

**HOLD**

TP: Rs 4,642 | ▲ 14%

**HERO MOTOCORP**

| Automobiles

| 15 May 2025

## Fighting challenges; maintain HOLD

- Q4 revenue grew by ~4% YoY to Rs 99bn, continued to be driven by realisation gains as volume growth muted on fierce competition
- EBITDAM flat YoY to 14.2% contributed by better price gains; EV penetration hit by 2% as ICE EBITDA margins at 16.1%
- We cut our earnings estimates for FY26E/FY27E by 1%/5% to factor in growth challenges, assign 18x P/E, lower TP to Rs 4,642 (from Rs 4,892)

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**Steady revenue growth aided by realisation gains:** Hero Motocorp (HMCL) reported a steady 4QFY25 with revenue at Rs 99.4bn up ~4.4% YoY (-2.7% QoQ) driven by realisation gains at 5%/3% YoY/QoQ, as volume growth remained muted. Healthy product mix driven by the launches of premium motorcycles, scooters and EVs along with growth in parts, accessories, and merchandise (PAM) aided realisation gains. Average selling price in Q4FY25 was up 4% YoY, contributed by 2/3 product mix and 1/3 by price hikes, with a minimal OBD2 impact.

### Commodity cost relief helps gross margins; EBITDA margins range-bound:

Volumes were flat at 1.38mn units, however, gross margins improved to 34.5% up by 90bps YoY (30bps QoQ). Raw materials cost was up by ~3% YoY but fell as a percentage of sales to 65.5% vs 66.4% in Q4FY24 (65.8% in Q3FY25); aiding gross margin expansion. ICE EBITDA margin was flat at 16.1% vs 16% in Q3FY25, aggregate EBITDAM came at 14.2% (flat YoY, -30 bps QoQ) due to Rs 1.43 bn EV investment and 13% YoY rise in promotional expenses (13.5% of sales). PAT stood at Rs 10.8bn, up 6.4% YoY, (-10% QoQ) on lower other income.

**Launch programme focused on 125cc segment:** To better address the premium scooter market Xoom 125, Xoom 160 and Destini 125 models were launched. Premium motorcycle segment saw launch of Xtreme 250R, limited edition Maverick 440 Thunderwheels and Xpulse 200 4V Dakar edition to commemorate their rally victory. Hero also made a strategic investment of Rs 5.1bn in Euler Motors. Focus remained on regaining market share in the 125cc segment.

**Maintain HOLD:** Factoring in FY25 performance, we have lowered our volume estimates, leading to earnings revision too. This leads to EBITDA estimates cut by 2.5%/3.6% and effectively, PAT estimates by 1%/5% in FY26/FY27 to factor in the challenges from the competitive space and investments in EV. Our 3-year Revenue/EBITDA/PAT CAGR is 12%/17%/18%. We continue to assign 18x target P/E to core operations, in line with the 10-year average 1YF earnings, and revise the SOTP-based TP to Rs 4,642 (earlier Rs 4,892), which includes Rs 130/sh as the value of other businesses. We retain our HOLD rating.

## Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	HMCL IN/Rs 4,067
Market cap	US\$ 9.5bn
Free float	65%
3M ADV	US\$ 30.5mn
52wk high/low	Rs 6,246/Rs 3,344
Promoter/FPI/DII	35%/30%/24%

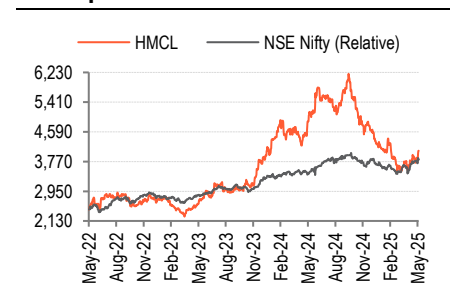
Source: NSE | Price as of 14 May 2025

## Key financials

Y/E 31 Mar	FY25P	FY26E	FY27E
Total revenue (Rs mn)	4,07,564	4,80,616	5,27,116
EBITDA (Rs mn)	58,677	64,615	72,101
Adj. net profit (Rs mn)	46,100	47,959	51,459
Adj. EPS (Rs)	230.9	240.2	257.7
Consensus EPS (Rs)	230.9	251.1	273.5
Adj. ROAE (%)	23.3	21.7	21.2
Adj. P/E (x)	17.6	16.9	15.8
EV/EBITDA (x)	13.7	12.5	11.2
Adj. EPS growth (%)	21.1	4.0	7.3

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

## Stock performance



Source: NSE



**Fig 1 – Earnings call highlights**

Parameter	Q4FY25	Q3FY25	Our view
Growth commentary	<p>HMCL's volumes were flat YoY at 1.38mn units (vs. 1.39mn in Q4 FY'24), down 6% QoQ from 1.46mn. Management stated gaining QoQ market share for 4 consecutive months in CY25, with a 600bps gain in entry segment (65% market share) and 250bps in 125cc (Xtreme 125R). Scooter market share was up 140bps QoQ to 6.4%, driven by Destini 125 and Xoom 125 launches.</p> <p>Rural demand is steady and expected to stay benign, driven by good monsoon forecast, strong wedding season and favourable income tax. Exports growth was up 43% YoY, 2x of the industry growth, with 9% market share by FY25-end. EV market share reached 7% in Mar'25.</p>	<p>HMCL's volumes grew to 1.464mn in Q3FY25, from 1.460mn in Q3FY24 (flat YoY). Highest-ever quarterly retail of 2mn+ units (+11.4% YoY) led by the highest-ever festive retail of 1.6mn units in 32 days.</p> <p>Rural demand continues to grow with contribution to volumes spiking by 3%. Management expects this momentum to continue being supported by government measures.</p> <p>HMCL gained market share in the 100cc segment through Splendor and in the 125cc segment through Xtreme 125R and Super Splendor.</p>	<p>HMCL focus stays on 125cc segment that will help boost margins.</p> <p>Revival in the rural segment will be welcomed by HMCL to bolster presence in the 100-110cc segment.</p> <p>Retail sales remained strong, with &gt;500k Vahan registrations in Apr'25 despite a 3-day production halt.</p>
Margins	<p>Average selling price in Q4FY25 was up 4% YoY contributed by 2/3 product mix and 1/3 by price hikes, with minimal OBD2 impact. Gross margin at 34.5% (+90 bps YoY, +30 bps QoQ). EBITDA was Rs14.2 bn, up 4% YoY, down 4% QoQ</p> <p>ICE EBITDA margin was flattish at 16.1% vs 16% in Q3FY25 aggregate the margin came in at 14.2% (flat YoY, -30 bps QoQ) due to Rs 1.43 bn EV investment and 13% YoY rise in promotional expenses (13.5% of sales). Consolidated PAT had a one-time gain of Rs 1.7bn from CCPS conversion..</p>	<p>HMCL hiked its prices by Rs 210/Rs 100 in Oct'24/Jan'25.</p> <p>EBITDA margin for the ICE segment stood at 16% driven by mix improvement, lower material cost and deep savings. Overall EBITDA margin improved by 50bps to 14.5% YoY.</p> <p>EBITDA jumped by 8% YoY (~ -3% QoQ) to ~Rs 14.8bn and EBITDA margin added ~50bps YoY/QoQ to 14.5%.</p>	<p>Realisation gains should continue from a better product mix. Softening costs are reversing; hence realisations will remain the more important lever for improving margins. However, EV investments will continue to keep EBITDA margins under pressure.</p>
Capacity Expansion	<p>Work continues to ramp up the Tirupati EV plant, with plans in place to invest significantly for a second Global Park Centre.</p>	<p>Capex guidance for FY25 is Rs 12bn. HMCL gained market share in the 100cc segment through Splendor and in the 125cc segment through Xtreme 125R and Super Splendor. HMCL inaugurated 50 Premia stores across the country.</p>	<p>Capacity expansion will aid to maintain market share, as HMCL balances its act between maintaining ASPs and retaining market share.</p>
Commentary on marketing	<p>The "Xtreme Power Brand" campaign, featuring Virat Kohli, gained significant traction and effectively boosted visibility for the Xtreme 125 and 250R models. HMCL also increased investments in brand-building initiatives, which contributed to a 13% YoY rise in other expenses.</p>	<p>In Q3FY25, HMCL announced an innovative festive campaign featuring Divyendu Sharma and Hansika Motwani. HMCL unveiled its latest campaign for the Hero Xtreme Power Brand featuring Virat Kohli.</p>	<p>Marketing strategy is yielding results with distinct responses in different categories, which augurs well for HMCL.</p>
Commentary on new launches	<p>HMCL launched Xoom 125 (sporty 125cc) and Destini 125 ExTech (commuter), both have been well-received, boosting the scooter market share by 140bps.</p> <p>Premium segment bike launches (Xpulse 210, Xtreme 250R) have witnessed a strong order pipeline.</p> <p>Two affordable EV scooters have been planned for July 2025 to strengthen VIDA V2 portfolio.</p>	<p>HMCL launched affordable EV with VIDA V2 series (sub Rs 100k segment).</p> <p>HMCL has upcoming scooter launches to the likes of Destini 125 metal body, Xoom 125 and Xoom 160. HMCL is growing its premium portfolio with Xtreme 250R and XPulse 210/200.</p>	<p>Keeping the market excited with a stream of new launches will aid all-round growth for HMCL. Continued focus on filling the gap in the 125cc segment will help ease margins pressure.</p>

Parameter	Q4FY25	Q3FY25	Our view
Electric Vehicle portfolio and PLI scheme	<p>The EV market share rose to 7% in March 2025, up from 4.7% in Q3FY25. VIDA, the company's EV brand, recorded a strong 200% YoY growth in volumes. Financial performance also showed improvement, with the EBITDA margin for VIDA improving to negative 95%, compared to negative 155% in FY24.</p> <p>The company filed a Production-Linked Incentive (PLI) application for the VIDA Pro, with approval anticipated by July 2025.</p>	<p>VIDA crossed a milestone by achieving the highest-ever retail sales of 11.6k units during the 32-day festive period. HMCL has launched the all-new VIDA V2 range of electric scooters entering the mass market segment. EV market share gained by 1.5% YoY to 4.7% in Q3FY25. Further, highest-ever retails of ~7k in Oct &amp; Nov'24.</p> <p>Management indicates that the new Vida V2 portfolio shall also be eligible for the PLI scheme.</p>	<p>Differentiated EV products have resulted in a healthy buyer response in the initial phase. The thrust on EVs is another positive step, though it may keep margins muted.</p>
Parts Accessories & Merchandise (PAM) segment	<p>PAM business delivered strong performance in Q4FY25, with revenue reaching Rs 15.5bn an 11% YoY increase. This segment contributed 15.6% to the company's overall revenue, up from 15.3% in Q3FY25. The growth was primarily driven by deeper penetration in the aftermarket, expansion of product lines including tires and batteries, and continued scaling of the distribution network.</p>	<p>HMCL reported its highest quarterly revenue PAM segment at Rs 15.5bn (Rs 14.6bn Q2FY25).</p>	<p>No major changes in the contribution from this segment and going forward it is expected to stay steady but will remain an added cushion.</p>
Other Information	<p>Hero FinCorp (HFC) maintained stable retail finance penetration of 59% and 63% for the full fiscal year, with no signs of credit tightening. For exports, the outlook remains strong, with premium products accounting for 40% of total exports. HMCL expanded international footprint by entering new markets like, Sri Lanka, and the Philippines and reentering Nepal.</p> <p>In the EV 3W space, Hero MotoCorp acquired a 34.1% stake in Euler Motors for Rs 5.1bn. Additionally, Ather Energy's listing on the NSE resulted with Hero MotoCorp realising a one-time gain of Rs 1.7bn from the conversion of its CCPS (Compulsorily Convertible Preference Shares).</p>	<p>Hero FinCorp (HFCL) book size stood at Rs 555bn as on Dec'24 end (+13% YoY). Credit cost moved up by almost 150bps and is close to 6%.</p> <p>The company gained momentum in global business, growing ahead of the industry; Bangladesh and Colombia lead the way.</p> <p>Rise in disposable income (Budget 2025) on account of reduced income tax in the hands of consumers will support demand, as most consumers have an annual income in the Rs 0.6mn-1.2 mn range.</p>	<p>Overseas ventures, though steady in offtake, will further boost export earnings in the medium term. Higher credit costs pose a challenge to the company's finance arm and will be keenly watched. HMCL had conducted a temporary 3-day production halt (Apr 17-19) at 4 plants (Dharuhera, Gurugram, Haridwar, Nimrana) for supply chain realignment, maintenance, and infrastructure upgrades.</p> <p>*There has been no retail impact of the halt and channel inventory is maintained at 4-5 weeks, with plans to scale the festive season demand.</p>

Source: Company, BOBCAPS Research

**Fig 2 – Quarterly performance (standalone)**

(Rs mn)	Q4FY25	QF4Y24	YoY (%)	Q3FY25	QoQ (%)	Q4FY25E	Deviation (%)
Volume	13,80,545	13,92,423	(0.9)	14,63,802	(5.7)	13,80,545	0.0
Avg. Realisation per Vehicle	71,991	68,365	5.3	69,755	3.2	69,406	3.7
Net Revenues	99,387	95,193	4.4	1,02,108	(2.7)	95,819	3.7
<b>Total Income (A)</b>	<b>99,387</b>	<b>95,193</b>	<b>4.4</b>	<b>1,02,108</b>	<b>(2.7)</b>	<b>95,819</b>	<b>3.7</b>
<b>Operating Expenses</b>							
Raw materials consumed	65,069	63,249	2.9	67,152	(3.8)	63,125	3.1
Employee Expenses	6,711	6,437	4.3	6,622	1.3	6,707	0.1
Other Expenses	13,451	11,916	12.9	13,569	3.2	11,977	12.3
<b>Total Expenditure (B)</b>	<b>85,231</b>	<b>81,602</b>	<b>4.4</b>	<b>87,343</b>	<b>(2.4)</b>	<b>81,810</b>	<b>4.2</b>
<b>EBITDA (A-B)</b>	<b>14,156</b>	<b>13,592</b>	<b>4.1</b>	<b>14,765</b>	<b>(2.6)</b>	<b>14,009</b>	<b>1.0</b>
Other Income	2,237	1,800	24.3	3,175	12.2	2,972	(24.7)
Depreciation	1,921	1,851	3.8	1,969	1.7	1,978	(2.9)
EBIT	14,472	13,541	6.9	15,971	(0.5)	15,003	(3.5)
Finance Costs	47	46	3.7	55	10.5	48	(1.5)
PBT before excep items	14,425	13,496	6.9	15,916	(0.5)	14,955	(3.5)
Exceptional item	-	-	-	-	-	-	-
PBT after excep item	14,425	13,496	6.9	15,916	(0.5)	14,955	(3.5)
Tax expense	3,615	3,335	8.4	3,888	(2.0)	3,739	(3.3)
<b>Reported PAT</b>	<b>10,809</b>	<b>10,161</b>	<b>6.4</b>	<b>12,028</b>	<b>(0.1)</b>	<b>11,216</b>	<b>(3.6)</b>
<b>Adjusted PAT</b>	<b>10,809</b>	<b>10,161</b>	<b>6.4</b>	<b>12,028</b>	<b>(0.1)</b>	<b>11,216</b>	<b>(3.6)</b>
EPS (Rs)	54.1	50.9	6.4	60.2	(0.1)	56.2	(3.6)
<b>Key Ratios (%)</b>			<b>(bps)</b>		<b>(bps)</b>		<b>(bps)</b>
Gross Margin	34.5	33.6	97	34.2	30	34.1	41
EBITDA Margin	14.2	14.3	(3)	14.5	(22)	14.6	(38)
EBIT Margin	14.6	14.2	34	15.6	(108)	15.7	(110)
PBT Margin	14.5	14.2	34	15.6	(107)	15.6	(109)
Tax Rate	25.1	24.7	35	24.4	63	25.0	6
Adj PAT Margin	10.9	10.7	20	11.8	(90)	11.7	(83)

Source: Company, BOBCAPS Research

## Valuation Methodology

Factoring in FY25 performance, we have lowered our volume estimates, leading to earnings revision too. This leads to EBITDA estimates cut by 2.5%/3.6% and effectively, PAT estimates by 1%/5% in FY26/FY27, to factor in the challenges from the competitive space and investments in EV. Our 3-year Revenue/EBITDA/PAT CAGR is 12%/17%/18%.

The 125cc focus and performance is encouraging and so is the revival in the base segment thus far in FY25. However, the EV segment will drag margins in the medium term. With a strong product portfolio across segments, we feel growth will not be a challenge for HMCL though margins may stay range-bound.

We continue to assign 18x target P/E to core operations, in line with the 10-year average 1YF earnings, and revise the SOTP-based TP to Rs 4,642 (earlier Rs 4,892), which includes Rs 130/sh as the value of other businesses. We retain our HOLD rating.

**Fig 3 – Revised estimates**

(Rs mn)	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	4,80,616	5,27,116	4,98,417	5,62,780	(3.6)	(6.3)
EBITDA	64,615	72,101	66,293	74,774	(2.5)	(3.6)
Adj PAT	47,959	51,459	48,377	54,305	(0.9)	(5.2)
Adj EPS (Rs)	240.2	257.7	242	272	(0.9)	(5.3)

Source: BOBCAPS Research

**Fig 4 – Key assumptions**

	FY24	FY25E	FY26E	FY27E
Volumes (units)	56,21,457	62,05,142	67,01,553	71,70,662
Realisation (Rs/unit)	3,74,557	4,07,564	4,80,616	5,27,116
EBITDA (Rs mn)	52,557	58,677	64,615	72,101
EBITDA margin (%)	14.0	14.4	13.4	13.7
Adj PAT (Rs mn)	38,079	46,100	47,959	51,459

Source: Company, BOBCAPS Research

**Fig 5 – Valuation summary**

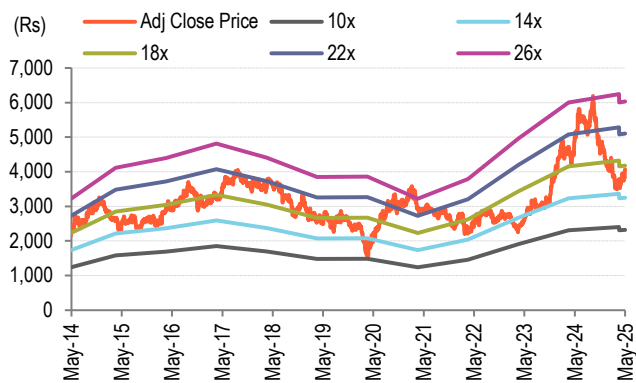
Business	1-year forward EPS (Rs)	Target P/E (x)	Value (Rs)
Standalone Business	258	18	4,512
Other Business	-	-	130
<b>Total</b>	-	-	<b>4,642</b>

Source: BOBCAPS Research

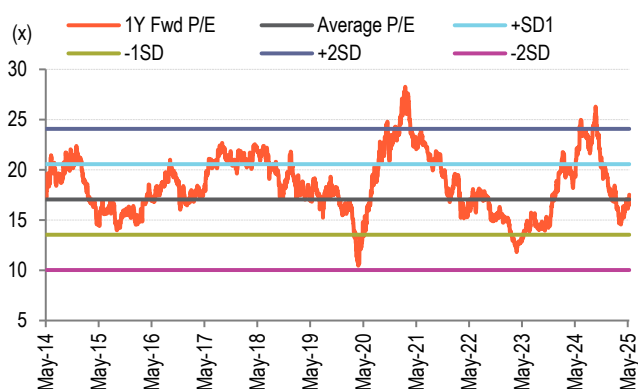
**Fig 6 – Peer comparison**

Company	Ticker	Rating	Target Price (Rs)	EPS (Rs)		ROE (%)	
				FY26E	FY27E	FY26E	FY27E
Hero Motocorp	HMCL IN	HOLD	4,642	240.2	257.7	22.9	22.2
TVS Motor Company	TVSL IN	HOLD	2,738	72.6	85.6	26.7	24.9
Bajaj Auto	BJAUT IN	HOLD	9,438	359.2	410.1	26.9	26.6

Source: BOBCAPS Research

**Fig 7 – P/E band: We value HMCL at 18x 1-year forward EPS near its mean valuation**


Source: Company, Bloomberg, BOBCAPS Research

**Fig 8 – P/E 1Y fwd: Valuations reflect the earnings concern**


Source: Company, Bloomberg, BOBCAPS Research

## Key risks

Key upside/downside risks to our estimates:

- A stronger-than-expected response to HMCL's high-end products in the 125cc+ segment.
- Continued raw material cost inflation and slower-than-expected demand revival, especially in the rural segment.

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25P	FY26E	FY27E
<b>Total revenue</b>	<b>3,38,057</b>	<b>3,74,557</b>	<b>4,07,564</b>	<b>4,80,616</b>	<b>5,27,116</b>
EBITDA	39,862	52,557	58,677	64,615	72,101
Depreciation	6,570	7,114	7,759	8,458	8,943
EBIT	38,944	54,368	61,478	64,024	69,023
Net interest inc./(exp.)	(199)	(185)	(199)	(291)	(320)
Other inc./(exp.)	5,652	8,926	10,559	7,867	5,865
Exceptional items	0	1,600	0	0	0
EBT	38,746	52,583	61,278	63,733	68,703
Income taxes	9,640	12,904	15,179	15,774	17,245
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>29,106</b>	<b>39,679</b>	<b>46,100</b>	<b>47,959</b>	<b>51,459</b>
Adjustments	0	(1,600)	0	0	0
<b>Adjusted net profit</b>	<b>29,106</b>	<b>38,079</b>	<b>46,100</b>	<b>47,959</b>	<b>51,459</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25P	FY26E	FY27E
Accounts payables	49,638	58,529	60,297	70,626	77,071
Other current liabilities	8,151	8,269	8,682	9,116	9,572
Provisions	3,738	4,708	7,058	5,191	5,450
Debt funds	0	0	0	0	0
Other liabilities	0	0	0	0	0
Equity capital	400	400	400	400	400
Reserves & surplus	1,66,651	1,79,462	1,97,668	2,20,291	2,41,797
Shareholders' fund	1,67,051	1,79,861	1,98,068	2,20,690	2,42,196
<b>Total liab. and equities</b>	<b>2,28,578</b>	<b>2,51,367</b>	<b>2,74,105</b>	<b>3,05,623</b>	<b>3,34,289</b>
Cash and cash eq.	3,455	6,089	3,532	7,966	5,755
Accounts receivables	27,982	27,034	36,744	39,411	43,223
Inventories	14,341	14,438	14,576	19,705	21,612
Other current assets	14,498	14,148	11,314	15,598	16,378
Investments	1,10,104	1,30,861	1,49,096	1,56,110	1,79,048
Net fixed assets	57,614	58,340	60,246	61,688	62,645
CWIP	4,638	4,805	3,692	9,000	9,000
Intangible assets	0	0	0	0	0
Deferred tax assets, net	(4,054)	(4,348)	(5,096)	(3,855)	(3,373)
Other assets	0	0	0	0	0
<b>Total assets</b>	<b>2,28,578</b>	<b>2,51,367</b>	<b>2,74,105</b>	<b>3,05,623</b>	<b>3,34,289</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY23A	FY24A	FY25P	FY26E	FY27E
<b>Cash flow from operations</b>	<b>25,189</b>	<b>48,638</b>	<b>40,617</b>	<b>45,075</b>	<b>54,877</b>
Capital expenditures	(6,175)	(8,007)	(8,552)	(15,208)	(9,900)
Change in investments	(3,580)	(20,757)	(18,235)	(7,015)	(22,937)
Other investing cash flows	5,652	8,926	10,559	7,867	5,865
<b>Cash flow from investing</b>	<b>(4,104)</b>	<b>(19,839)</b>	<b>(16,227)</b>	<b>(14,356)</b>	<b>(26,972)</b>
Equities issued/Others	71	241	(241)	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	(199)	(185)	(199)	(291)	(320)
Dividends paid	(19,983)	(27,956)	(23,963)	(27,956)	(29,953)
Other financing cash flows	221	295	748	(1,241)	(482)
<b>Cash flow from financing</b>	<b>(19,890)</b>	<b>(27,605)</b>	<b>(23,655)</b>	<b>(29,488)</b>	<b>(30,756)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>1,195</b>	<b>1,194</b>	<b>735</b>	<b>1,232</b>	<b>(2,851)</b>
<b>Closing cash &amp; cash eq.</b>	<b>3,455</b>	<b>6,089</b>	<b>3,532</b>	<b>7,966</b>	<b>5,755</b>

### Per Share

Y/E 31 Mar (Rs)	FY23A	FY24A	FY25P	FY26E	FY27E
Reported EPS	145.8	190.7	230.9	240.2	257.7
Adjusted EPS	145.8	190.7	230.9	240.2	257.7
Dividend per share	100.1	140.0	120.0	140.0	150.0
Book value per share	836.6	900.7	991.9	1,105.2	1,212.9

### Valuations Ratios

Y/E 31 Mar (x)	FY23A	FY24A	FY25P	FY26E	FY27E
EV/Sales	2.4	2.2	2.0	1.7	1.5
EV/EBITDA	20.3	15.4	13.7	12.5	11.2
Adjusted P/E	27.9	21.3	17.6	16.9	15.8
P/BV	4.9	4.5	4.1	3.7	3.4

### DuPont Analysis

Y/E 31 Mar (%)	FY23A	FY24A	FY25P	FY26E	FY27E
Tax burden (Net profit/PBT)	75.1	72.4	75.2	75.3	74.9
Interest burden (PBT/EBIT)	99.5	96.7	99.7	99.5	99.5
EBIT margin (EBIT/Revenue)	11.5	14.5	15.1	13.3	13.1
Asset turnover (Rev./Avg TA)	208.1	215.9	215.7	229.5	227.8
Leverage (Avg TA/Avg Equity)	1.0	1.0	1.0	1.0	1.0
<b>Adjusted ROAE</b>	<b>17.9</b>	<b>22.0</b>	<b>24.4</b>	<b>22.9</b>	<b>22.2</b>

### Ratio Analysis

Y/E 31 Mar	FY23A	FY24A	FY25P	FY26E	FY27E
<b>YoY growth (%)</b>					
Revenue	15.6	10.8	8.8	17.9	9.7
EBITDA	18.3	31.8	11.6	10.1	11.6
Adjusted EPS	17.7	30.8	21.1	4.0	7.3

### Profitability & Return ratios (%)

EBITDA margin	11.8	14.0	14.4	13.4	13.7
EBIT margin	11.5	14.5	15.1	13.3	13.1
Adjusted profit margin	8.6	10.2	11.3	10.0	9.8
Adjusted ROAE	17.4	21.2	23.3	21.7	21.2
ROCE	18.0	23.7	24.5	23.0	22.3

### Working capital days (days)

Receivables	28	27	29	29	29
Inventory	14	14	13	13	14
Payables	72	78	80	71	74

### Ratios (x)

Gross asset turnover	0.4	0.4	0.4	0.4	0.4
Current ratio	1.0	0.9	0.9	1.0	0.9
Net interest coverage ratio	(196.0)	(293.9)	(308.6)	(220.0)	(215.6)
<b>Adjusted debt/equity</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: Company, BOBCAPS Research | Note: TA = Total Assets



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**Recommendation scale: Recommendations and Absolute returns (%) over 12 months**

**BUY** – Expected return >+15%

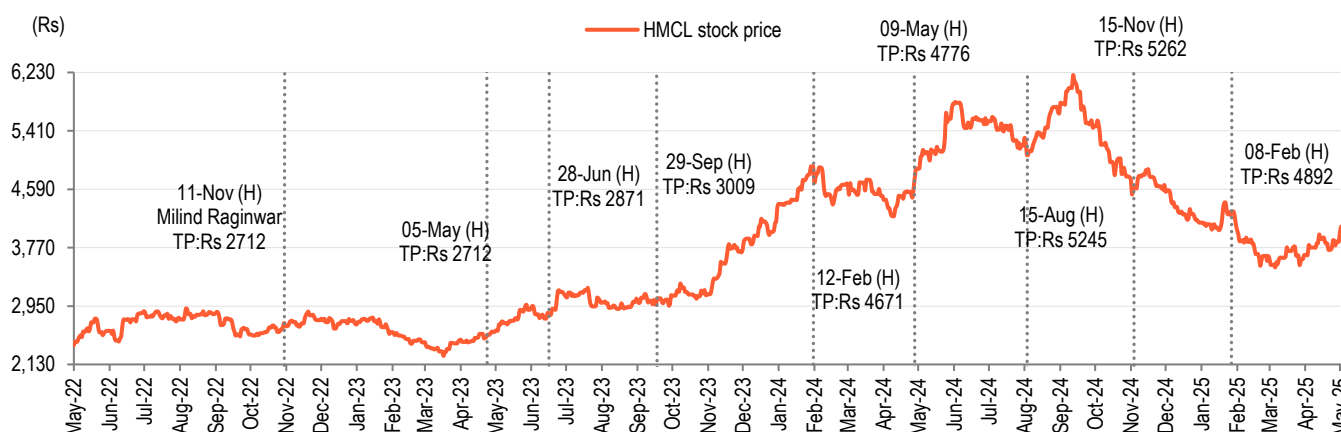
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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## Ratings and Target Price (3-year history): HERO MOTOCORP (HMCL IN)



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