

Hero MotoCorp

Performance Highlights

Y/E March (₹ cr)	2QFY13	2QFY12	% chg (yoy)	1QFY13	% chg (qoq)
Net Sales	5,187	5,826	(11.0)	6,247	(17.0)
EBITDA	513	710	(27.7)	717	(28.4)
Adj. EBITDA margin (%)	9.9	12.2	(230)bp	11.5	(158)bp
Adj. PAT	441	604	(27.0)	615	(28.4)

Source: Company, Angel Research

Hero MotoCorp (HMCL) reported marginally lower-than-expected results for 2QFY2013 led by a sharp deterioration in operating margins which declined 230bp yoy (158bp qoq) to 9.9%. The poor performance during the quarter can be attributed to slowdown in demand, increasing competition and inventory pile-up at the dealer end. While the current inventory stands at around six weeks, the management expects the inventory to reach normal levels of three-four weeks post the festival season which is expected to witness pick-up in demand. We revise our volume estimates downwards to factor in weak demand environment and also lower our operating margin estimates to account for the poor performance during the quarter. **We maintain our Accumulate rating on the stock.**

Marginally lower-than-expected 2QFY2013 results: HMCL's top-line during the quarter registered a decline of 11% yoy (17% qoq) to ₹5,187cr which was on the expected lines considering that the volumes had declined 13.7% yoy (18.7% qoq) due to slowdown in demand and build-up in dealer inventory. The net average realization however, increased 3.2% yoy (2.1% qoq) benefitting primarily from a strong growth (~15% yoy) in the spare parts revenue. On the operating front, the EBITDA margins (adjusted for change in accounting for royalty payments) declined 230bp yoy (158bp qoq) to 9.9% largely due to lower operating leverage benefits (due to production cuts) and higher employee expenses. However, higher spare parts revenue and savings on the royalty amortization cost supported margins to a certain extent. Nonetheless, due to a weak operating performance, the net profit registered a decline of 27% yoy (28.4% qoq) to ₹441cr, marginally lower than our estimate of ₹462cr.

Outlook and valuation: At ₹1,796, the stock is trading at 13.8x FY2014E earnings. We believe that a gradual pick-up in retail demand, new model launches in FY2014E and localization benefits will enable the company to clock a healthy CAGR of ~10% in net profit over FY2012-14E. **We maintain our Accumulate rating on the stock with a revised target price of ₹1,956.**

Key financials (Standalone)

Y/E March (₹ cr)	FY2011	FY2012	FY2013E	FY2014E
Net Sales	19,398	23,579	24,743	27,996
% chg	22.3	21.6	4.9	13.1
Net Profit	1,842	2,163	2,360	2,604
% chg	(11.5)	17.4	9.1	10.3
EBITDA (%)	13.1	15.3	14.8	15.2
EPS (₹)	92.2	108.3	118.2	130.4
P/E (x)	19.5	16.6	15.2	13.8
P/BV (x)	12.1	8.4	6.5	5.2
RoE (%)	57.4	59.7	48.3	41.9
RoCE (%)	50.8	49.2	40.3	40.1
EV/Sales (x)	1.5	1.3	1.1	0.9
EV/EBITDA (x)	12.1	8.8	7.8	6.5

Source: Company, Angel Research

ACCUMULATE

CMP	₹1,796
Target Price	₹1,956

Investment Period	12 Months
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Stock Info

Sector	Automobile
Market Cap (₹ cr)	35,865
Net Debt (₹ cr)	(3,321)
Beta	0.7
52 Week High / Low	2,279/1,703
Avg. Daily Volume	48,559
Face Value (₹)	2
BSE Sensex	18,710
Nifty	5,691
Reuters Code	HROM.BO
Bloomberg Code	HMCL@IN

Shareholding Pattern (%)

Promoters	52.2
MF / Banks / Indian Fls	8.1
FII / NRIs / OCBs	32.5
Indian Public / Others	7.2

Abs. (%)	3m	1yr	3yr
Sensex	10.9	11.5	11.3
Hero MotoCorp	(12.5)	(12.5)	13.2

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Exhibit 1: Quarterly financial performance (Standalone)

Y/E March (₹ cr)	2QFY13	2QFY12	% chg (yoy)	1QFY13	% chg (qoq)	1HFY13	1HFY12	% chg (yoy)
Net Sales	5,187	5,826	(11.0)	6,247	(17.0)	11,435	11,508	(0.6)
Consumption of RM	3,770	4,224	(10.7)	4,603	(18.1)	8,373	8,468	(1.1)
(% of Sales)	72.7	72.5		73.7		73.2	73.6	
Staff Costs	192	179	7.1	205	(6.1)	397	344	15.4
(% of Sales)	3.7	3.1		3.3		3.5	3.0	
Other Expenses	506	506	(0.0)	503	0.5	1,009	950	6.2
(% of Sales)	9.8	8.7		8.1		8.8	8.3	
Total Expenditure	4,468	4,909	(9.0)	5,310	(15.9)	9,779	9,763	0.2
Operating Profit	719	917	(21.6)	937	(23.2)	1,656	1,745	(5.1)
OPM (%)	13.9	15.7		15.0		14.5	15.2	
Interest	3	3	1.4	3	0.7	6	15	(61.9)
Depreciation	290	278	4.0	303	(4.6)	593	518	14.4
Other Income	99	89	11.9	104	(4.9)	204	183	11.6
PBT (excl. Extr. Items)	526	724	(27.4)	735	(28.4)	1,261	1,394	(9.5)
Extr. Income/(Expense)	-	-		-		-	-	-
PBT (incl. Extr. Items)	526	724	(27.4)	735	(28.4)	1,261	1,394	(9.5)
(% of Sales)	10.1	12.4		11.8		11.0	12.1	
Provision for Taxation	85	121	(29.3)	119	(28.4)	205	233	(11.9)
(% of PBT)	16.3	16.7		16.3		16.3	16.7	
Reported PAT	441	604	(27.0)	615	(28.4)	1,056	1,162	(9.1)
Adj PAT	441	604	(27.0)	615	(28.4)	1,056	1,162	(9.1)
Adj. PATM	8.5	10.4		9.9		9.2	10.1	
Equity capital (cr)	39.9	39.9		39.9		39.9	39.9	
Reported EPS (₹)	22.1	30.2	(27.0)	30.8	(28.4)	52.9	58.2	(9.1)

Source: Company, Angel Research

Exhibit 2: 2QFY2013 – Actual vs Angel estimates

Y/E March (₹ cr)	Actual	Estimates	Variation (%)
Net Sales	5,187	5,160	0.5
EBITDA	513	565	(9.2)
Adj. EBITDA margin (%)	9.9	11	(106)bp
Adj. PAT	441	462	(4.6)

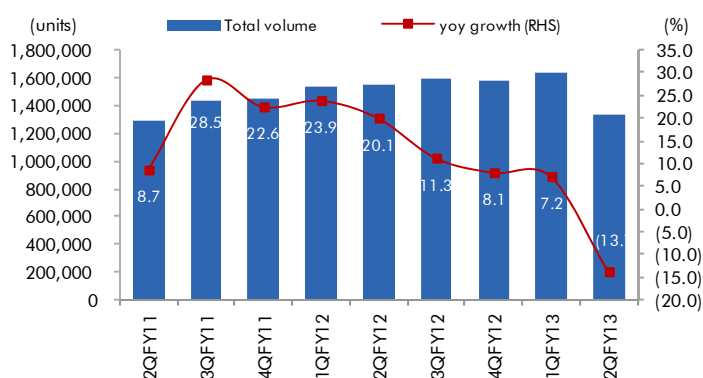
Source: Company, Angel Research

Exhibit 3: Quarterly volume performance

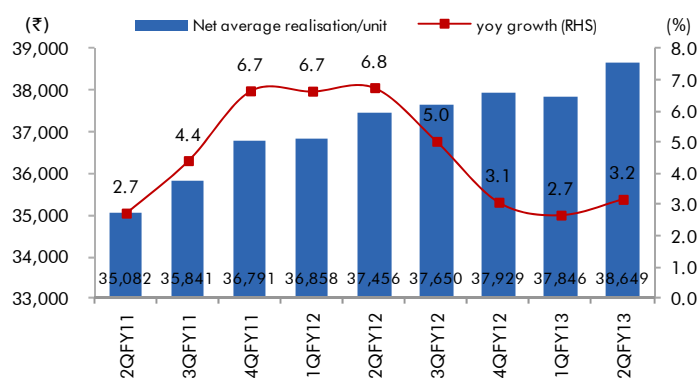
(units)	2QFY13	2QFY12	% chg (yoy)	1QFY13	% chg (qoq)	1HFY13	1HFY12	% chg (yoy)
Total two-wheelers	1,332,805	1,544,315	(13.7)	1,640,290	(18.7)	2,973,095	3,073,892	(3.3)
Domestic	1,298,624	1,492,636	(13.0)	1,595,625	(18.6)	2,894,249	2,979,021	(2.8)
Exports	34,181	51,679	(33.9)	44,665	(23.5)	78,846	94,871	(16.9)
Motorcycles	1,201,143	1,436,759	(16.4)	1,520,954	(21.0)	2,722,097	2,860,552	(4.8)
Domestic	1,170,409	1,397,240	(16.2)	1,486,654	(21.3)	2,657,063	2,786,460	(4.6)
Exports	30,734	39,519	(22.2)	34,300	(10.4)	65,034	74,092	(12.2)
Scooters	131,662	107,556	22.4	119,336	10.3	250,998	213,340	17.7
Domestic	128,215	95,396	34.4	108,971	17.7	237,186	192,561	23.2
Exports	3,447	12,160	(71.7)	10,365	(66.7)	13,812	20,779	(33.5)

Source: Company, Angel Research

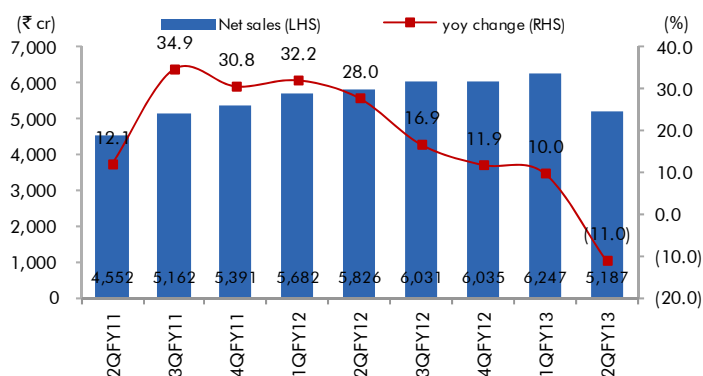
Net sales decline 11% yoy (17% qoq): HMCL's top-line in 2QFY2013 registered a decline of 11% yoy (17% qoq) to ₹5,187cr which was in-line with our estimates considering that the volumes had declined 13.7% yoy (18.7% qoq) due to demand slowdown and inventory build-up at the dealers end. While total domestic volumes declined 13% yoy (18.6% qoq); export volumes posted a 33.9% yoy (23.5% qoq) decline during the quarter. The net average realization however, increased 3.2% yoy benefitting primarily from a strong growth (~15% yoy) in the spare parts revenue. The sequential improvement in net average realization by 2.1% was on account of a better product-mix (higher contribution of spares, scooters).

Exhibit 4: Volume growth impacted by slowdown


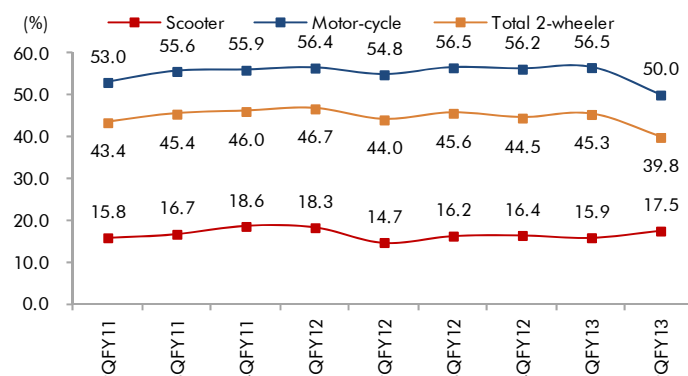
Source: Company, Angel Research

Exhibit 5: Net average realization up 3.2% yoy


Source: Company, Angel Research

Exhibit 6: Net sales decline in-line with estimates


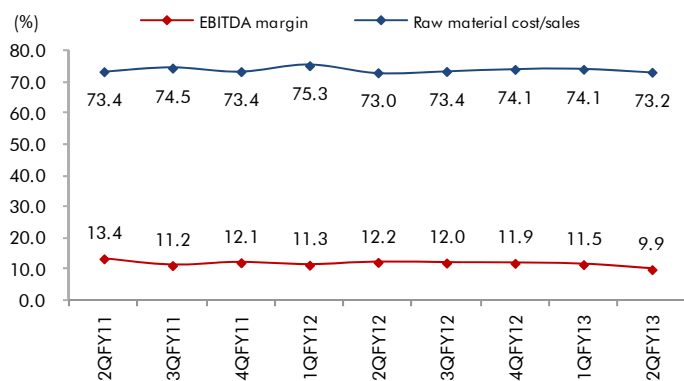
Source: Company, Angel Research

Exhibit 7: Domestic market share trend


Source: Company, SIAM, Angel Research

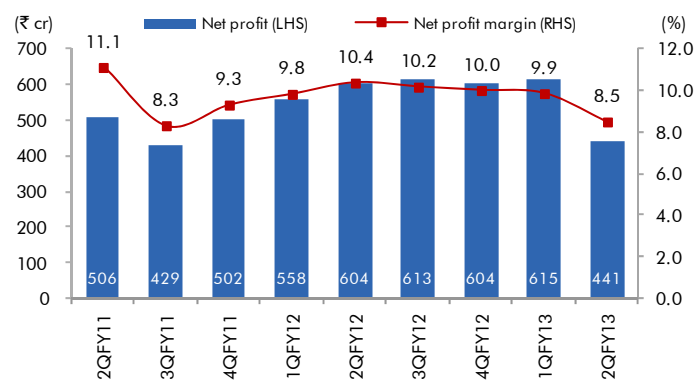
Adjusted EBITDA margin at 9.9%: HMCL's EBITDA margins (adjusted for change in accounting for royalty payments) declined 230bp yoy (158bp qoq) to 9.9%, largely due to lower operating leverage benefits (led by production cuts to align inventory levels with market demand) and higher employee expenses. Other expenses as a percentage of net sales increased sharply by 110bp yoy (170bp qoq) mainly due to lower operating leverage benefits. However, higher spare parts revenue and savings on the royalty amortization cost supported margins to a certain extent. The royalty expense stood at ₹206cr (₹220cr in 1QFY2013) as against a normalized levels of ₹177cr. The adjusted operating profit was down by 27.7% yoy (28.4% qoq) to ₹513cr.

Exhibit 8: EBITDA margin pressure persists



Source: Company, Angel Research

Exhibit 9: Net profit slightly lower-than-expected



Source: Company, Angel Research

Net profit marginally lower-than-expected: Led by a weak operating performance, the net profit registered a decline of 27% yoy (28.4% qoq) to ₹441cr which was marginally lower than our expectations of ₹462cr.

Conference call – Key highlights

- The management has lowered the industry growth outlook to ~5% from ~10% earlier citing headwinds in the form of weak macro-economic environment and slowdown in rural demand.
- According to the management, the festival season so far has seen flat to positive growth and the demand is likely to gain momentum going forward.
- In an attempt to boost sales during the festival season, HMCL has entered into financing arrangement with HDFC Bank to offer loans at an interest rate of 6.99%. The management clarified that it is not offering any discounts in order to boost sales volumes.
- HMCL has commenced dispatches of *Passion X Pro* (110cc motorcycle) which will be available for retail sales before Diwali.
- The current dealer inventory remains around four weeks and inventory in transit is around two weeks.
- The company has taken a price hike of ₹300/vehicle effective from October 1, 2012 to pass on the inflationary pressures.
- According to the company, the *Maestro* has been received well by the market and is clocking volumes of ~20,000/month.
- HMCL intends to hike scooter capacity to 60,000 units/month.
- Rural markets contributed ~46% of company's volumes in FY2012.
- The management indicated that it would target African and Latin American markets initially to launch 100cc-125cc bikes. HMCL aims to increase exports to 1mn units by FY2017.
- Imports constitute ~15% of its net sales, of which direct imports (USD denominated) form 5.5%, while indirect imports (Yen denominated) form 9.5%. HMCL compensates its vendors with a lag of one quarter.

Investment arguments

- Expect the demand scenario to remain moderate:** We believe that the demand environment will remain moderate in FY2013 given that consumer sentiments remain subdued led by macro-economic concerns and rising fuel and product prices. Nonetheless, expected easing of interest rates going ahead will revive demand in FY2014. We expect HMCL to register a 6-8% volume CAGR over FY2012-14E led by new product launches and strength of its popular models, *Splendor* and *Passion*.
- Capacity expansion to meet future increase in demand:** HMCL commenced expansion plans at its Haridwar plant in Uttarakhand, with the first plant commissioned in April 2008, with an initial capacity of 500,000 units. The company has increased its total installed capacity to 6.15mn units in FY2011 from 5.4mn units in FY2010, with capacity of 2.25mn at Haridwar and 1.95mn each at Dharuhera and Gurgaon. HMCL plans to further expand its capacity to 7mn units by August 2012 through de-bottlenecking at existing plants. The company is also setting up two new plants in Rajasthan (0.75mn units) and Gujarat (1.5mn units) which will come on stream in FY2014 taking the overall capacity to 9.25mn units. As a result of capacity expansion, HMCL remains well-poised to meet increasing demand going ahead.

Outlook and valuation

HMCL's volumes are down 3.3% yoy in 1HFY2013 led by slowdown in demand, increasing competition and build-up in inventory levels. While the current inventory stands at around six weeks, the management expects the inventory to reach normal levels of three-four weeks post the festival season which is expected to witness pick-up in demand. We revise our volume estimates downward to factor in weak demand environment and also lower our operating margin estimates to account for the poor performance during the quarter.

Exhibit 10: Change in estimates

Y/E March	Earlier Estimates		Revised Estimates		% chg	
	FY2013E	FY2014E	FY2013E	FY2014E	FY2013E	FY2014E
Net Sales (₹ cr)	24,941	28,706	24,743	27,996	(0.8)	(2.5)
OPM (%)	15.0	15.5	14.8	15.2	(15)bp	(30)bp
EPS (₹)	122.5	134.0	118.2	130.4	(3.6)	(2.7)

Source: Company, Angel Research

At ₹1,796, the stock is trading at 13.8x FY2014E earnings. We believe that a gradual pick-up in retail demand, new model launches in FY2014E and localization benefits will enable the company to clock a healthy CAGR of ~10% in net profit over FY2012-14E. **We maintain our Accumulate rating on the stock with a revised target price of ₹1,956.**

Exhibit 11: Key assumptions

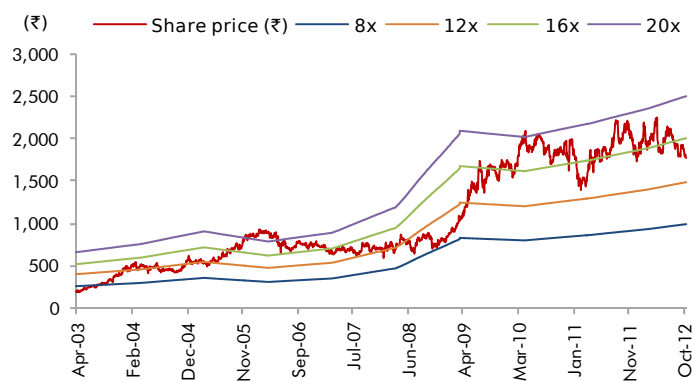
Y/E March (units)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Domestic	3,487,614	4,293,991	4,926,390	5,651,066	5,674,791	6,173,271
< 125cc	3,302,095	4,055,304	4,589,003	5,320,340	5,426,747	5,888,020
> 125cc	185,519	238,687	337,387	330,726	248,045	285,251
Exports	78,176	91,867	114,581	128,555	121,130	139,299
< 125cc	69,644	82,824	102,524	114,308	108,593	124,881
> 125cc	8,532	9,043	12,057	14,247	12,537	14,418
Motorcycle	3,565,790	4,385,858	5,040,971	5,779,621	5,795,921	6,312,571
Domestic	153,193	208,440	342,991	418,224	514,416	617,299
Exports	3,017	5,832	18,482	37,360	41,096	47,260
Scooters	156,210	214,272	361,473	455,584	555,512	664,559
Total volume	3,722,000	4,600,130	5,402,444	6,235,205	6,351,433	6,977,130
Growth (yoy, %)						
Domestic	10.9	23.1	14.7	14.7	0.4	8.8
< 125cc	11.3	22.8	13.2	15.9	2.0	8.5
> 125cc	4.4	28.7	41.4	(2.0)	(25.0)	15.0
Exports	(11.4)	17.5	24.7	12.2	(5.8)	15.0
< 125cc	(13.6)	18.9	23.8	11.5	(5.0)	15.0
> 125cc	12.3	6.0	33.3	18.2	(12.0)	15.0
Motorcycle	10.3	23.0	14.9	14.7	0.3	8.9
Domestic	49.5	36.1	64.6	21.9	23.0	20.0
Exports	28.3	93.3	216.9	102.1	10.0	15.0
Scooters	49.0	37.2	68.7	26.0	21.9	19.6
Total volume	11.5	23.6	17.4	15.4	1.9	9.9

Source: Company, Angel Research

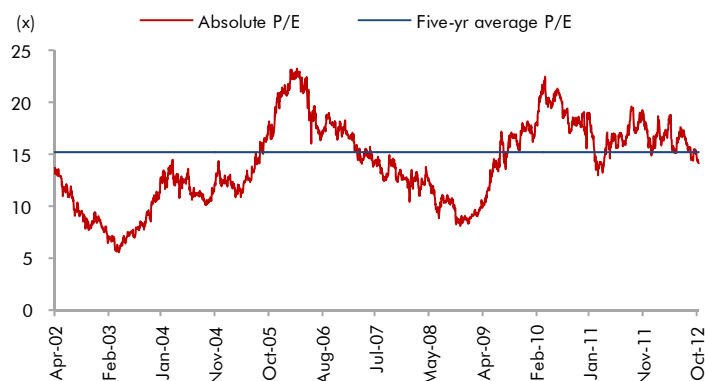
Exhibit 12: Angel vs consensus forecast

	Angel estimates		Consensus		Variation (%)	
	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E
Total op. income (₹ cr)	24,743	27,996	25,101	28,207	(1.4)	(0.7)
EPS (₹)	118.2	130.4	124.0	135.0	(4.7)	(3.4)

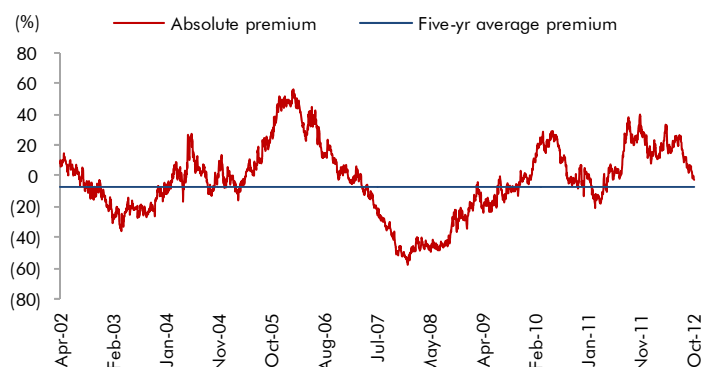
Source: Bloomberg, Angel Research

Exhibit 13: One-year forward P/E band


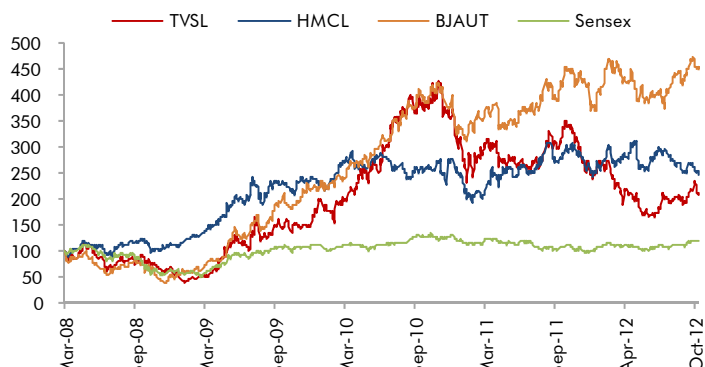
Source: Company, Angel Research

Exhibit 14: One-year forward P/E chart


Source: Company, Angel Research

Exhibit 15: HMCL – Premium/Discount to Sensex P/E


Source: Company, Angel Research

Exhibit 16: Two-wheeler stock performance vs Sensex


Source: Company, Angel Research

Exhibit 17: Automobile - Recommendation summary

Company	Reco.	CMP (₹)	Tgt. price (₹)	Upside (%)	P/E (x)		EV/EBITDA (x)		RoE (%)		FY12-14E EPS
					FY13E	FY14E	FY13E	FY14E	FY13E	FY14E	CAGR (%)
Ashok Leyland	Buy	23	30	29.5	10.7	8.5	5.5	4.7	13.3	15.6	14.1
Bajaj Auto	Neutral	1,771	-	-	16.3	14.4	11.1	9.5	46.2	41.6	7.3
Hero MotoCorp	Accumulate	1,796	1,956	8.9	15.2	13.8	7.8	6.5	48.3	41.9	9.7
Maruti Suzuki	Neutral	1,367	-	-	20.5	14.8	9.8	6.8	12.0	14.8	35.3
Mahindra & Mahindra	Accumulate	828	944	14.1	16.4	14.7	9.1	7.7	22.6	21.5	9.8
Tata Motors	Buy	265	316	19.5	6.8	5.9	3.8	3.2	32.6	28.8	11.6
TVS Motor	Buy	41	49	19.0	8.7	7.6	2.8	2.4	17.9	18.1	1.7

Source: Company, Angel Research

Company background

Hero MotoCorp (HMCL) is a leading 2W manufacturer in the world and the market leader in the domestic motorcycle segment with a 54.6% market share (48% market share including exports). HMCL has three manufacturing facilities in India, located at Gurgaon (1.95mn units), Dharuhera (1.95mn units) and Haridwar (2.25mn units), with a total capacity of 6.15mn units/year. Over 2007-12, HMCL recorded a healthy volume CAGR of 13.3%, backed by its strong brands (*Passion* and *Splendor*) and a well-entrenched dealership network, which has a good presence across rural areas (~45% of total volumes).

Profit and loss statement (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Total operating income	12,382	15,856	19,398	23,579	24,743	27,996
% chg	19.4	28.1	22.3	21.6	4.9	13.1
Total expenditure	10,635	13,096	16,865	19,960	21,081	23,729
Net raw material costs	8,742	10,736	14,111	17,282	18,136	20,437
Other mfg costs	187	225	265	300	346	381
Employee expenses	371	438	619	736	817	924
Other	1,335	1,697	1,870	1,643	1,781	1,988
EBITDA	1,747	2,760	2,533	3,619	3,662	4,267
% chg	28.4	58.0	(8.2)	42.9	1.2	16.5
(% of total op. income)	14.1	17.5	13.1	15.3	14.8	15.2
Depreciation & amortization	181	191	402	1,097	1,187	1,273
EBIT	1,567	2,568	2,130	2,521	2,475	2,994
% chg	30.5	63.9	(17.1)	18.4	(1.9)	21.0
(% of total op. income)	12.7	16.3	11.0	10.7	10.0	10.7
Interest and other charges	3	2	15	21	22	25
Other income	217	265	290	365	408	457
Recurring PBT	1,781	2,832	2,405	2,865	2,861	3,426
% chg	26.3	59.0	(15.1)	19.1	(0.1)	19.8
Extraordinary income/(exp.)	101	150	86	215	-	-
PBT	1,883	2,982	2,491	3,079	2,861	3,426
Tax	500	600	477	487	501	822
(% of PBT)	26.5	20.1	19.1	15.8	17.5	24.0
PAT (reported)	1,282	2,232	1,928	2,378	2,360	2,604
ADJ. PAT	1,181	2,082	1,842	2,163	2,360	2,604
% chg	34.3	76.3	(11.5)	17.4	9.1	10.3
(% of total op. income)	9.5	13.2	9.5	9.2	9.5	9.3
Basic EPS (₹)	64.2	111.8	96.5	119.1	118.2	130.4
Adj. EPS (₹)	59.1	104.2	92.2	108.3	118.2	130.4
% chg	34.3	76.3	(11.5)	17.4	9.1	10.3

Balance sheet statement (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
SOURCES OF FUNDS						
Equity share capital	40	40	40	40	40	40
Reserves & surplus	3,761	3,425	2,916	4,250	5,449	6,893
Shareholders' Funds	3,801	3,465	2,956	4,290	5,489	6,933
Total loans	78	66	-	-	-	-
Deferred tax liability	144	153	247	208	208	208
Other long term liabilities	-	-	1,471	1,011	1,011	1,011
Long term provisions	-	-	36	38	38	38
Total Liabilities	4,024	3,684	4,710	5,547	6,747	8,191
APPLICATION OF FUNDS						
Gross block	2,310	2,519	5,308	6,079	7,196	8,484
Less: Acc. depreciation	943	1,092	1,458	2,523	3,710	4,983
Net Block	1,367	1,427	3,850	3,556	3,486	3,501
Capital work-in-progress	121	48	50	39	72	85
Goodwill	207	232	231	230	230	230
Investments	3,369	3,926	5,129	3,964	4,723	5,733
Long term loans and advances	-	-	342	534	534	534
Other noncurrent assets	-	-	16	26	26	26
Current assets	1,013	2,883	1,109	1,541	4,113	3,994
Cash	220	1,907	72	77	2,650	2,340
Loans & advances	317	431	382	516	544	616
Other	477	545	656	948	919	1,038
Current liabilities	2,053	4,831	6,017	4,341	6,436	5,912
Net current assets	(1,039)	(1,949)	(4,908)	(2,801)	(2,323)	(1,918)
Misc. exp. not written off	-	-	-	-	-	-
Total Assets	4,024	3,684	4,710	5,547	6,747	8,191

Cash flow statement (Standalone)

Y/E March (₹ cr)	FY2009	FY2010	FY2011	FY2012E	FY2013E	FY2014E
Profit before tax	1,883	2,982	2,491	3,079	2,861	3,426
Depreciation	181	191	402	1,097	1,187	1,273
Change in working capital	261	2,581	185	(691)	2,095	(715)
Others	(248)	(2,202)	(57)	(275)	-	-
Other income	(217)	(265)	(290)	(365)	(408)	(457)
Direct taxes paid	(500)	(600)	(477)	(487)	(501)	(822)
Cash Flow from Operations	1,359	2,687	2,254	2,360	5,234	2,704
(Inc./Dec. in fixed assets	(265)	(137)	(361)	(760)	(1,150)	(1,301)
(Inc./Dec. in investments	(802)	(557)	(1,203)	1,164	(759)	(1,010)
Other income	217	265	290	365	408	457
Cash Flow from Investing	(850)	(429)	(1,274)	769	(1,501)	(1,854)
Issue of equity	-	-	-	-	-	-
Inc./Dec. in loans	54	(12)	(66)	-	-	-
Dividend paid (Incl. Tax)	467	2,568	599	2,097	1,160	1,160
Others	(825)	(3,125)	(3,348)	(5,221)	-	-
Cash Flow from Financing	(305)	(570)	(2,815)	(3,124)	(1,160)	(1,160)
Inc./Dec. in cash	204	1,688	(1,836)	5	2,573	(310)
Opening Cash balances	15	220	1,907	72	77	2,650
Closing Cash balances	220	1,907	72	77	2,650	2,340

Key ratios

Y/E March	FY2009	FY2010	FY2011	FY2012	FY2013E	FY2014E
Valuation Ratio (x)						
P/E (on FDEPS)	30.4	17.2	19.5	16.6	15.2	13.8
P/CEPS	24.5	15.8	16.0	11.0	10.1	9.3
P/BV	9.4	10.4	12.1	8.4	6.5	5.2
Dividend yield (%)	1.1	6.1	5.8	2.5	2.8	2.8
EV/Sales	2.4	1.8	1.5	1.3	1.1	0.9
EV/EBITDA	18.5	10.9	12.1	8.8	7.8	6.5
EV / Total Assets	8.0	8.2	6.5	5.7	4.2	3.4
Per Share Data (₹)						
EPS (Basic)	64.2	111.8	96.5	119.1	118.2	130.4
EPS (fully diluted)	59.1	104.2	92.2	108.3	118.2	130.4
Cash EPS	73.2	113.8	112.4	163.3	177.6	194.1
DPS	20.0	110.0	105.0	45.0	50.0	50.0
Book Value	190.3	173.5	148.0	214.8	274.9	347.2
Dupont Analysis						
EBIT margin	12.7	16.3	11.0	10.7	10.0	10.7
Tax retention ratio	0.7	0.8	0.8	0.8	0.8	0.8
Asset turnover (x)	3.6	5.7	6.0	4.7	5.2	5.6
ROIC (Post-tax)	33.3	74.0	53.7	42.0	42.7	45.7
Cost of Debt (Post Tax)	-	-	-	-	-	-
Leverage (x)	-	-	-	-	-	-
Operating ROE	33.3	74.0	53.7	42.0	42.7	45.7
Returns (%)						
ROCE (Pre-tax)	43.1	66.6	50.8	49.2	40.3	40.1
Angel ROIC (Pre-tax)	29.6	113.9	36.8	38.3	49.8	38.9
ROE	34.8	57.3	57.4	59.7	48.3	41.9
Turnover ratios (x)						
Asset Turnover (Gross Block)	6.1	6.6	5.0	4.1	3.7	3.6
Inventory / Sales (days)	9	9	9	9	10	10
Receivables (days)	7	3	2	3	3	3
Payables (days)	42	61	83	64	63	65
WC cycle (ex-cash) (days)	(34)	(59)	(83)	(61)	(58)	(60)
Solvency ratios (x)						
Net debt to equity	(0.9)	(1.7)	(1.8)	(0.9)	(1.3)	(1.2)
Net debt to EBITDA	(2.0)	(2.1)	(2.1)	(1.1)	(2.0)	(1.9)
Interest Coverage (EBIT / Int.)	619.2	1,223.0	140.4	118.4	110.7	118.4

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Disclosure of Interest Statement	Hero MotoCorp
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

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Ratings (Returns):	Buy (> 15%) Reduce (-5% to 15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
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