7 August 2026

1QFY27 Results Update | Sector: Automobile

Hero MotoCorp

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	HMCL IN
Equity Shares (m)	200
M.Cap.(INRb)/(USDb)	1145.8 / 12
52-Week Range (INR)	6390 / 4422
1, 6, 12 Rel. Per (%)	14/4/23
12M Avg Val (INR M)	3985

Financials & Valuations (INR b)

Y/E March	2026	2027E	2028E
Sales	468.3	525.2	563.8
EBITDA	68.7	73.2	79.9
Adj. PAT	53.6	58.4	63.7
Adj. EPS (INR)	267.8	291.5	318.1
EPS Gr. (%)	16.3	8.9	9.1
BV/Sh. (INR)	1,078	1,169	1,253
Ratios			
RoE (%)	25.9	25.9	26.3
RoCE (%)	25.3	25.4	25.7
Payout (%)	69.1	68.6	73.9
Valuations			
P/E (x)	21.4	19.6	18.0
P/BV (x)	5.3	4.9	4.6
Div. Yield (%)	3.2	3.5	4.1
FCF Yield (%)	6.5	4.5	5.5

Shareholding Pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	34.7	34.7	34.7
DII	24.4	24.8	27.8
FII	31.1	31.1	27.0
Others	9.8	9.3	10.4

FII includes depository receipts

CMP: INR5,725 TP: INR6,560 (+15%) Buy

Strong cost control drives margin beat

Outperforms in multiple segments

- Hero MotoCorp's (HMCL) 1QFY27 PAT at INR14.5b beat our estimates thanks to a healthy margin performance, aided by strong control in other expenses. Margins fell only 110bp YoY to 13.3% despite a sharp contraction in gross margins.
- 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. Moreover, exports have started outperforming, albeit over a low base. We project a CAGR of ~10%/8%/9% in revenue/EBITDA/PAT over FY26-28. We reiterate our BUY rating with a TP of INR6,560 (based on 18x FY28E core EPS + INR89/744 for Hero FinCorp/Ather after 20% holdco discount).

Robust cost control drives margin beat

- Net revenue grew 35.7% YoY to INR130b, above our estimate of INR123b.
- Revenue growth was led by 22.7% YoY growth in volumes to ~1.7m units, albeit over a low base.
- Net realization grew 10.6% YoY/3.8% QoQ to ~INR77.5k per units. Avg ASP was boosted by 30% YoY growth in revenue from its part, accessories, and merchandising businesses at INR16.89b.
- Gross margins contracted 480bp YoY to 28.5% (below est. of 30.9%).
- However, EBITDA beat our estimates due to strong control in other expenses, which were up just 9% YoY despite the strong 23% YoY growth in volumes. This came as a major surprise.
- Promotional spends and other discretionary spends seem to have been postponed for later quarters.
- As a result, despite the sharp gross margin contraction, EBITDA margins fell only 110bp YoY to 13.3%, beating our estimate of 12.8%.
- EBITDA was up 25% YoY at INR17.3b, beating our estimate of INR15.8b.
- Due to a strong margin performance, PAT beat our estimates at INR14.5b, up 29.2% YoY.

Highlights from the management commentary

- Following the 14% volume growth achieved in 1QFY27, management expects growth momentum to continue in 2QFY27, before growth decelerates over a high base of 2H. For FY27, management expects 2W industry to post high-single-digit growth.
- Management expects commodity costs to rise marginally in 2Q, which is likely to be offset by mix improvement and cost-cutting initiatives.
- HMCL reiterated its medium-term EBITDA margin target of 14-16%, although management acknowledged that achieving this target in the near term could be challenging given the prevailing inflationary trends.

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- Around 60% of the EV portfolio is now certified under the PLI scheme, with management targeting 100% certification by CY26 end.
- Overall, scooter production currently stands at ~65k units per month, with management targeting doubling of total capacity by FY27-end. Around two-thirds of the planned expansion has already been completed, with the remaining expansion expected to be commissioned by 4QFY27.

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 now delivering a steady outperformance in scooters, both EV and ICE. Moreover, exports have started outperforming, albeit over a low base.
- We project a CAGR of ~10%/8%/9% in revenue/EBITDA/PAT over FY26-28. We reiterate our BUY rating with a TP of INR6,560 (based on 18x FY28E core EPS + INR89/744 for Hero FinCorp/Ather after 20% holdco discount).

Quarterly Performance (S/A) (INR m)

Y/E March	FY26				FY27E				FY26	FY27E		Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Total Volumes ('000 nos)	1,367	1,691	1,697	1,714	1,677	1,809	1,714	1,809	6,469	7,009	1,677	
Growth YoY (%)	-10.9	11.3	15.9	24.2	22.7	7.0	1.0	5.5	9.7	8.3	22.7	
Net Realization	70,069	71,724	72,658	74,646	77,498	73,876	74,111	74,417	72,394	74,940	73,572	
Growth YoY (%)	6.0	4.2	4.2	3.7	10.6	3.0	2.0	-0.3	4.8	3.5	5.0	
Net Op Revenues	**95,789**	**121,264**	**123,284**	**127,965**	**129,988**	**133,645**	**127,007**	**134,587**	**468,301**	**525,227**	**123,403**	**5.3**
Growth YoY (%)	-5.6	15.9	20.7	28.8	35.7	10.2	3.0	5.2	14.9	12.2	28.8	
RM Cost (% sales)	66.7	66.7	67.4	68.5	71.5	69.0	68.0	67.6	67.4	69.0	69.1	
Staff Cost (% sales)	6.5	5.8	5.7	5.3	5.4	5.4	5.8	5.9	5.8	5.6	5.9	
Other Exp (% sales)	12.3	12.5	12.2	11.7	9.9	11.5	12.1	12.3	12.1	11.4	12.2	
EBITDA	**13,817**	**18,234**	**18,101**	**18,556**	**17,266**	**18,800**	**17,872**	**19,280**	**68,708**	**73,218**	**15,815**	**9.2**
EBITDA Margins (%)	14.4	15.0	14.7	14.5	13.3	14.1	14.1	14.3	14.7	13.9	12.8	
Change (%)	-5.3	20.3	22.6	31.1	25.0	3.1	-1.3	3.9	17.1	6.6	14.5	
Other Income	3,037	2,328	2,959	2,086	4,409	2,500	2,850	3,177	10,410	12,936	2,950	
Interest	56	57	60	55	63	65	50	52	228	230	55	
Depreciation	1,928	1,970	2,044	2,039	2,053	2,100	2,150	2,228	7,980	8,531	2,050	
PBT before EO Exp/(Inc)	**14,870**	**18,537**	**18,955**	**18,548**	**19,559**	**19,135**	**18,522**	**20,177**	**70,910**	**77,393**	**16,660**	
Effective Tax Rate (%)	24.3	24.9	24.1	24.5	25.6	24.5	24.5	23.7	24.4	24.6	24.0	
Adj. PAT	**11,257**	**13,928**	**14,385**	**14,011**	**14,545**	**14,447**	**13,984**	**15,388**	**53,581**	**58,364**	**12,661**	**14.9**
Growth (%)	0.3	15.7	19.6	29.6	29.2	3.7	-2.8	9.8	16.2	8.9	12.5	

Key takeaways from the management commentary

Demand trends and outlook

- Demand remained robust throughout the quarter, with the company delivering strong growth across both ICE and EV businesses. The 2W industry grew by 14% YoY this quarter, with ICE 2Ws growing 11% and EVs up 67% YoY.
- Volumes for HMCL grew 23% YoY, driven by 21% growth in the ICE portfolio and an exceptional 151% YoY increase in EV volumes.
- Domestic business continued to witness healthy momentum, with volumes growing 18% YoY and exports rising 63% YoY.
- In the 100cc motorcycle segment, although industry growth was relatively subdued, the company outperformed the market and expanded its already dominant market share by nearly 230bp to ~86%.
- The company strengthened its commuter motorcycle portfolio through multiple launches during the quarter, including the Super Splendor XTEC 2.0 and the Passion Plus Disc Variant, further enhancing its 100cc product lineup.
- In ICE scooters, the company continued to gain traction, increasing market share by around 230bp to nearly 7%.
- Motorcycle dealer inventory currently stands at about six weeks and is expected to gradually increase in the coming months as dealers prepare for the festive season.
- Inventory levels for the Xoom and Destini scooters remain significantly lower, around half of other ICE models, reflecting stronger retail demand and lean channel stocking.

EV business updates

- EV business continued its rapid expansion, registering 151% YoY growth in 1Q and increasing its market share by 400bp YoY.
- Monthly retail sales are now consistently clocking 20,000 units, reflecting strong consumer acceptance of the VIDA portfolio.
- Two new VIDA products were introduced during the quarter. 1) VIDA VX2+, a premium variant with 4.2 kwh battery featuring IDC-certified range of 187km, fast-charging capability and removable battery technology. Dispatches commenced during the quarter, with nearly 1,000 units sold so far. 2) More affordable variant, VIDA VX2 GO, with 3.1 kwh battery and IDC range of 120km and fixed battery, is scheduled to begin dispatches shortly.
- Management expects both models to significantly increase VIDA sales volumes over the coming quarters.
- Channel inventory across the VIDA portfolio remains virtually negligible, at only 2-3 days, indicating strong retail off-take and significant pent-up demand.
- An additional 10,000 units of monthly EV capacity is being added during August to cater to rising demand.
- Hero unveiled two new EV motorcycles that are scheduled for commercial launch during FY28: Project UBEX, a naked electric motorcycle targeted at performance enthusiasts, and VXZ, positioned as an aspirational electric motorcycle based on a new platform.

International business

- International business grew 63% YoY in 1Q, which helped improve its export market share by 110bp YoY.
- Growth was driven by continued expansion into newer geographies and portfolio diversification across overseas markets.
- The company entered the German market in 1Q.
- VIDA electric scooter was also launched in Nepal, expanding Hero's EV presence beyond India.

Capex expansion updates

- The company maintained its FY27 capex guidance of INR15b.
- Overall, scooter production currently stands at ~65k units per month, with management targeting doubling of total capacity by FY27-end. Around two-thirds of the planned expansion has already been completed, with the remaining expansion expected to be commissioned by 4QFY27.
- EV manufacturing capacity has increased from 15k units per month in FY26 end to 30k units per month by 1Q end. Capacity is targeted to increase further to 45k units per month by the end of FY27.
- Splendor capacity was increased by nearly 2k units per day (~50k units per month incremental capacity). Capacity for Xoom has been increased by nearly 50%, while Destini capacity has nearly doubled.
- Overall ICE scooter capacity has been increased by nearly 1.5k units per day, taking total incremental scooter capacity (ICE and EV combined) to roughly 2.5k units per day.

Raw material updates and margin performance

- The quarter witnessed headwinds from higher raw material costs, high freight expenses and adverse foreign exchange movements.
- Net commodity inflation stood at 4.5% for 1Q. Forex had a modest adverse impact of ~35bp in 1Q.
- Since Feb’26, Hero has implemented cumulative blended price increases of ~4.5% across its ICE portfolio. Double-digit price hikes were also undertaken in the EV portfolio.
- A marginal price increase was implemented during July.
- EBITDA margins in the VIDA business remained largely stable despite continued investments in expansion. Management highlighted that several EV models have already achieved positive gross margins, indicating improving unit economics as scale increases.
- Around 60% of the EV portfolio is now certified under the PLI scheme, with management targeting 100% certification by end-CY26. The company recognized ~INR480m of PLI incentives during 1QFY27.

Outlook

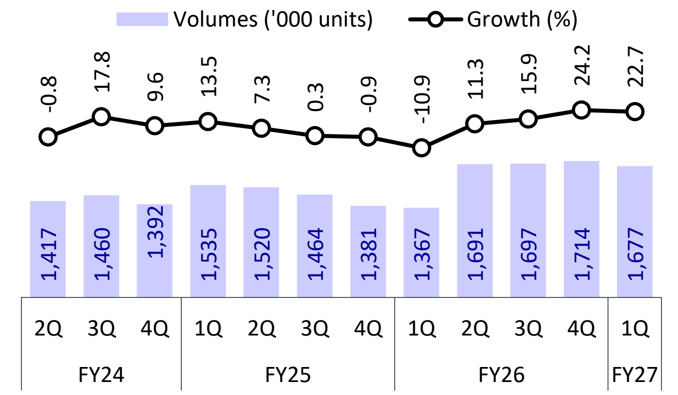
- Following the 14% volume growth achieved in 1QFY27, management expects growth momentum to continue in 2QFY27, before the growth decelerates over a high base of 2H. For FY27, management expects 2W industry to post high-single-digit growth.

- Management expects commodity costs to witness only a marginal uptick in 2Q, which is likely to be offset by mix improvement and cost-cutting initiatives.
- The company reiterated its medium-term EBITDA margin aspiration of 14-16%, although management acknowledged that achieving this target in the near term could remain challenging given the prevailing inflationary environment.

Other highlights

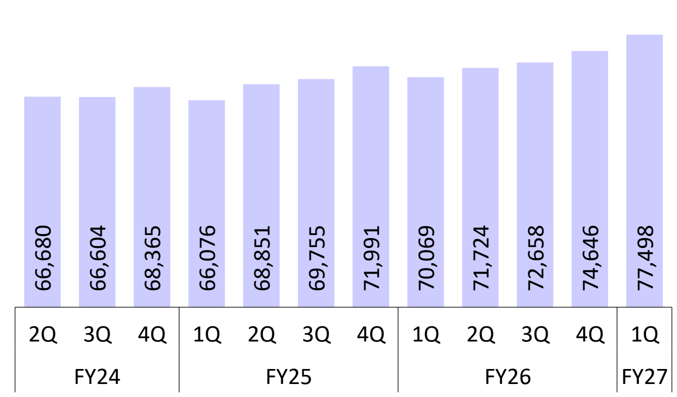
- Parts and spares revenue increased nearly 30% YoY in 1Q to INR16.9b. A capex of INR7.5b was announced for the GPC 2.0 facility, a greenfield plant in Tirupati to enhance parts availability in India and global markets.
- Hero introduced flex-fuel commuter motorcycle range during July with Splendor and HF launches. The flex-fuel variants of Splendor and HF are capable of operating seamlessly across ethanol blends ranging from 20% to 85%, enabled by smart engine technology. Nearly 5,000 units of these variants have already been sold since commercial launch.
- EV revenue during the quarter stood at ~INR6.6b, making up 5% of HMCL's consol. revenue.
- EV segment's EBITDA loss per vehicle narrowed to ~INR40k in 1Q, improving from around INR50k in 4Q, reflecting improving operating leverage and unit economics. Overall, loss in the EV business amounted to ~INR2.3b in 1Q, flat QoQ.

Exhibit 1: Trend in volumes



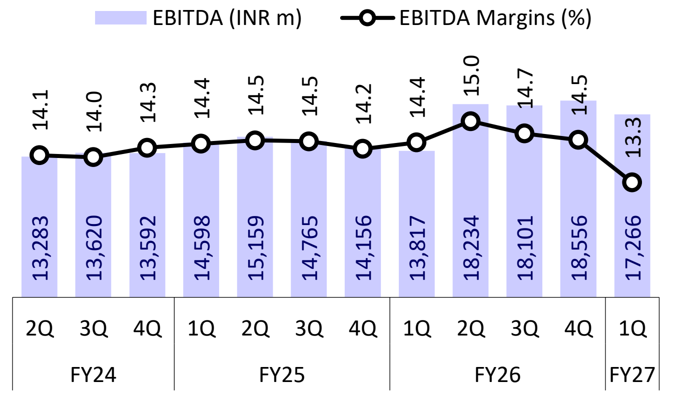
Source: SIAM

Exhibit 2: Trend in blended realizations



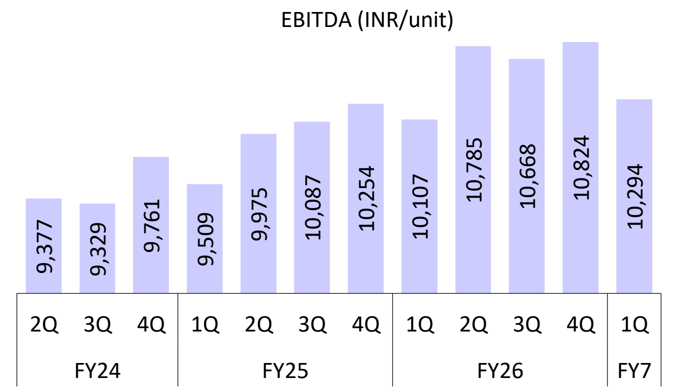
Source: Company, MOFSL

Exhibit 3: Trends in EBITDA and EBITDA margin



Source: Company, MOFSL

Exhibit 4: Trend in EBITDA per unit



Source: Company, MOFSL

Valuation and view

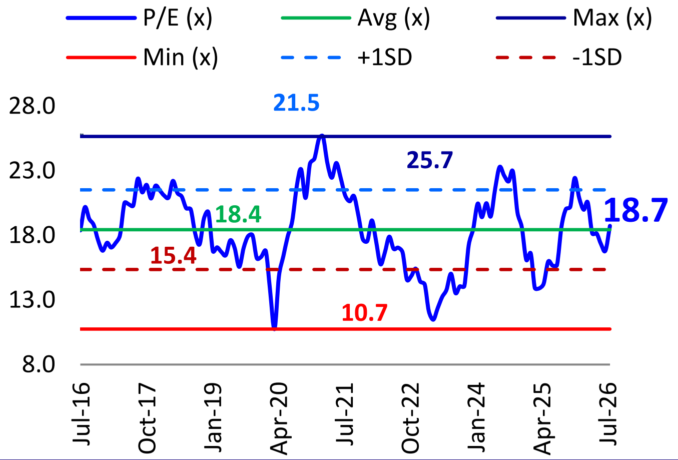
- **Seeing outperformance across multiple segments**: In the 100cc motorcycle segment, although industry growth remained relatively subdued, HMCL has outperformed the market and expanded its already dominant market share by nearly 230bp to about 86%. The company strengthened its commuter motorcycle portfolio through multiple launches in 1Q, including the Super Splendor XTEC 2.0 and the Passion Plus Disc Variant, further enhancing its 100cc product lineup. As a result, its overall market share in motorcycles has increased 30bp YoY in 1Q. Further, in ICE scooters, the company continued to gain traction, increasing its market share by around 230bp to nearly 7%. EV business continued its rapid expansion, registering 151% YoY growth in 1Q and increasing its market share by 400bp YoY. Given a healthy demand momentum, its dealer stock is below normal in ICE 2Ws and negligible in EVs. On the back of positive rural sentiment, we expect HMCL to sustain a steady growth momentum in coming quarters and to post 7% volume CAGR 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**: 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 now seeing a steady outperformance in scooters, both EV and ICE. Moreover, exports have started outperforming, albeit over a low base. We project a CAGR of ~10%/8%/9% in revenue/EBITDA/PAT over FY26-28. We reiterate our BUY rating with a TP of INR6,560 (based on 18x FY28E core EPS + INR89/744 for Hero FinCorp/Ather after 20% holdco discount).

Exhibit 5: Revisions to our estimates

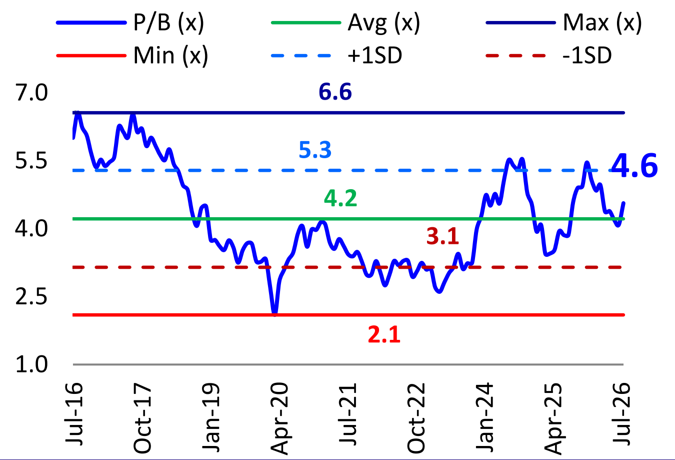
(INR b)	FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	7,009	6,947	0.9	7,402	7,419	-0.2
Net Sales	525.2	507.5	3.5	563.8	550.8	2.4
EBITDA	73.2	72.1	1.5	79.9	78.5	1.8
EBITDA Margins (%)	13.9	14.2	-30	14.2	14.3	-10
Net Profit	58.4	55.8	4.6	63.7	60.9	4.5
EPS (INR)	291.5	278.8	4.6	318.1	304.4	4.5

Source: MOFSL

Exhibit 6: P/E and P/B bands



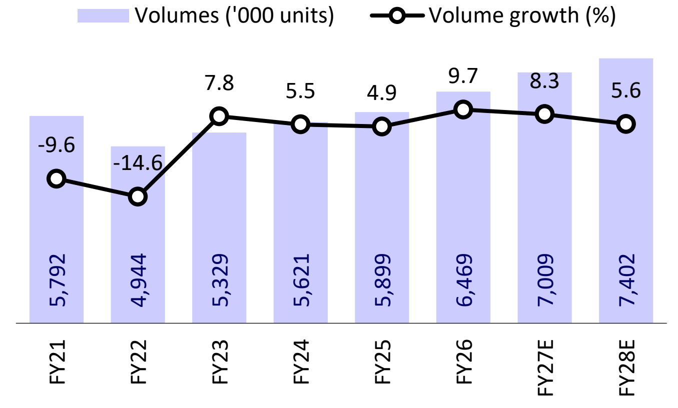
Source: MOFSL



Source: MOFSL

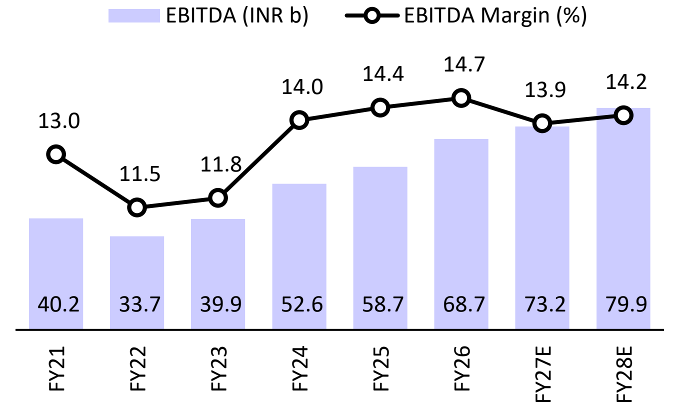
Story in charts

Exhibit 7: Steady growth expected, led by rural recovery



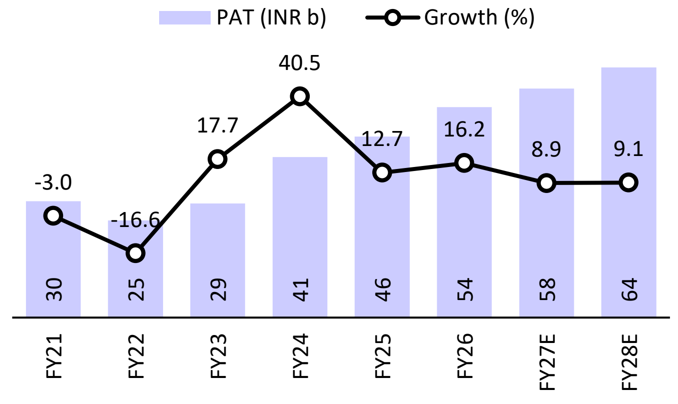
Source: Company, MOFSL

Exhibit 8: EBITDA margin trend



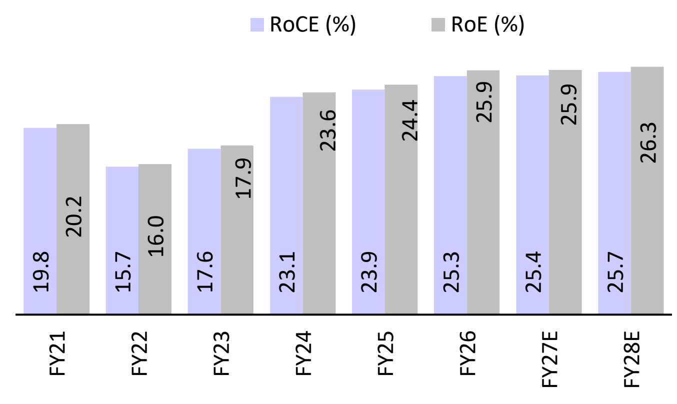
Source: Company, MOFSL

Exhibit 9: PAT growth to be steady



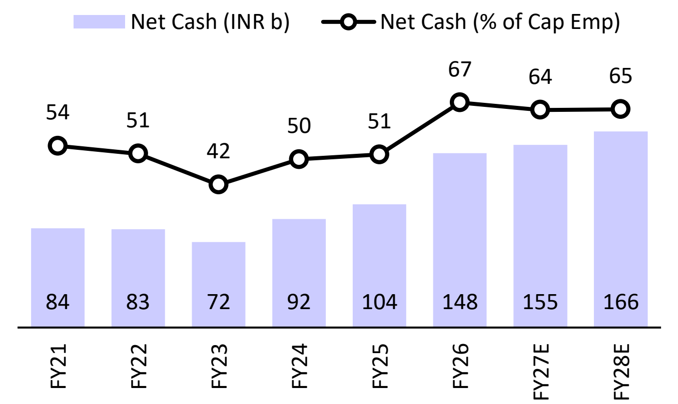
Source: Company, MOFSL

Exhibit 10: Trend in return ratios



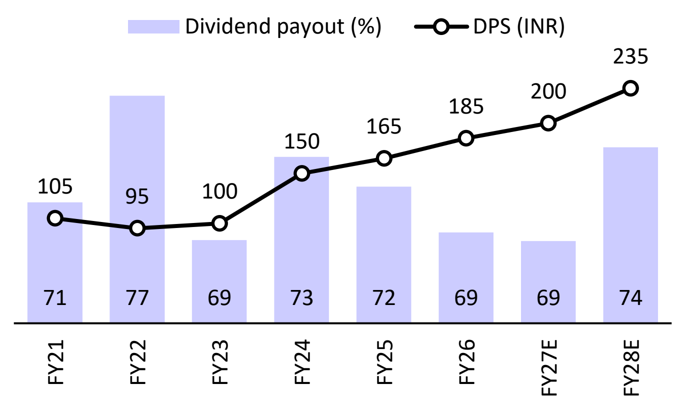
Source: Company, MOFSL

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	6,207	6,537
Growth (%)	*-11.0*	*-13.2*	*7.2*	*4.7*	*5.5*	*6.7*	*6.2*	*5.3*
% of total volumes	*92.1*	*93.6*	*93.1*	*92.3*	*92.8*	*90.3*	*88.6*	*88.3*
Total Scooters	458	316	369	431	423	626	802	866
Growth (%)	*9.2*	*-30.9*	*16.8*	*16.6*	*-1.9*	*48.2*	*28.0*	*8.0*
% of total volumes	*7.9*	*6.4*	*6.9*	*7.7*	*7.2*	*9.7*	*11.4*	*11.7*
Total volumes	**5,792**	**4,944**	**5,329**	**5,621**	**5,899**	**6,469**	**7,009**	**7,402**
Growth (%)	*-9.6*	*-14.6*	*7.8*	*5.5*	*4.9*	*9.7*	*8.3*	*5.6*
- of which Exports	172	290	162	171	258	349	384	423
% of total volumes	*3.3*	*6.5*	*3.3*	*3.3*	*4.8*	*5.9*	*6.0*	*6.3*
Net Realizations (INR/unit)	53,182	59,152	63,443	66,630	69,088	72,394	74,940	76,168
Growth (%)	*18.8*	*10.7*	*8.4*	*6.0*	*3.9*	*2.4*	*5.7*	*1.6*
Net Revenues (INR b)	**308**	**292**	**338**	**375**	**408**	**468**	**525**	**564**
Growth (%)	*6.8*	*-5.0*	*15.6*	*10.8*	*8.8*	*14.9*	*12.2*	*7.3*

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**	**7,009**	**7,402**
Volume Growth (%)	-9.6	-14.6	7.8	5.5	4.9	9.7	8.3	5.6
Net Revenues	**308,006**	**292,455**	**338,057**	**374,557**	**407,564**	**468,301**	**525,227**	**563,823**
Change (%)	6.8	-5.0	15.6	10.8	8.8	14.9	12.2	7.3
EBITDA	**40,192**	**33,688**	**39,862**	**52,557**	**58,677**	**68,708**	**73,218**	**79,920**
EBITDA Margin (%)	13.0	11.5	11.8	14.0	14.4	14.7	13.9	14.2
Change (%)	1.5	-16.2	18.3	31.8	11.6	17.1	6.6	9.2
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	64,687	70,685
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**	**77,393**	**84,468**
Tax	9,362	7,771	9,640	12,904	15,179	17,038	19,029	20,774
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**	**58,364**	**63,694**
Change (%)	-3.0	-16.6	17.7	40.5	12.7	16.2	8.9	9.1

Balance Sheet								(INR m)
Y/E March	**2021**	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sources of Funds								
Share Capital	400	400	400	400	400	400	400	400
Reserves	151,585	157,430	166,651	179,462	197,669	215,381	233,704	250,351
Net Worth	**151,984**	**157,829**	**167,051**	**179,862**	**198,069**	**215,781**	**234,105**	**250,751**
Deferred Tax	4,041	3,833	4,054	4,348	5,096	5,831	5,831	5,831
Capital Employed	**156,025**	**161,662**	**171,105**	**184,210**	**203,165**	**221,612**	**239,936**	**256,583**
Application of Funds								
Gross Fixed Assets	142,362	146,657	151,942	157,862	165,383	172,161	187,161	202,161
Less: Depreciation	82,478	88,592	94,328	99,522	106,369	112,506	121,036	130,272
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	105,876	107,288	111,875	131,551	150,445	195,504	205,504	222,004
Curr.Assets, L & Adv.	**51,485**	**47,206**	**58,504**	**61,019**	**64,817**	**59,843**	**69,881**	**73,290**
Inventory	14,696	11,227	14,341	14,438	14,576	18,582	21,216	22,775
Sundry Debtors	24,268	23,043	27,982	27,034	36,744	25,932	31,116	33,403
Cash & Bank Balances	1,692	987	1,684	5,399	2,891	5,316	6,273	5,008
Loans & Advances	892	402	436	457	271	279	314	338
Others	9,938	11,547	14,062	13,691	10,335	9,734	10,962	11,768
Current Liab. & Prov.	**65,585**	**55,478**	**61,527**	**71,506**	**76,037**	**100,833**	**109,016**	**118,043**
Sundry Creditors	52,046	42,603	47,045	55,282	55,661	75,188	82,033	88,062
Other Liabilities	10,211	9,490	10,744	11,516	13,317	15,822	16,972	18,220
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**	**-39,135**	**-44,753**
Application of Funds	**156,025**	**161,662**	**171,105**	**184,210**	**203,164**	**221,612**	**239,936**	**256,583**

E: MOFSL Estimates

Financials and valuations

Ratios								
Y/E March	**2021**	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Basic (INR)								
EPS	**148.4**	**123.8**	**145.6**	**204.6**	**230.3**	**267.8**	**291.5**	**318.1**
EPS Growth (%)	-3.0	-16.6	17.7	40.5	12.6	16.3	8.9	9.1
Cash EPS	182.2	156.3	178.5	234.1	269.0	303.2	334.1	364.3
Book Value per Share	760.7	789.9	835.9	900.0	989.4	1,078.4	1,169.4	1,252.5
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	68.6	73.9
Valuation (x)								
P/E	38.6	46.3	39.3	28.0	24.9	21.4	19.6	18.0
EV/EBITDA	25.8	30.8	25.9	19.2	16.9	13.8	12.8	11.5
EV/Sales	3.4	3.5	3.1	2.7	2.4	2.0	1.8	1.6
Price to Book Value	7.5	7.3	6.9	6.4	5.8	5.3	4.9	4.6
Dividend Yield (%)	1.8	1.7	1.7	2.6	2.9	3.2	3.5	4.1
Profitability Ratios (%)								
RoE	20.2	16.0	17.9	23.6	24.4	25.9	25.9	26.3
RoCE	19.8	15.7	17.6	23.1	23.9	25.3	25.4	25.7
RoIC	50.1	44.5	49.2	71.9	87.7	157.5	286.4	248.8
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	-27	-29
Asset Turnover (x)	2.0	1.8	2.0	2.0	2.0	2.1	2.2	2.2
Fixed Asset Turnover	2.2	2.0	2.3	2.4	2.5	2.8	2.9	2.9

Cash Flow Statement								(INR m)
Y/E March	**2021**	**2022**	**2023**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Profit before Tax	39,004	32,501	38,746	52,584	61,278	69,720	77,393	84,468
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	-19,029	-20,774
(Inc)/Dec in Working Capital	10,700	-6,825	-5,832	10,747	-3,036	25,838	-898	4,353
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**	**66,227**	**77,514**
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**	**66,227**	**77,514**
(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**	**51,227**	**62,514**
(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**	**957**	**-1,265**
Add: Beginning Balance	1,479	1,692	987	1,684	5,399	2,891	5,316	6,273
Closing Balance	**1,692**	**987**	**1,684**	**5,399**	**2,891**	**5,316**	**6,273**	**5,008**

E: MOFSL Estimates

NOTES

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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

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