half of the cumulative input-cost inflation through price increases and cost savings. A further price increase of approximately INR1k per vehicle was implemented on 1st Oct'26.
- HMCL is accelerating its LEAP cost-saving program, optimizing bill-of-materials costs, controlling discretionary expenditure, and implementing selective price increases without compromising investments in growth and market share.
- Commodity pressures are expected to persist in 3QFY27 amid the prolonged West Asia conflict and elevated input costs. Management nevertheless expects margins to remain broadly stable, supported by cost rationalization, LEAP savings, Vida unit-economics improvements, and calibrated pricing.
- HMCL remains committed to its medium-term EBITDA margin target of 14-16% and expects to reach the range over the next few quarters as commodity inflation normalizes and operational levers gain traction.

Exhibit 1: Trend in volumes



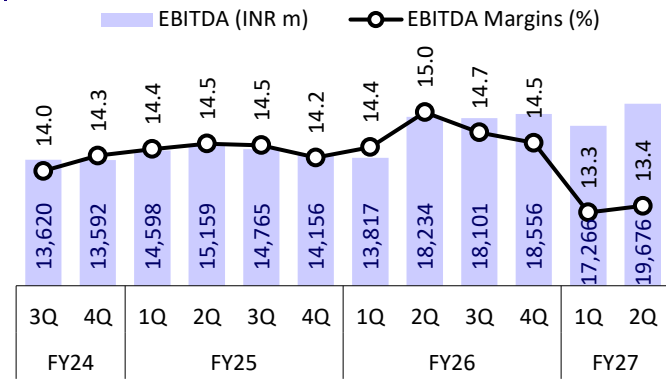
Source: SIAM

Exhibit 2: Trend in blended realizations



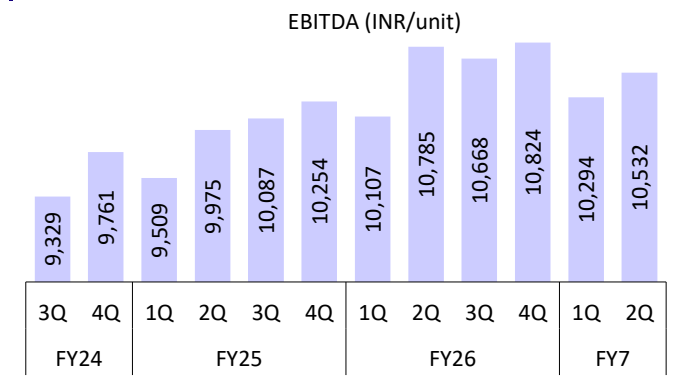
Source: Company, MOFSL

Exhibit 3: Trends in EBITDA and EBITDA margin



Source: Company, MOFSL

Exhibit 4: Trend in EBITDA per unit



Source: Company, MOFSL

Valuation and view

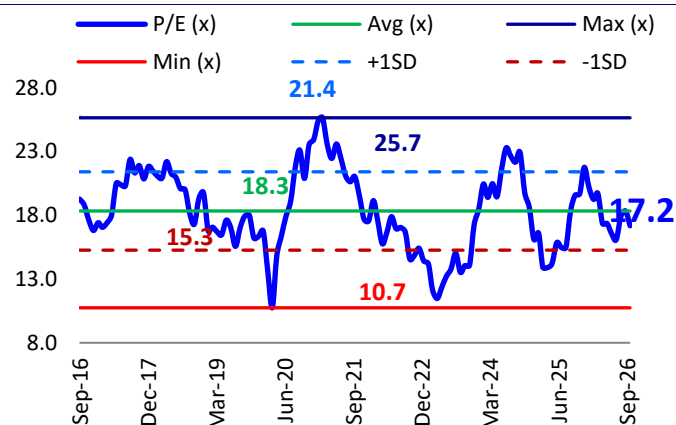
- **Outperformance across multiple segments:** In the 100cc motorcycle segment, although industry growth remained relatively subdued, HMCL has outperformed the market and expanded its already dominant market share by nearly 390bp to about 85%. The company strengthened its commuter motorcycle portfolio through multiple launches in 1Q, including the Super Splendor XTEC 2.0 and the Passion Plus Disc Variant, further enhancing its 100cc product lineup. Further, in ICE scooters, the company continued to gain traction, increasing its market share by ~160bp to 7%. EV business continued its rapid expansion, with market share reaching 14% in October'26 month to date. Given a healthy demand momentum, its dealer stock is below normal in ICE scooters and negligible in EVs. On the back of positive rural sentiment, we expect HMCL to sustain a steady growth momentum in coming quarters and post an 8% volume CAGR over FY26-28.
- **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 remain 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:** HMCL has further consolidated its leadership position in the 100cc segment. The ongoing positive rural sentiment bodes well for stable demand momentum for HMCL. Further, it is delivering a steady outperformance in scooters, both EV and ICE. Exports have also started outperforming, albeit over a low base. We project a CAGR of ~13%/9%/10% in revenue/EBITDA/PAT over FY26-28. We reiterate our BUY rating with a TP of INR6,100 (based on 18x FY28E core EPS + INR89 for Hero FinCorp after a 20% holdco discount + INR298 for Ather after a 30% holdco discount).

Exhibit 5: Revisions to our estimates

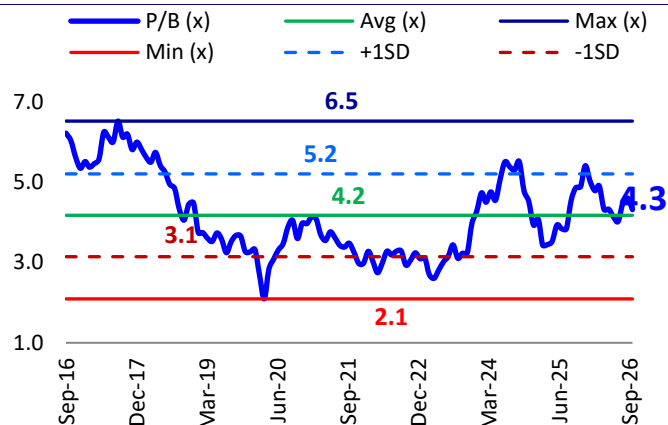
(INR b)	FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	7,195	7,009	2.7	7,546	7,373	2.3
Net Sales	569.3	534.3	6.6	594.5	563.8	5.5
EBITDA	76.3	70.1	8.8	81.3	76.5	6.2
EBITDA Margins (%)	13.4	13.1	30	13.7	13.6	10
Net Profit	60.7	56.1	8.2	64.7	61.2	5.8
EPS (INR)	303.1	280.0	8.2	323.2	305.5	5.8

Source: MOFSL

Exhibit 6: P/E and P/B bands



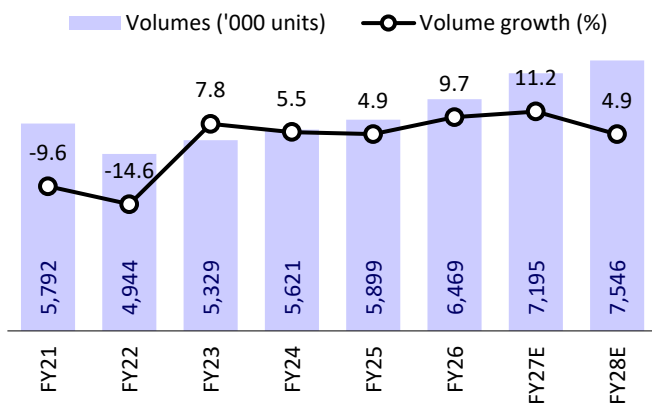
Source: MOFSL



Source: MOFSL

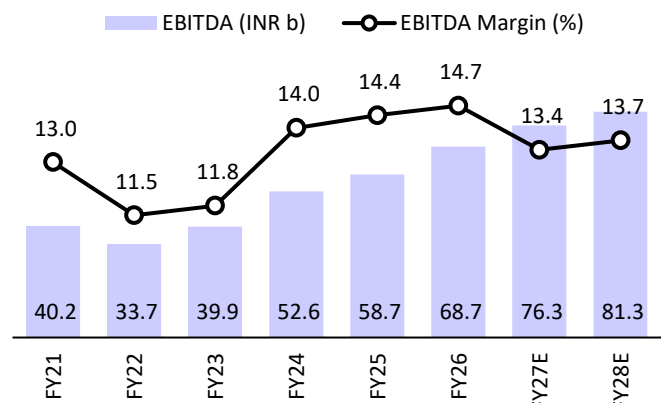
Story in charts

Exhibit 7: Steady growth expected, led by rural recovery



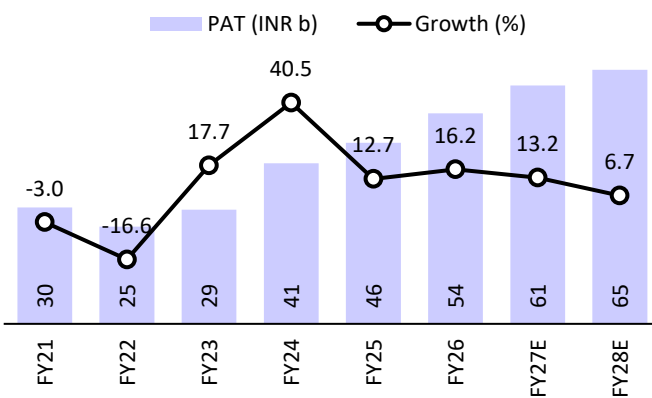
Source: Company, MOFSL

Exhibit 8: EBITDA margin trend



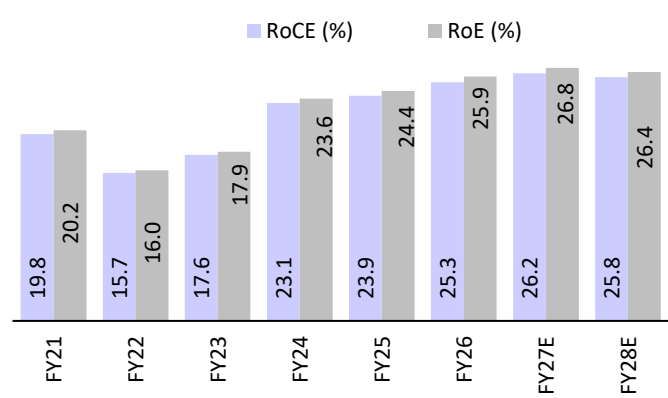
Source: Company, MOFSL

Exhibit 9: PAT growth to be steady



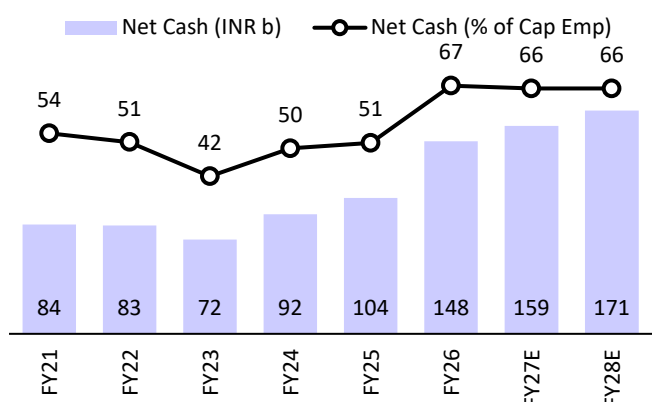
Source: Company, MOFSL

Exhibit 10: Trend in return ratios



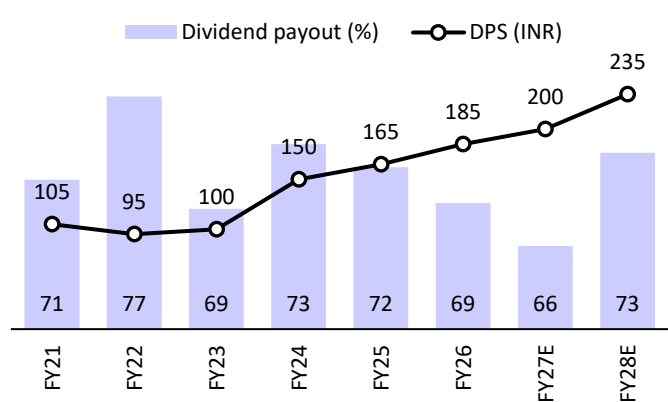
Source: Company, MOFSL

Exhibit 11: Trend in cash levels



Source: Company, MOFSL

Exhibit 12: Dividend payout trends



Source: Company, MOFSL

Exhibit 13: Snapshot of the revenue model

000 units	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total M/Cycles	5,333	4,628	4,959	5,191	5,476	5,843	6,142	6,287
Growth (%)	-11.0	-13.2	7.2	4.7	5.5	6.7	5.1	2.4
% of total volumes	92.1	93.6	93.1	92.3	92.8	90.3	85.4	83.3
Total Scooters	458	316	369	431	423	626	1,054	1,260
Growth (%)	9.2	-30.9	16.8	16.6	-1.9	48.2	68.2	19.5
% of total volumes	7.9	6.4	6.9	7.7	7.2	9.7	14.6	16.7
Total volumes	5,792	4,944	5,329	5,621	5,899	6,469	7,195	7,546
Growth (%)	-9.6	-14.6	7.8	5.5	4.9	9.7	11.2	4.9
- of which Exports	172	290	162	171	258	349	374	404
% of total volumes	3.3	6.5	3.3	3.3	4.8	5.9	5.7	5.9
Net Realizations (INR/unit)	53,182	59,152	63,443	66,630	69,088	72,394	79,128	78,784
Growth (%)	18.8	10.7	8.4	6.0	3.9	2.4	10.5	0.4
Net Revenues (INR b)	308	292	338	375	408	468	569	595
Growth (%)	6.8	-5.0	15.6	10.8	8.8	14.9	21.6	4.4

SIAM, Company, MOFSL

Financials and valuations

Income Statement							(INR m)	
Y/E March	2021	2022	2023	2024	2025	2026	2027E	2028E
Volumes ('000)	5,792	4,944	5,329	5,621	5,899	6,469	7,195	7,546
Volume Growth (%)	-9.6	-14.6	7.8	5.5	4.9	9.7	11.2	4.9
Net Revenues	3,08,006	2,92,455	3,38,057	3,74,557	4,07,564	4,68,301	5,69,343	5,94,545
Change (%)	6.8	-5.0	15.6	10.8	8.8	14.9	21.6	4.4
EBITDA	40,192	33,688	39,862	52,557	58,677	68,708	76,315	81,283
EBITDA Margin (%)	13.0	11.5	11.8	14.0	14.4	14.7	13.4	13.7
Change (%)	1.5	-16.2	18.3	31.8	11.6	17.1	11.1	6.5
Depreciation	6,769	6,498	6,570	7,114	7,759	7,980	8,531	9,236
EBIT	33,424	27,190	33,293	45,443	50,918	60,728	67,784	72,047
Interest cost	218	258	199	185	199	228	230	232
Other Income	5,799	5,569	5,652	8,926	10,559	10,410	12,936	14,015
Non-recurring Expense	0	0	0	1,600	0	1,190	0	0
PBT	39,004	32,501	38,746	52,584	61,278	69,720	80,490	85,830
Tax	9,362	7,771	9,640	12,904	15,179	17,038	19,819	21,122
Effective Tax Rate (%)	24.0	23.9	24.9	24.5	24.8	24.4	24.6	24.6
Adj. PAT	29,642	24,730	29,106	40,887	46,100	53,581	60,671	64,709
Change (%)	-3.0	-16.6	17.7	40.5	12.7	16.2	13.2	6.7

Balance Sheet							(INR m)	
Y/E March	2021	2022	2023	2024	2025	2026	2027E	2028E
Sources of Funds								
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	2,36,012	2,53,673
Net Worth	1,51,984	1,57,829	1,67,051	1,79,862	1,98,069	2,15,781	2,36,412	2,54,074
Deferred Tax	4,041	3,833	4,054	4,348	5,096	5,831	5,831	5,831
Capital Employed	1,56,025	1,61,662	1,71,105	1,84,210	2,03,165	2,21,612	2,42,243	2,59,905
Application of Funds								
Gross Fixed Assets	1,42,362	1,46,657	1,51,942	1,57,862	1,65,383	1,72,161	1,87,161	2,02,161
Less: Depreciation	82,478	88,592	94,328	99,522	1,06,369	1,12,506	1,21,036	1,30,272
Net Fixed Assets	59,884	58,065	57,614	58,340	59,014	59,656	66,125	71,889
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
Curr.Assets, L & Adv.	51,485	47,206	58,504	61,019	64,817	59,843	79,480	82,316
Inventory	14,696	11,227	14,341	14,438	14,576	18,582	22,778	23,997
Sundry Debtors	24,268	23,043	27,982	27,034	36,744	25,932	33,408	35,195
Cash & Bank Balances	1,692	987	1,684	5,399	2,891	5,316	11,187	10,369
Loans & Advances	892	402	436	457	271	279	338	356
Others	9,938	11,547	14,062	13,691	10,335	9,734	11,770	12,399
Current Liab. & Prov.	65,585	55,478	61,527	71,506	76,037	1,00,833	1,16,308	1,23,746
Sundry Creditors	52,046	42,603	47,045	55,282	55,661	75,188	88,075	92,787
Other Liabilities	10,211	9,490	10,744	11,516	13,317	15,822	18,222	19,197
Provisions	3,328	3,385	3,738	4,708	7,058	9,823	10,010	11,762
Net Current Assets	-14,101	-8,272	-3,022	-10,487	-11,220	-40,989	-36,828	-41,430
Application of Funds	1,56,025	1,61,662	1,71,105	1,84,210	2,03,164	2,21,612	2,42,243	2,59,905

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2021	2022	2023	2024	2025	2026	2027E	2028E
Basic (INR)								
EPS	148.4	123.8	145.6	204.6	230.3	267.8	303.1	323.2
EPS Growth (%)	-3.0	-16.6	17.7	40.5	12.6	16.3	13.2	6.7
Cash EPS	182.2	156.3	178.5	234.1	269.0	303.2	345.7	369.4
Book Value per Share	760.7	789.9	835.9	900.0	989.4	1,078.4	1,180.9	1,269.1
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	66.0	72.7
Valuation (x)								
P/E	34.4	41.3	35.1	25.0	22.2	19.1	16.9	15.8
EV/EBITDA	22.7	27.1	22.8	16.8	14.8	12.0	10.6	9.7
EV/Sales	3.0	3.1	2.7	2.4	2.1	1.8	1.4	1.3
Price to Book Value	6.7	6.5	6.1	5.7	5.2	4.7	4.3	4.0
Dividend Yield (%)	2.1	1.9	2.0	2.9	3.2	3.6	3.9	4.6
Profitability Ratios (%)								
RoE	20.2	16.0	17.9	23.6	24.4	25.9	26.8	26.4
RoCE	19.8	15.7	17.6	23.1	23.9	25.3	26.2	25.8
RoIC	50.1	44.5	49.2	71.9	87.7	157.5	324.8	284.4
Turnover Ratios								
Debtors (Days)	30	30	32	28	35	21	23	23
Inventory (Days)	18	15	16	15	14	15	15	16
Creditors (Days)	62	53	51	54	50	59	56	57
Working Capital (Days)	-17	-10	-3	-10	-10	-32	-24	-25
Asset Turnover (x)	2.0	1.8	2.0	2.0	2.0	2.1	2.4	2.3
Fixed Asset Turnover	2.2	2.0	2.3	2.4	2.5	2.8	3.2	3.1

Cash Flow Statement

Y/E March	2021	2022	2023	2024	2025	2026	2027E	2028E
(INR m)								
Profit before Tax	39,004	32,501	38,746	52,584	61,278	69,720	80,490	85,830
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	-19,819	-21,122
(Inc)/Dec in Working Capital	10,700	-6,825	-5,832	10,747	-3,036	25,838	1,709	3,785
Other Items	-4,987	-4,283	-5,197	-6,637	-8,841	-8,042	230	232
CF from Oper. Activity	41,727	20,203	25,791	50,665	41,819	84,339	71,141	77,961
Extraordinary Items	0	0	0	-1,600	0	-1,190	0	0
CF after EO Items	41,727	20,203	25,791	49,065	41,819	83,149	71,141	77,961
(Inc)/Dec in FA+CWIP	-5,101	-5,240	-5,675	-7,102	-8,103	-9,936	-15,000	-15,000
Free Cash Flow	36,626	14,963	20,115	43,563	33,716	74,403	56,141	62,961
(Pur)/Sale of Invest.	-16,998	3,721	987	-10,917	-7,755	-35,119	-10,000	-16,500
CF from Inv. Activity	-22,099	-1,519	-4,688	-18,019	-15,858	-45,055	-25,000	-31,500
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
CF from Fin. Activity	-19,415	-19,389	-20,406	-27,331	-28,469	-35,669	-40,270	-47,279
Inc/(Dec) in Cash	213	-705	697	3,715	-2,508	2,425	5,871	-818
Add: Beginning Balance	1,479	1,692	987	1,684	5,399	2,891	5,316	11,187
Closing Balance	1,692	987	1,684	5,399	2,891	5,316	11,187	10,369

E: MOFSL Estimates

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

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	$\geq 15\%$
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. 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 > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

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. 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.

Nainesh Rajani

Email: 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 alterations 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, nor 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.