

Hero Motocorp

BSE SENSEX
80,544

S&P CNX
24,574

CMP:INR4,230

Buy

Conference Call Details



Date: 07th Feb 2025

Time: 10:30 AM

Concall registration- [\[Link\]](#)

Financials & valuations (INR b)

Y/E March	2025	2026E	2027E
Sales	406.7	436.2	471.9
EBITDA	57.8	58.3	63.8
Adj. PAT	45.3	46.3	50.9
Adj. EPS (INR)	226.0	231.3	254.4
EPS Gr. (%)	10.5	2.3	10.0
BV/Sh. (INR)	989	1,046	1,110

Ratios

RoE (%)	23.9	22.7	23.6
RoCE (%)	23.4	22.3	23.1
Payout (%)	73.0	75.7	74.7

Valuations

P/E (x)	19.8	19.3	17.6
P/BV (x)	4.5	4.3	4.0
Div. Yield (%)	3.7	3.9	4.2
FCF Yield (%)	3.8	5.3	5.4

Margins intact despite weak demand

- HMCL's net revenue declined 5.6% YoY to INR95.8b (est. INR 96.6b).
- Net realization grew 6% YoY/dipped 2.7% QoQ to INR70k (in line with estimates). Volumes slid 11% YoY and 1% QoQ.
- Gross margin expanded 100bp YoY (-120bp QoQ) to 33.3% (est. 33%), owing to lower commodity costs and a favorable mix.
- This resulted in a better-than-estimated EBITDA margin at 14.4% (flat YoY/+20bp QoQ, est. 13.8%).
- EBITDA declined ~6% YoY to INR13.8b (est. INR13.3b).
- Further, higher other income boosted PAT to INR11.2b, largely flat YoY (+4.1% QoQ, ahead of est. INR10.5b).

From the Press Release

- HMCL reported wholesale volumes of 1.37m units in 1QFY26, aided by healthy retail demand and steady VAHAN registrations during the quarter.
- Margins were aided by strong demand in the entry and deluxe motorcycle segments and 125cc scooters.
- The EV segment under the VIDA brand continued to gain traction. VIDA launched the EVOOTER VX2 and rolled out a Battery-as-a-Service (BaaS) subscription model in July 2025, following a high-visibility IPL campaign promoting removable battery tech.
- Global business outpaced industry trends, led by new launches (Xoom 110, Hunk 160R 4V, Xtreme 125R, and HF Deluxe) in Sri Lanka in collaboration with Abans Auto, reflecting strong brand pull internationally.
- **Valuation:** The stock trades at 19.3x/17.6x FY26E/FY27E EPS.

Quarterly Performance (S/A)

(INR B)

Y/E March	FY25				FY26E				FY25	FY26E	1Q	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Total Volumes ('000 nos)	1,535	1,520	1,464	1,381	1,367	1,543	1,600	1,566	5,899	6,076	1,367	
Growth YoY (%)	13.5	7.3	0.3	-0.9	-10.9	1.5	9.3	13.4	4.9	8.1	-10.9	
Net Realization	66,076	68,851	69,755	71,991	70,069	71,605	71,848	73,413	68,945	71,789	70,702	
Growth YoY (%)	1.9	3.3	4.7	5.3	6.0	4.0	3.0	2.0	3.5	7.7	7.0	
Net Op Revenues	101,437	104,632	102,108	99,387	95,789	110,501	114,982	114,941	406,719	436,213	96,654	-0.9
Growth YoY (%)	15.7	10.8	5.0	4.4	-5.6	5.6	12.6	15.7	8.6	16.5	-4.7	
RM Cost (% sales)	86,840	89,473	87,343	85,231	81,972	95,258	98,925	101,754	348,887	377,909	83,313	-1.6
Staff Cost (% sales)	67.7	66.7	65.8	65.5	66.7	67.2	66.2	67.5	66.6	66.9	67.0	
Other Exp (% sales)	6.0	6.2	6.5	6.8	6.5	6.5	6.3	6.1	6.4	6.4	6.8	
EBITDA	11.9	12.6	13.3	13.5	12.3	12.5	13.5	14.9	12.8	13.4	12.4	
Growth YoY (%)	14,598	15,159	14,765	14,156	13,817	15,243	16,057	13,188	57,832	58,305	13,341	3.6
EBITDA Margins (%)	14.4	14.5	14.5	14.2	14.4	13.8	14.0	11.5	14.2	13.4	13.8	
Other Income	2,317	2,830	3,175	2,237	3,037	2,620	2,750	2,900	10,559	11,307	2,500	
Interest	48	49	55	47	56	55	40	50	199	201	52	
Depreciation	1,932	1,937	1,969	1,921	1,928	1,990	2,050	2,111	7,759	8,078	1,940	
PBT before EO Exp/(Inc)	14,935	16,003	15,916	14,425	14,870	15,818	16,717	13,927	60,434	61,332	13,849	
Effective Tax Rate (%)	24.8	24.8	24.4	25.1	24.3	24.5	24.5	24.6	25.1	24.5	24.5	
Adj. PAT	11,226	12,035	12,028	10,809	11,257	11,936	12,615	10,502	45,255	46,309	10,450	7.7
Growth (%)	18.7	14.2	12.1	6.4	0.3	-0.8	4.9	-2.8	10.7	13.3	-6.9	