

India

**ADD** (no change)

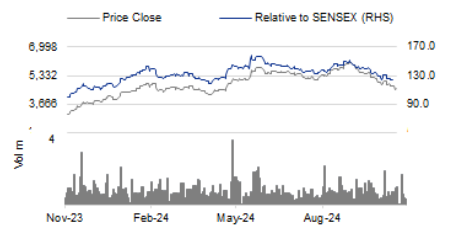
Consensus ratings\*: Buy 27 Hold 7 Sell 8

Current price:	Rs4,604
Target price:	Rs5,810
Previous target:	Rs5,812
Up/downside:	26.2%
InCred Research / Consensus:	6.2%
Reuters:	HROM.NS
Bloomberg:	HMCL IN
Market cap:	US\$10,908m Rs920,708m
Average daily turnover:	US\$47.3m Rs3994.7m
Current shares o/s:	199.8m
Free float:	65.2%

\*Source: Bloomberg

**Key changes in this note**

- FY25F-27F sales volume raised by 3%.
- FY25F-27F sales raised by 1-2%.
- FY25F-27F EBITDA raised by 1-2%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(17.1)	(9.2)	48.4
Relative (%)	(12.6)	(7.5)	25.7

Major shareholders	% held
Hero Group	34.8
LIC of India	8.5
ICICI Prudential Fund	3.6

**Research Analyst(s)**



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# Hero MotoCorp

## Volume momentum to sustain

- 2Q EPS growth of 14% yoy & 7% qoq to Rs60.2 in line with our estimate but a 4% beat to BB consensus. The best of festivals-led revival started in Oct 2024.
- We upgrade sales volume by 3% for rural market recovery and new vehicle launches, but EPS upgrade limited to 1-2% for FY25F-27F.
- With the recent sell-off correcting the forward valuation to the 10-year mean level, we retain our ADD rating with an unchanged SOTP-based Rs5,810 TP.

### EBITDA margin uptick provides comfort

Hero MotoCorp's (HMCL) 2QFY25 EBITDA grew by 14% yoy and 4% qoq to Rs15.2bn, a 3% miss to our estimate, due to lower ASP and higher other expenses (+9% qoq). Gross margin expansion (+100 qoq) was impressive. Sustained EBITDA margin uptick (+10bp qoq) to 14.5% provides comfort, where management indicated the electric vehicle or EV drag remains at around 200bp. PAT grew by 14% yoy and 7% qoq to Rs12bn, in line with our estimate and a 4% beat to the Bloomberg or BB consensus estimate.

### Impressive festive demand & regaining 2W retail leadership

The month-long October festive demand helped HMCL to post an impressive 13% growth over the last festive season. Management highlighted that strong customer enquiries, supported by aggressive campaigns and promotional schemes, helped HMCL to end with record retail volume during the Diwali festival. The marriage season delayed to Nov 2024 holds a next trigger point for the industry. Festive season-led demand execution helped HMCL to regain its leadership position in 2W retail sales (Fig. 4). Management indicated the launch of scooters, EVs and premium bikes in coming quarters to gain market share. Management feels that exports, starting to the Philippines and Mexico, will help sustain the 40% growth witnessed in 1HFY25.

### Upgrade sales volume estimates by around 3%

Considering the new product line-up, refreshed distribution and the festive season-led industry momentum, we upgrade sales volume by around 3% for FY25F-27F. Increased 2W financing non-performing assets or NPAs are a cause of concern but may not be a drag on industry growth. With lower ASP in 2Q and elevated launch expenses in coming quarters, we limit our EBITDA and EPS upgrades to just 1-2% for FY25F-27F.

### New launches to sustain excitement; maintain ADD rating

The sharp correction in the stock price in recent months surprised us, while a 2W stock sell-off is expected post festive season-led demand peaking. Considering that the rural demand revival has just started and HMCL has a strong new launch pipeline to sustain its momentum, we maintain our ADD rating on it with a SOTP-based target price of Rs5,810 (Rs5,812 earlier). Stock price correction leading to P/E & P/BV valuations easing to the 10-year mean provides comfort. Value unlocking from Ather Energy and Hero Fincorp IPOs can be an immediate trigger. Downside risk: Demand weakness leading to price discounts.

### Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	338,086	372,283	436,238	488,744	538,424
Operating EBITDA (Rsm)	39,892	50,283	63,055	69,219	75,098
Net Profit (Rsm)	29,136	39,006	48,475	53,408	58,198
Core EPS (Rs)	145.8	195.2	242.5	267.2	291.1
Core EPS Growth	17.9%	33.8%	24.3%	10.2%	9.0%
FD Core P/E (x)	31.58	23.59	18.99	17.23	15.81
DPS (Rs)	100.1	140.1	160.1	180.2	200.2
Dividend Yield	2.17%	3.04%	3.47%	3.91%	4.34%
EV/EBITDA (x)	20.22	15.58	12.39	11.10	10.05
P/FCFE (x)	42.37	33.79	30.70	22.31	21.36
Net Gearing	(68.0%)	(76.1%)	(70.8%)	(71.2%)	(71.3%)
P/BV (x)	5.51	5.12	4.69	4.30	3.97
ROE	17.9%	22.5%	25.8%	26.0%	26.1%
% Change In Core EPS Estimates			0.71%	1.54%	0.88%
InCred Research/Consensus EPS (x)					

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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## Volume momentum to sustain

### Management conference-call highlights >

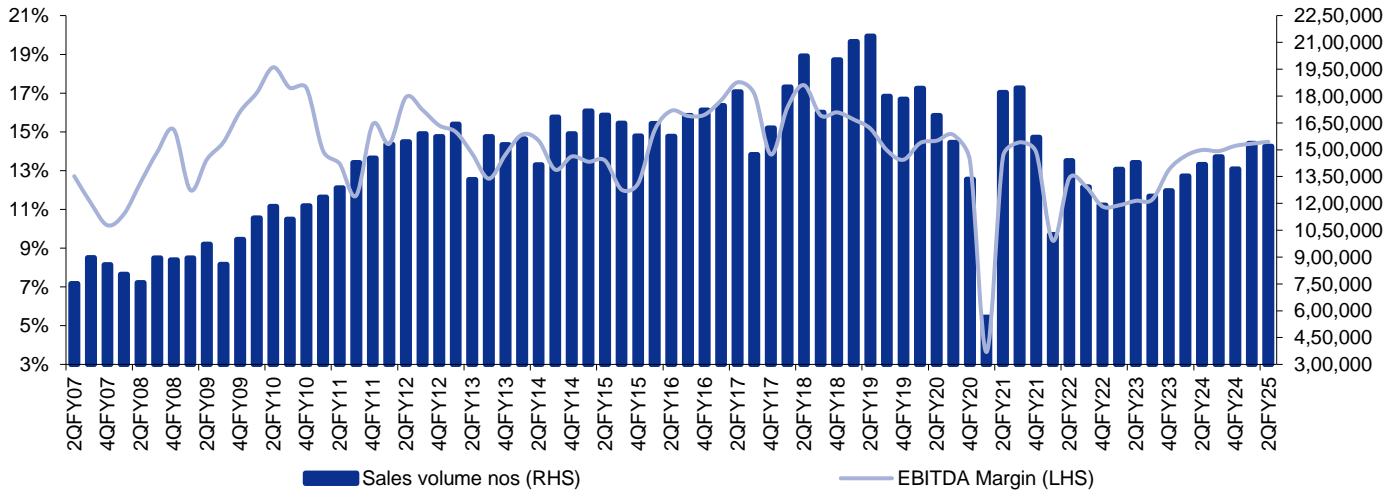
- **Demand outlook:** Management remains optimistic on the full-year growth rate. The growth in 2Q and the festive season was mainly led by rural market recovery, however management believes the bottom of the pyramid is yet to participate fully.
- **Festive season 2024:** Clocked festive season-led sales at 1.6m units, up 13% yoy, with a 16% revenue growth, which led to improvement in its market share to 31.6%. Retail sales of electric scooter VIDA stood at 11.6 units, with a market share of 5.4%. Healthy demand environment during the festive season led inventory correction to the normal level.
- **After-market business:** Reported revenue from parts, accessories and merchandise business at Rs.14.56bn, with a yoy growth of 7.5%.
- **Financial highlights:** In 1HFY25, cash from operations stood at Rs28.17bn, up 160% yoy. In 2Q, the EBITDA margin in ICE business improved by 160bp to 16.5%, driven by a mix improvement, lower raw material costs and cost - savings initiatives. Management's endeavour is to maintain its EBITDA margin in the range of 14-16%.
- **International business:** In 1H, HMCL witnessed volume growth of 30% vs. the industry's 16% yoy growth in the export business. This led to an increase in its market share to 6.1% for the quarter, a gain of 60bp. In 2HFY25F, the company plans to ramp this up even further. Seeing good traction from markets like Colombia as they are at bottom-line turnaround. Traction also coming from Mexico. Markets that need a revival are Bangladesh, Turkey and Nigeria.
- **Electric vehicle business:** During the quarter, HMCL made an investment of Rs1.75bn. The company doubled its EV volume to 5,000 units per month during the quarter. Further scaled it up to 11,600 units during the festive season and gained a 20% market share in five cities and a 10% share in 10 cities during the period. Plans to launch new products, covering all price points later in the year and early next year.
- **EV motorcycle:** HMCL is working with Zero Motorcycles in developing electric motorcycles in the mid-weight segment.
- **Hero FinCorp:** The company's loan book grew by 16% yoy to form 26% of HMCL's sales volume in 2Q.
- **Touch points:** Plans to open 100 stores by the end of this year. Management indicated that Premia stores take 12 to 18 months to become sustainable, and the company has activated 58 stores till now.
- **PLI scheme:** Management believes that by FY26F, its EV scooters will be compliant with the production-linked incentive or PLI scheme and those benefits will start working.

Figure 1: Quarterly results comparison

Y/E Mar (Rs m)	2QFY25	2QFY24	yoy % chg	1QFY25	qoq % chg	1HFY25	1HFY24	yoy % chg	Comments
<b>Revenue</b>	<b>1,04,632</b>	<b>94,454</b>	<b>10.8</b>	<b>1,01,437</b>	<b>3.1</b>	<b>2,06,069</b>	<b>1,82,127</b>	<b>13.1</b>	<b>2% below our estimate.</b>
Raw material costs	69,795	64,780	7.7	68,672	1.6	1,38,466	1,25,589	10.3	
RM costs as a % of revenue	67	69	(187.8)	68	(99.4)	67	69	(176.3)	130bps below our estimate.
<b>EBITDA</b>	<b>15,159</b>	<b>13,283</b>	<b>14.1</b>	<b>14,598</b>	<b>3.8</b>	<b>29,756</b>	<b>25,345</b>	<b>17.4</b>	<b>3% below our estimate.</b>
EBITDA margin (%)	14.5	14.1	42.5	14.4	9.7	14.4	13.9	52.4	
Depreciation & amortization	1,937	1,749	10.8	1,932	0.3	3,869	3,439	12.5	
EBIT	13,222	11,534	14.6	12,666	4.4	25,888	21,907	18.2	
Interest expenses	49	48	3.6	48	2.5	97	94	3.4	
Other income	2,830	2,483	14.0	2,317	22.1	5,147	4,705	9.4	7% above our estimate.
Pre-tax profit	16,003	13,970	14.6	14,935	7.2	30,937	26,517	16.7	
Tax	3,967	3,431	15.6	3,708	7.0	7,676	6,532	17.5	
Tax rate (%)	24.8	24.6	22.8	24.8	(3.8)	24.8	24.6	17.6	
<b>Normalized net profit</b>	<b>12,035</b>	<b>10,538</b>	<b>14.2</b>	<b>11,226</b>	<b>7.2</b>	<b>23,262</b>	<b>19,985</b>	<b>16.4</b>	<b>1% below our estimate.</b>
Exceptional items	-	-	-	-	nm	-	(1,200)	nm	
Other comprehensive income	-	-	nm	-	nm	-	-	-	
<b>Reported net profit</b>	<b>12,035</b>	<b>10,538</b>	<b>14.2</b>	<b>11,226</b>	<b>7.2</b>	<b>23,262</b>	<b>18,785</b>	<b>23.8</b>	
Normalized EPS (Rs)	60.2	52.7	14.2	56.2	7.2	116.5	100.1	16.4	
Volume (nos)	15,19,684	14,16,526	7.3	15,35,156	(1.0)	30,54,840	27,69,100	10.3	
Net realization (Rs)	68,851	66,680	3.3	66,076	4.2	67,457	65,771	2.6	
EBITDA/vehicle	9,975	9,377	6.4	9,509	4.9	9,741	9,153	6.4	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: EBITDA margin on a consistent improvement path despite EV drag



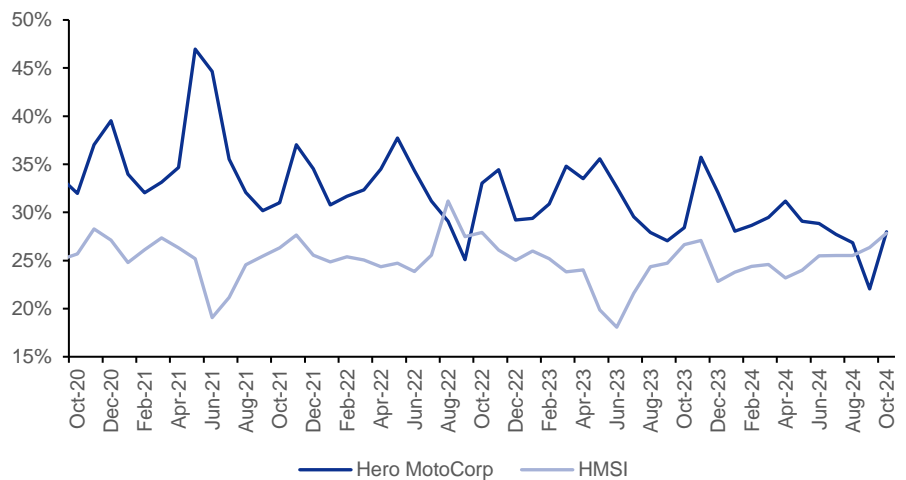
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Model-wise performance

Motorcycles	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	1HFY24	1HFY25	YoY (%)
Splendor Family	8,99,640	8,38,469	7.3	9,31,208	(3.4)	16,84,560	18,30,848	8.7
Passion Family	59,320	1,08,526	(45.3)	61,178	(3.0)	1,63,378	1,20,498	(26.2)
HF Deluxe	2,45,061	2,23,055	9.9	2,74,132	(10.6)	5,00,130	5,19,193	3.8
Glamour	45,367	77,903	(41.8)	61,934	(26.7)	1,17,011	1,07,301	(8.3)
Xtreme and Xtreme 125R	97,676	-	#DIV/0!	53,725	81.8	15,393	1,51,401	883.6
HD X440	3,143	-	na	2,826	11.2	18	5,969	na
Others	8,931	18,471	(51.6)	13,770	(35.1)	18,692	22,701	21.4
<b>Total motorcycles</b>	<b>13,98,773</b>	<b>12,66,424</b>	<b>10.5</b>	<b>13,98,773</b>	-	<b>24,99,182</b>	<b>27,57,911</b>	<b>(9.4)</b>
<b>Scooters</b>								
Maestro	-	2,832	(100.0)	30	(100.0)	8,123	30	(99.6)
Pleasure	39,718	34,879	13.9	26,872	47.8	55,786	66,590	19.4
Destini 125	28,852	34,354	(16.0)	35,164	(18.0)	54,927	64,016	16.5
Xoom	12,820	23,131	(44.6)	12,764	0.4	57,372	25,584	(55.4)
Vida	15,976	2,320	588.6	10,559	51.3	5,800	26,535	357.5
<b>Total scooters</b>	<b>97,366</b>	<b>97,516</b>	<b>(0.2)</b>	<b>85,389</b>	<b>14.0</b>	<b>1,82,008</b>	<b>1,82,755</b>	<b>(0.4)</b>
<b>Total 2W domestic</b>	<b>14,96,139</b>	<b>13,63,940</b>	<b>9.7</b>	<b>14,84,162</b>	<b>0.8</b>	<b>26,81,190</b>	<b>29,40,666</b>	<b>(8.8)</b>
Exports	63,176	52,584	20.1	50,992	23.9	87,908	1,14,168	(23.0)
<b>Gross Total</b>	<b>15,59,315</b>	<b>14,16,524</b>	<b>10.1</b>	<b>15,35,154</b>	<b>1.6</b>	<b>27,69,098</b>	<b>30,54,834</b>	<b>(9.4)</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Retail market share of Hero MotoCorp and HMSI



SOURCE: VAHAN, INCRED RESEARCH, COMPANY REPORTS

Figure 5: Our revised earnings estimates

Rs m	FY25F		FY26F		FY27F	
	Old	New	Old	New	Old	New
Sales Volume (nos)	61,48,581	63,10,201	67,01,006	68,75,396	71,74,389	74,04,453
% change		2.6%		2.6%		3.2%
Net Sales	4,31,644	4,36,238	4,83,653	4,88,744	5,30,234	5,38,424
% change		1.1%		1.1%		1.5%
EBITDA	62,599	63,055	68,140	69,219	74,245	75,098
% change		0.7%		1.6%		1.1%
PAT	48,134	48,475	52,598	53,408	57,693	58,198
% change		0.7%		1.5%		0.9%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Key drivers

Key assumptions	FY22	FY23	FY24	FY25F	FY26F	FY27F
<b>Vehicle Sales Volume (units)</b>						
Motorcycle	46,27,585	49,59,707	51,26,006	58,74,443	63,95,516	68,66,070
Growth (%)	-13.2%	7.2%	3.4%	14.6%	8.9%	7.4%
Scooter	3,16,383	3,69,297	4,30,782	4,35,758	4,79,880	5,38,383
Growth (%)	-30.9%	16.7%	16.6%	1.2%	10.1%	12.2%
Total	49,43,968	53,29,004	55,56,788	63,10,201	68,75,396	74,04,453
Growth (%)	-14.6%	7.8%	4.3%	13.6%	9.0%	7.7%
<b>Net Realization Per Vehicle (Rs.)</b>						
Motorcycle	49,005	52,680	56,105	58,349	60,099	61,301
Growth (%)	6.6%	7.5%	6.5%	4.0%	3.0%	2.0%
Scooter	50,440	53,920	57,155	59,727	60,922	62,749
Growth (%)	6.0%	6.9%	6.0%	4.5%	2.0%	3.0%
Total	49,097	52,766	56,186	58,444	60,157	61,407
Growth (%)	6.5%	7.5%	6.5%	4.0%	2.9%	2.1%
<b>Operating Matrix per Vehicle (Rs)</b>						
Net Realisation	49,005	52,680	56,105	58,349	60,099	61,301
Growth (%)	6.6%	7.5%	6.5%	4.0%	3.0%	2.0%
Contribution	17,024	18,672	21,231	22,537	22,748	23,124
Growth (%)	9.0%	9.7%	13.7%	6.2%	0.9%	1.7%
EBITDA	33,667	39,892	50,283	63,055	69,219	75,098
Growth (%)	-16.2%	18.5%	26.0%	25.4%	9.8%	8.5%
EBITDA Margin (%)	11.5%	11.8%	13.5%	14.5%	14.2%	13.9%
Change (bp)	(154)	29	171	95	(29)	(21)
Net Profit	24,710	29,136	37,407	48,475	53,408	58,198
Growth (%)	-16.0%	17.9%	28.4%	29.6%	10.2%	9.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Sum-of-the-parts or SOTP-based target price

	Hero MotoCorp's stake	Value per share (Rs)
Core Business		5,367
Ather Energy	38%	162
Hero FinCorp	40%	281
<b>SOTP-based valuation</b>		<b>5,810</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

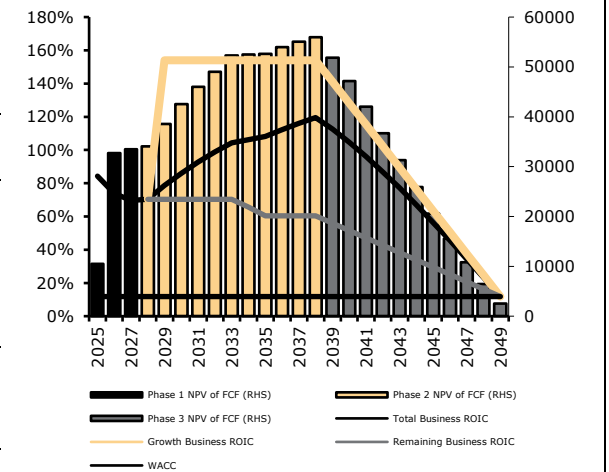
Figure 8: We have used discounted cash flow or DCF methodology to value the company's core business

Economic Profit Valuation			Discounted Cash Flow Valuation		
	Rs m	%		Rs m	%
Adjusted Opening Invested Capital	59,932	6	Value of Phase 1: Explicit (2025F to 2027F)	76674	8
NPV of Economic Profit During Explicit Period	80,970	9	Value of Phase 2: Value Driver (2028F to 2038F)	532596	57
NPV of Econ Profit of Remaining Business (1, 2)	2,45,117	26	Value of Phase 3: Fade (2039F to 2049F)	290898	31
NPV of Econ Profit of Net Inv. (Growth Business) (1, 3)	5,47,832	59	Terminal Value	33674	4
Enterprise Value	9,33,850	100	Enterprise Value	933841	100
Plus: Other Assets	0.0	0	FCF Growth Rate at end of Phase 1 implied by DCF Valuation		8
Less: Minorities	0.0	0	FCF Growth Rate at end of Phase 1 implied by Current Price		33
Less: Net Debt (as on 15 Nov 2024)	-1,36,951	-15			
Equity Value	10,70,801	115			
No. Shares (m)	199.5				
Per Share Equity Value	Rs 5,367				

Sensitivity Table		No of Years in Fade Period				
		5	8	11	14	17
WACC	9.8%	5,275	5,833	6,393	6,955	7,514
	10.8%	4,905	5,378	5,846	6,306	6,758
	11.8%	4,574	4,976	5,367	5,746	6,111
	12.8%	4,278	4,620	4,948	5,259	5,556
	13.8%	4,011	4,303	4,578	4,836	5,077

Performance Summary	2025	2026	2027	Phase 2 Avg (2028 - 2038)
Invested Capital Growth (%)	25.5	15.3	11.6	10.5
Operating Margin (%)	12.6	12.4	12.2	12.1
Capital Turnover (x)	8.9	7.9	7.6	7.3

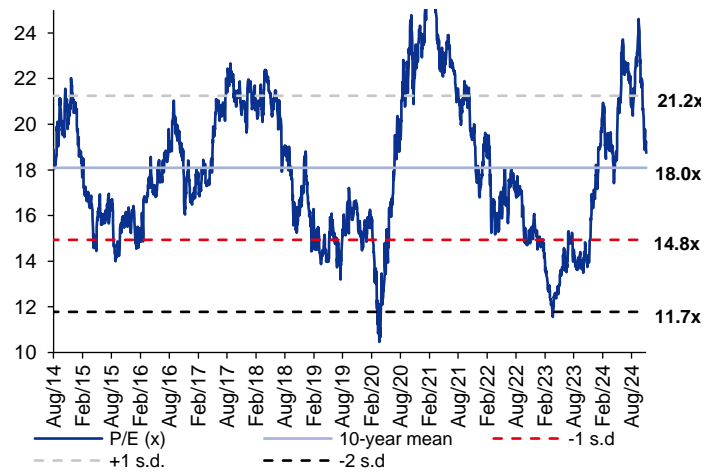
Returns, WACC and NPV of Free Cash Flow



Source: InCred Research  
 1. In periods following the Explicit Period i.e. Phase 2 and Phase 3  
 2. Remaining Business is defined as Capital as at the end of Phase 1 and capex = depreciation thereafter  
 3. Net Investment is defined as capex over and above depreciation after Phase 1

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: One-year forward P/E valuation near the +1SD level



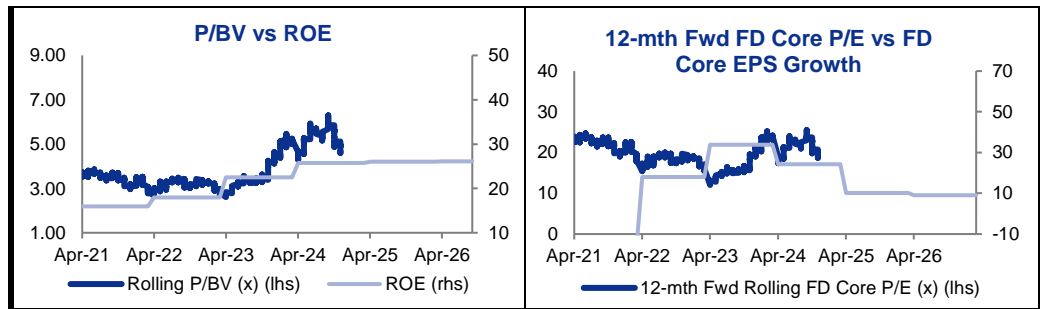
SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

Figure 10: One-year forward P/BV below the +1SD level



SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	<b>338,086</b>	<b>372,283</b>	<b>436,238</b>	<b>488,744</b>	<b>538,424</b>
<b>Gross Profit</b>	<b>77,607</b>	<b>93,952</b>	<b>115,788</b>	<b>127,066</b>	<b>138,953</b>
<b>Operating EBITDA</b>	<b>39,892</b>	<b>50,283</b>	<b>63,055</b>	<b>69,219</b>	<b>75,098</b>
Depreciation And Amortisation	(6,570)	(7,114)	(7,980)	(8,581)	(9,173)
<b>Operating EBIT</b>	<b>33,323</b>	<b>43,169</b>	<b>55,075</b>	<b>60,639</b>	<b>65,925</b>
Financial Income/(Expense)					
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	5,453	8,741	9,559	10,572	11,672
<b>Profit Before Tax (pre-EI)</b>	<b>38,776</b>	<b>51,910</b>	<b>64,634</b>	<b>71,210</b>	<b>77,597</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>38,776</b>	<b>51,910</b>	<b>64,634</b>	<b>71,210</b>	<b>77,597</b>
Taxation	(9,640)	(12,904)	(16,158)	(17,803)	(19,399)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>29,136</b>	<b>39,006</b>	<b>48,475</b>	<b>53,408</b>	<b>58,198</b>
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>29,136</b>	<b>39,006</b>	<b>48,475</b>	<b>53,408</b>	<b>58,198</b>
Recurring Net Profit	29,136	39,006	48,475	53,408	58,198
<b>Fully Diluted Recurring Net Profit</b>	<b>29,136</b>	<b>39,006</b>	<b>48,475</b>	<b>53,408</b>	<b>58,198</b>

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>EBITDA</b>	<b>39,892</b>	<b>50,283</b>	<b>63,055</b>	<b>69,219</b>	<b>75,098</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(3,613)	9,088	(12,399)	(2,428)	(3,390)
(Incr)/Decr in Total Provisions	(940)	2,092	(77)	(2,800)	(1,900)
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	5,453	8,741	9,559	10,572	11,672
Tax Paid	(9,640)	(12,610)	(16,158)	(17,803)	(19,399)
<b>Cashflow From Operations</b>	<b>31,152</b>	<b>57,595</b>	<b>43,980</b>	<b>56,760</b>	<b>62,081</b>
Capex	(5,954)	(8,007)	(10,000)	(7,500)	(9,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(3,485)	(22,357)	(4,000)	(8,000)	(10,000)
<b>Cash Flow From Investing</b>	<b>(9,439)</b>	<b>(30,365)</b>	<b>(14,000)</b>	<b>(15,500)</b>	<b>(19,000)</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(19,980)	(27,972)	(31,976)	(35,982)	(39,980)
Preferred Dividends					
Other Financing Cashflow	(30)	1,101	2		
<b>Cash Flow From Financing</b>	<b>(20,010)</b>	<b>(26,871)</b>	<b>(31,975)</b>	<b>(35,982)</b>	<b>(39,980)</b>
Total Cash Generated	1,704	359	(1,995)	5,278	3,101
<b>Free Cashflow To Equity</b>	<b>21,714</b>	<b>27,230</b>	<b>29,980</b>	<b>41,260</b>	<b>43,081</b>
<b>Free Cashflow To Firm</b>	<b>21,714</b>	<b>27,230</b>	<b>29,980</b>	<b>41,260</b>	<b>43,081</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

**Balance Sheet**

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	113,559	136,951	138,955	152,233	165,333
Total Debtors	27,982	27,034	35,855	40,171	45,729
Inventories	14,341	14,438	19,123	22,763	25,077
Total Other Current Assets	14,498	14,147	15,000	18,500	21,000
<b>Total Current Assets</b>	<b>170,379</b>	<b>192,570</b>	<b>208,932</b>	<b>233,667</b>	<b>257,140</b>
Fixed Assets	62,252	63,145	65,165	64,085	63,912
Total Investments					
Intangible Assets					
Total Other Non-Current Assets					
<b>Total Non-current Assets</b>	<b>62,252</b>	<b>63,145</b>	<b>65,165</b>	<b>64,085</b>	<b>63,912</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	47,045	55,282	56,388	61,917	66,399
Other Current Liabilities	14,482	16,224	17,000	17,700	18,300
<b>Total Current Liabilities</b>	<b>61,527</b>	<b>71,506</b>	<b>73,388</b>	<b>79,617</b>	<b>84,699</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>					
Total Provisions	4,054	4,348	4,348	4,348	4,348
<b>Total Liabilities</b>	<b>65,581</b>	<b>75,854</b>	<b>77,736</b>	<b>83,965</b>	<b>89,047</b>
Shareholders Equity	167,051	179,862	196,361	213,787	232,005
Minority Interests					
<b>Total Equity</b>	<b>167,051</b>	<b>179,862</b>	<b>196,361</b>	<b>213,787</b>	<b>232,005</b>

**Key Ratios**

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	15.6%	10.1%	17.2%	12.0%	10.2%
Operating EBITDA Growth	18.5%	26.0%	25.4%	9.8%	8.5%
Operating EBITDA Margin	11.8%	13.5%	14.5%	14.2%	13.9%
Net Cash Per Share (Rs)	568.22	685.10	695.12	761.55	827.08
BVPS (Rs)	835.88	899.76	982.30	1,069.47	1,160.60
Gross Interest Cover					
Effective Tax Rate	24.9%	24.9%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	68.6%	71.7%	66.0%	67.4%	68.7%
Accounts Receivables Days	27.54	26.97	26.31	28.39	29.12
Inventory Days	17.91	18.87	19.11	21.14	21.86
Accounts Payables Days	62.81	67.09	63.60	59.70	58.62
ROIC (%)	46.9%	56.4%	87.4%	73.6%	75.0%
ROCE (%)	23.3%	29.2%	33.6%	34.0%	34.1%
Return On Average Assets	13.0%	16.0%	18.3%	18.7%	18.8%

**Key Drivers**

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
ASP (% chg, main prod./serv.)	7.3%	5.6%	3.2%	2.8%	2.3%
Unit sales grth (%, main prod./serv.)	7.8%	4.3%	13.6%	9.0%	7.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS



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- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

##### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Definition:

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