



Hero Honda

BSE SENSEX 18,091
S&P CNX 5,432

Rs1,523

Buy

Bloomberg HHIN
Equity Shares (m) 199.7
52-Week Range (Rs) 2,075/1482
1,6,12 Rel. Perf. (%) -11/-18/-11
M.Cap. (Rs b) 304.2
M.Cap. (US\$ b) 6.7

| YEAR | NET SALES | PAT | EPS | EPS | P/E | P/CE | P/BV | EV/ | ROE | ROCE |
|-------|-----------|--------|-------|---------|------|------|------|--------|------|------|
| END | (RS M) | (RS M) | (RS) | GR. (%) | (X) | (X) | (X) | EBITDA | (%) | (%) |
| 3/10A | 157,582 | 22,402 | 112.2 | 72.2 | 13.6 | 12.5 | 8.8 | 9.3 | 61.7 | 72.8 |
| 3/11E | 189,943 | 19,918 | 99.7 | -11.1 | 15.3 | 13.7 | 6.6 | 10.7 | 49.3 | 56.5 |
| 3/12E | 217,607 | 22,703 | 113.7 | 14.0 | 13.4 | 12.0 | 5.0 | 8.5 | 37.4 | 45.1 |
| 3/13E | 243,779 | 25,664 | 128.5 | 13.0 | 11.9 | 10.6 | 3.9 | 6.8 | 33.1 | 40.4 |

Hero Honda's 3QFY11 results are below estimates with EBITDA margins of 10.4% (v/s our estimates 12.8%), EBITDA of Rs5.3b (v/s our estimates Rs6.4b) and PAT of Rs4.94b (v/s our estimates Rs5.4b), impacted by higher cost push on RM and fixed costs.

- EBITDA margin for the quarter was 10.4% (v/s our estimate of 12.8%), EBITDA was Rs5.3b (v/s our estimate of Rs6.4b) and PAT was Rs4.94b (v/s our estimate of Rs5.4b), impacted by higher cost push on raw material (RM) and fixed costs.
- Volumes grew 28.5% YoY (~11% QoQ) to 1.43m units and realization increased 4.4% YoY (2.2% QoQ) to Rs35,841/unit (v/s our estimate of Rs35,243/unit).
- EBITDA margin declined 220bp QoQ (660bp YoY), impacted by 110bp QoQ (~600bp YoY) RM cost inflation and 130bp QoQ (~80bp YoY) increase in other expenses (due to provisioning for NCCD - 55bp for 1HFY11 and 35bp for 3QFY11). Recurring PAT declined 8% YoY (~2.3% QoQ) to Rs4.94b.
- We believe that the short term focus would be on to ensure smooth transition and preparing for exit of Honda, which could result in subdued performance in the short term. We expect entire deal between Hero & Honda to be completed by June 2011.

Valuation and view: We have downgraded our EPS estimates by 5.9% to Rs113.7 for FY12 and by 6.3% to Rs128.5 for FY13 to factor in higher RM cost push and expenses related to business transition (higher marketing and R&D spend). The stock trades at 13.4x FY12E EPS and 11.9x FY13E EPS. Maintain **Buy** with target price of Rs1,799 (~14x FY13E EPS).

QUARTERLY PERFORMANCE

| Y/E MARCH | FY10 | | | | FY11 | | | | (RS MILLION) | |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4QE | FY10 | FY11 |
| Total Volumes (nos) | 1,118,987 | 1,183,235 | 1,111,372 | 1,186,536 | 1,234,039 | 1,285,944 | 1,428,030 | 1,418,638 | 4,600,130 | 5,366,651 |
| Change (%) | 25.1 | 21.7 | 29.6 | 18.9 | 10.3 | 8.7 | 28.5 | 19.6 | 23.6 | 16.7 |
| Net Realization | 34,058 | 34,145 | 34,322 | 34,492 | 34,558 | 35,082 | 35,841 | 35,952 | 34,256 | 35,393 |
| Change (%) | 7.1 | 4.1 | 2.4 | 0.9 | 1.5 | 2.7 | 4.4 | 4.2 | 3.5 | 3.3 |
| Net Sales | 38,111 | 40,401 | 38,144 | 40,926 | 42,646 | 45,113 | 51,182 | 51,002 | 157,582 | 189,943 |
| Change (%) | 34.0 | 26.7 | 32.7 | 20.0 | 11.9 | 11.7 | 34.2 | 24.6 | 27.9 | 20.5 |
| EBITDA | 6,387 | 7,147 | 6,359 | 6,820 | 5,705 | 5,673 | 5,332 | 5,513 | 26,646 | 22,223 |
| As % of Sales | 16.8 | 17.7 | 16.7 | 16.7 | 13.4 | 12.6 | 10.4 | 10.8 | 16.9 | 11.7 |
| Other Income | 539 | 982 | 800 | 992 | 854 | 1,190 | 1,055 | 1,026 | 3,380 | 4,125 |
| Interest | -55 | -61 | -46 | -45 | -27 | -21 | -52 | -21 | -206 | -120 |
| Depreciation | 456 | 503 | 469 | 487 | 483 | 608 | 560 | 598 | 1,915 | 2,248 |
| Extraordinary Expense | 0 | 0 | 0 | 0 | 0 | 0 | 798 | 0 | 0 | 798 |
| PBT | 6,525 | 7,686 | 6,736 | 7,370 | 6,103 | 6,276 | 5,081 | 5,960 | 28,317 | 23,421 |
| Tax | 1,524 | 1,715 | 1,378 | 1,382 | 1,187 | 1,220 | 790 | 1,105 | 5,999 | 4,302 |
| Effective Tax Rate (%) | 23.4 | 22.3 | 20.5 | 18.8 | 19.4 | 19.4 | 15.6 | 18.5 | 21.2 | 18.4 |
| PAT | 5,001 | 5,971 | 5,358 | 5,988 | 4,917 | 5,056 | 4,291 | 4,856 | 22,318 | 19,119 |
| Adj. PAT | 5,001 | 5,971 | 5,358 | 5,988 | 4,917 | 5,056 | 4,943 | 4,856 | 22,318 | 19,771 |
| Change (%) | 83.3 | 95.0 | 78.3 | 48.9 | -1.7 | -15.3 | -7.7 | -18.9 | 74.1 | -11.4 |

E: MOSL Estimates

Highest ever quarterly volumes drive revenue growth

Hero Honda's 3QFY11 volumes grew 28.5% YoY (~11% QoQ) to 1.43m units. Contribution from the Haridwar plant was 31.5% (v/s 33% in 3QFY10 and 33.5% in 3QFY11) at ~450,000 units. Market share at ~40.1% was higher by 100bp QoQ (~90bp YoY decline). Realization improved by 2.2% QoQ (4.4% YoY) to Rs35,841/unit (v/s our estimate of Rs35,243/unit), driven by price increases taken across models (in a phased manner over June-September 2010 and in December 2010). As a result, revenue grew 34.2% YoY (~13.5% QoQ) to Rs51.2b (v/s our estimate of Rs50.3b).

Trend in volume growth

| Volume (units) | 3QFY11 | 3QFY10 | YoY % | 2QFY11 | QoQ % |
|---------------------------|----------------|------------------|--------------|------------------|--------------|
| 75cc - 125cc Motorcycles | 813,839 | 1,015,488 | -19.9 | 1,125,974 | -27.7 |
| % of Total | 87.8 | 91.4 | | 87.6 | |
| 125cc - 250cc Motorcycles | 55,579 | 49,953 | 11.3 | 78,498 | -29.2 |
| % of Total | 6.0 | 4.5 | | 6.1 | |
| Total Motorcycles | 869,418 | 1,065,441 | -18.4 | 1,204,472 | -27.8 |
| % of Total | 93.8 | 95.9 | | 93.7 | |
| Scooters | 57,501 | 45,931 | 25.2 | 81,472 | -29.4 |
| % of Total | 6.2 | 4.1 | | 6.3 | |
| Total Two-wheelers | 926,919 | 1,111,372 | -16.6 | 1,285,944 | -27.9 |
| Of which Exports | 26,257 | 25,387 | 3.4 | 34,658 | -24.2 |

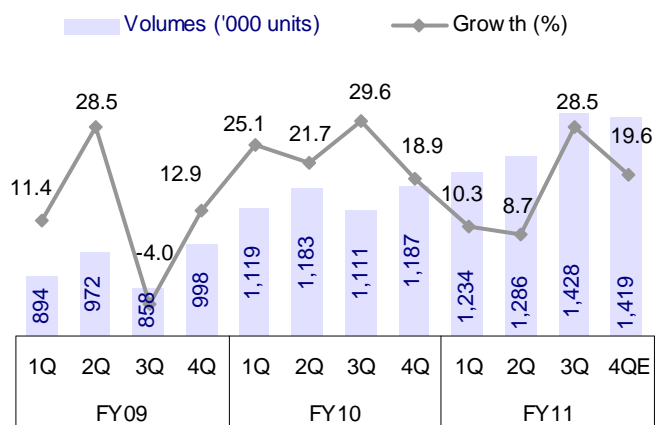
Source: SIAM/ MOSL

Market share under pressure

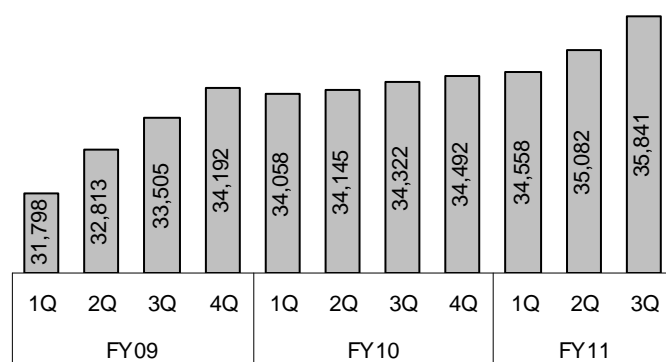
| | 3QFY11 | 3QFY10 | Chg (BP) | 2QFY11 | Chg (BP) |
|----------------------------|-------------|-------------|-------------|-------------|------------|
| <125cc Motorcycles | 64.2 | 62.6 | 160 | 63.0 | 120 |
| >125cc Motorcycles | 10.0 | 9.8 | 20 | 9.9 | 10 |
| Total Motorcycles | 47.5 | 49.7 | -220 | 46.5 | 100 |
| Scooters | 15.9 | 12.9 | 300 | 15.8 | 10 |
| Total 2W | 40.1 | 42.0 | -190 | 39.1 | 100 |
| Total 2W (Domestic) | 43.8 | 47.0 | -330 | 43.1 | 60 |

Source: SIAM/ MOSL

Trend in volumes



Trend in realizations (Rs/unit)



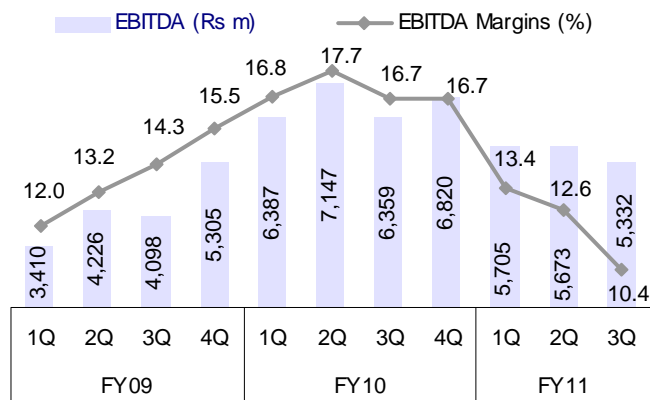
Source: Company/MOSL

RM cost inflation, other expenses drag margins to lowest ever

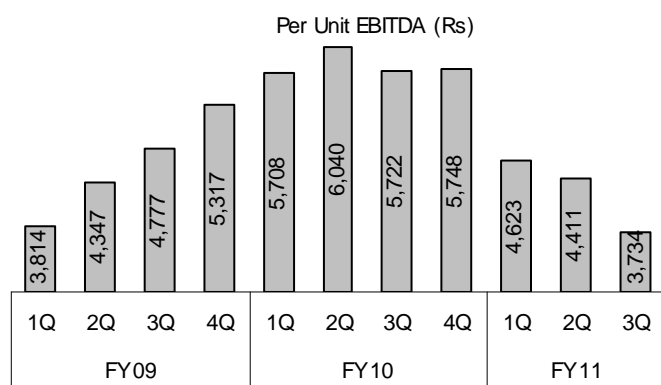
EBITDA margin declined 630bp YoY (~220bp QoQ) to 10.4% - Hero Honda's lowest ever quarterly margin - impacted by higher RM costs and other expenses. RM cost increased by 600bp YoY and 110bp QoQ to 74.5%. Other expenses were higher by 80bp YoY and 130bp QoQ; the company provided for NCCD charge of ~Rs460m for Haridwar sales (1% of Haridwar sales), of which ~Rs280m was for 1HFY11 (~55bp) and ~Rs180m for 3QFY11 (~35bp). Adjusting for NCCD charge for 1HFY11, 3QFY11 EBITDA margins would be ~11%.

Higher other income at Rs1.05b (v/s our estimate of Rs850m), driven by treasury income, boosted recurring PAT to Rs4.94b (v/s our estimate of Rs5.4b), a decline of 8% YoY (~2% QoQ). The company has also provided for NCCD charge of Rs798m for previous years (for FY09-10), which impacted reported PAT to Rs4.29b.

Trend in EBITDA

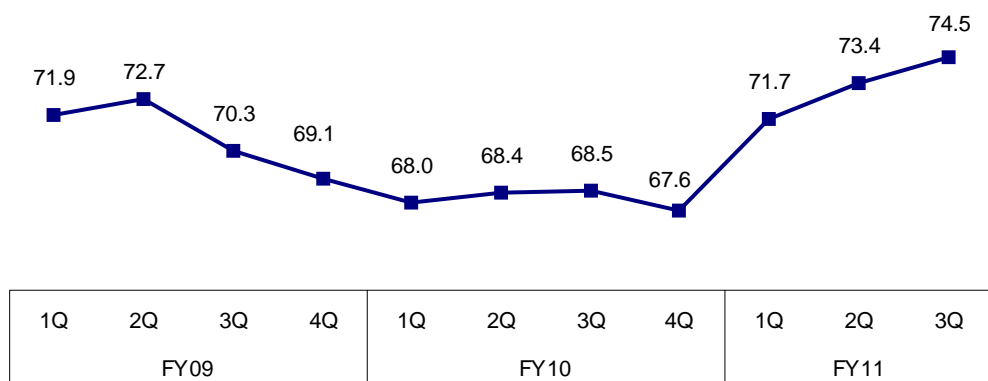


Trend in EBITDA (Rs/Unit)



Source: Company/MOSL

Trend in RM cost (% of sales)



Source: Company/ MOSL

NCCD and education cess could impact margins by 30-40bp

NCCD and education cess (total of 1.1% of sales) are levied on excise duty payable. Hero Honda did not pay these duties on its sales from Haridwar, as it is excise exempted. However, the Excise department claimed that these duties are payable despite excise

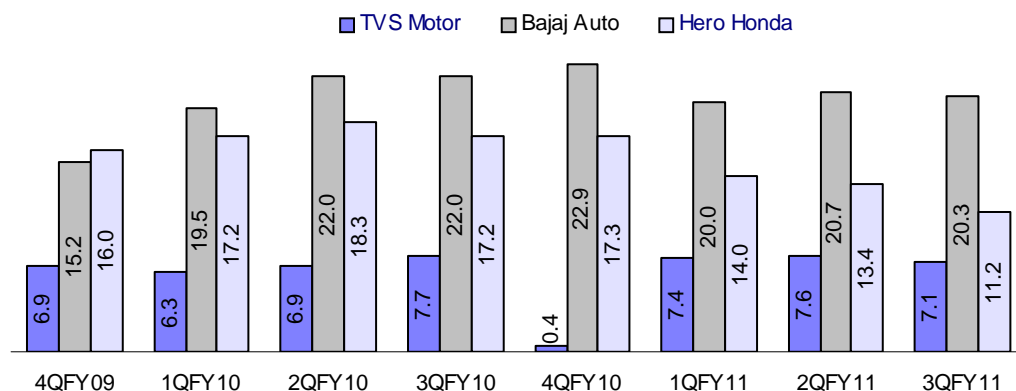
exemption. Hero Honda has started providing for these claims as it is seeking legal advice and filing appeals. We estimate 30-40bp impact on margins and have modelled this from 3QFY11 onwards on recurring basis.

Expect subdued performance over the next 2-3 quarters

Hero Honda has been refraining from exercising the pricing power industry enjoys. Despite being constrained for capacity and its peers increasing prices, it has not yet increased prices as much (Rs700-1,500/unit increase in December 2010, which only partly covers cost push). As a result, EBITDA margin is at a historical low, despite historical high volumes.

We believe that the company's short-term focus would be on ensuring a smooth transition and preparing for the exit of Honda, which could result in subdued performance in the short term. We expect the deal between Hero group and Honda to be completed by June 2011. This, coupled with investments for transition (brand, technology and developing export markets), would ensure that EBITDA margin stays below the historical average of 15% (over the last 10 years).

Hero Honda's profitability eroding sharply, as it refrains from exercising its pricing power



Source: Company/CLINE/ MOSL

Cutting EPS estimates to factor poor 3QFY11 results, transition-related costs

We are cutting our EPS estimates by 4% to Rs99.7 for FY11, by 5.9% to Rs113.7 for FY12 and by 6.3% to Rs128.5 for FY13, to factor in higher RM cost push and expenses related to business transition (higher marketing and R&D spend). Our estimates factor in:

- Volume growth of 12.5% in FY12 and 10% in FY13, and realization improvement of 2% each in FY12 and FY13.
- RM cost savings of 60bp (~150bp over 3QFY11) in FY12 and further 50bp in FY13.
- Royalty of 2.9% of sales in FY12 and 2.8% of sales in FY13.
- Increase in advertising spend by 10bp each in FY12 and FY13 (~Rs1.75b increase over FY11-13).
- R&D expense of 0.3% (~Rs650m) in FY12 and 0.5% (~Rs1.2b) in FY13.

Revised forecast (Rs m)

| | FY12E | | | FY13E | | |
|----------------------|---------|---------|---------|---------|---------|---------|
| | Rev | Old | Chg (%) | Rev | Old | Chg (%) |
| Volumes ('000 units) | 6,037 | 6,037 | 0.0 | 6,641 | 6,520 | 1.9 |
| Net Sales | 217,607 | 216,163 | 0.7 | 243,779 | 238,151 | 2.4 |
| EBITDA | 25,177 | 27,745 | -9.3 | 28,814 | 30,728 | -6.2 |
| EBITDA Margins (%) | 11.6 | 12.8 | -130 | 11.8 | 12.9 | -110 |
| Net Profit | 22,703 | 24,136 | -5.9 | 25,664 | 27,401 | -6.2 |
| EPS (Rs) | 113.7 | 120.9 | -5.9 | 128.5 | 137.2 | -6.3 |

Source: MOSL

Valuation and view

With the ownership issue settled, we expect performance to be driven by business momentum in the short run and smooth transition in the long run. While strong franchise of Splendor and Passion as well as wide distribution reach makes Hero Honda best placed to tap strong demand growth over next few years, short-term transitory pain over next 6-9 months could impact performance of the stock. The stock trades at 13.4x FY12E EPS and 11.9x FY13E EPS. Maintain **Buy** with a target price of Rs1,799 (~14x FY13E EPS).

Hero Honda: an investment profile

Company description

Hero Honda is a JV between Honda Corporation, Japan and the Munjal family, with both parties owning 26% each. The company has recently announced that Honda would be exiting the JV. Hero Honda is the market leader in the domestic motorcycle market with ~45% market share, benefiting from a strong dealership network with good penetration in rural areas as well.

Key investment arguments

- Volume growth is expected to remain stable, driven by recovery in urban markets and increasing penetration in rural markets. We estimate volume growth of 12.5% in FY11 to 6m units.
- Hero Honda would be one of the key beneficiaries (in auto industry) of a normal monsoon, given its focus on rural markets.
- With the exit of Honda, Hero Honda would be free to explore global markets. This could provide good long-term opportunities.

Key investment risks

- Strengthening of commodity prices would put pressure on margins.
- Honda's exit from Hero Honda would result in a focused approach by HMSI on domestic markets.

- Maintaining market share amidst increasing competitive pressures (especially in the 100cc segment) would restrict pricing power and impact margins.

Recent developments

- Honda would be exiting Hero Honda by selling its 26% stake to Hero group. Hero group would be signing a new licensing agreement with Honda to ensure continuity of operations and smooth transit by June 2014.

Valuation and view

- The stock trades at 13.4x FY12E EPS and 11.9x FY13E EPS.
- Maintain **Buy** with target price of Rs1,799 (~14x FY13E EPS).

Sector view

- Increasing penetration in rural markets and replacement demand from urban markets would drive demand for motorcycles.
- Despite large number of players, market share remains concentrated amongst the top two.
- Industry dynamics remain favorable, with focus on profitability rather than market share.

Comparative valuations

| | | Hero Honda | Bajaj Auto |
|---------------|-------|------------|------------|
| P/E (x) | FY11E | 15.3 | 13.3 |
| | FY12E | 13.4 | 11.5 |
| EPS Gr (%) | FY11E | -11.1 | 45.9 |
| | FY12E | 14.0 | 15.9 |
| RoE (%) | FY11E | 49.3 | 68.1 |
| | FY12E | 37.4 | 51.1 |
| EV/EBITDA (x) | FY11E | 10.7 | 8.8 |
| | FY12E | 8.5 | 7.2 |

EPS: MOSL forecast v/s consensus (Rs)

| | MOSL Forecast | Consensus Forecast | Variation (%) |
|------|---------------|--------------------|---------------|
| FY11 | 99.7 | 107.0 | -6.8 |
| FY12 | 113.7 | 122.9 | -7.5 |

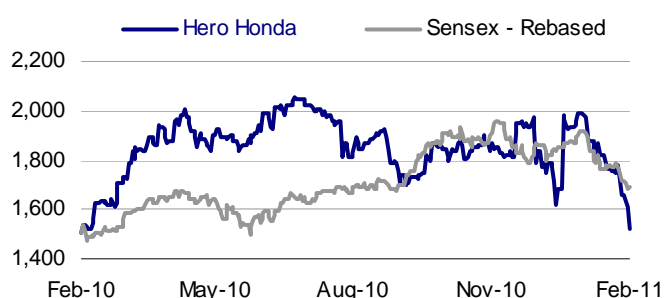
Target Price and Recommendation

| Current Price (Rs) | Target Price (Rs) | Upside (%) | Reco. |
|--------------------|-------------------|------------|-------|
| 1,523 | 1,799 | 18.1 | Buy |

Shareholding pattern (%)

| | Dec-10 | Sep-10 | Dec-09 |
|---------------|--------|--------|--------|
| Promoter | 52.2 | 52.2 | 55.0 |
| Domestic Inst | 4.6 | 5.8 | 7.9 |
| Foreign | 33.6 | 31.9 | 28.9 |
| Others | 9.7 | 10.1 | 8.3 |

Stock performance (1 year)



Financials and Valuation

| INCOME STATEMENT | | (Rs Million) | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|--|
| Y/E MARCH | 2009 | 2010 | 2011E | 2012E | 2013E | |
| VOLUMES ('000) | 3,722 | 4,600 | 5,367 | 6,037 | 6,641 | |
| <i>Volume Growth (%)</i> | 11.5 | 23.6 | 16.7 | 12.5 | 10.0 | |
| Net Sales | 123,191 | 157,582 | 189,943 | 217,607 | 243,779 | |
| <i>Change (%)</i> | 19.2 | 27.9 | 20.5 | 14.6 | 12.0 | |
| Total Expenditure | 106,348 | 130,962 | 167,871 | 192,520 | 215,051 | |
| EBITDA | 16,844 | 26,620 | 22,223 | 25,177 | 28,814 | |
| <i>EBITDA Margin (%)</i> | 13.7 | 16.9 | 11.7 | 11.6 | 11.8 | |
| <i>Change (%)</i> | 24.8 | 58.0 | -16.5 | 13.3 | 14.4 | |
| Depreciation | 1,807 | 1,915 | 2,248 | 2,641 | 3,101 | |
| EBIT | 15,037 | 24,705 | 19,974 | 22,536 | 25,714 | |
| Interest cost | -317 | -206 | -120 | -100 | -100 | |
| Other Income | 2,461 | 3,406 | 4,125 | 5,850 | 6,550 | |
| PBT | 17,815 | 28,317 | 24,219 | 28,486 | 32,364 | |
| Tax | 4,806 | 5,916 | 4,302 | 5,782 | 6,700 | |
| <i>Effective Rate (%)</i> | 27.0 | 20.9 | 17.8 | 20.3 | 20.7 | |
| PAT | 13,008 | 22,402 | 19,918 | 22,703 | 25,664 | |
| <i>% of Net Sales</i> | 10.6 | 14.2 | 10.5 | 10.4 | 10.5 | |
| <i>Change (%)</i> | 34.4 | 72.2 | -11.1 | 14.0 | 13.0 | |

| BALANCE SHEET | | (Rs Million) | | | | |
|----------------------------------|----------------|----------------|---------------|---------------|---------------|--|
| Y/E MARCH | 2009 | 2010 | 2011E | 2012E | 2013E | |
| Share Capital | 399 | 399 | 399 | 399 | 399 | |
| Reserves | 37,608 | 34,251 | 45,777 | 60,302 | 77,204 | |
| Net Worth | 38,008 | 34,650 | 46,176 | 60,702 | 77,604 | |
| Deferred Tax | 1,531 | 1,606 | 1,606 | 1,606 | 1,606 | |
| Loans | 785 | 660 | 660 | 660 | 660 | |
| Capital Employed | 40,323 | 36,917 | 48,443 | 62,968 | 79,870 | |
| Gross Fixed Assets | 25,163 | 27,510 | 30,510 | 35,510 | 42,010 | |
| Less: Depreciation | 9,426 | 10,922 | 13,170 | 15,811 | 18,912 | |
| Net Fixed Assets | 15,737 | 16,588 | 17,340 | 19,699 | 23,098 | |
| Capital WIP | 1,205 | 481 | 1,000 | 1,000 | 1,000 | |
| Investments | 33,688 | 39,257 | 39,257 | 39,257 | 39,257 | |
| Curr.Assets, L & Adv | 10,135 | 28,826 | 40,452 | 64,848 | 85,397 | |
| Inventory | 3,268 | 4,364 | 5,260 | 6,026 | 6,751 | |
| Sundry Debtors | 1,499 | 1,084 | 1,306 | 1,497 | 1,677 | |
| Cash & Bank Balances | 2,196 | 19,072 | 28,696 | 51,379 | 70,309 | |
| Loans & Advances | 3,113 | 4,058 | 4,891 | 5,603 | 6,277 | |
| Current Liab. & Prov. | 20,528 | 48,314 | 49,685 | 61,914 | 68,961 | |
| Sundry Creditors | 7,030 | 11,114 | 13,397 | 15,348 | 17,194 | |
| Other Liabilities | 8,228 | 26,936 | 32,468 | 37,197 | 41,670 | |
| Provisions | 5,270 | 10,264 | 3,820 | 9,369 | 10,097 | |
| Net Current Assets | -10,393 | -19,488 | -9,233 | 2,934 | 16,436 | |
| Application of Funds | 40,323 | 36,917 | 48,443 | 62,968 | 79,870 | |

E: MGRSL Estimates

| RATIOS | | | | | | |
|---------------------------------|-------------|--------------|-------------|--------------|--------------|--|
| Y/E MARCH | 2009 | 2010 | 2011E | 2012E | 2013E | |
| Basic (Rs) | | | | | | |
| EPS | 65.1 | 112.2 | 99.7 | 113.7 | 128.5 | |
| <i>EPS Growth (%)</i> | 34.4 | 72.2 | -11.1 | 14.0 | 13.0 | |
| Cash EPS | 74.2 | 121.8 | 111.0 | 126.9 | 144.0 | |
| Book Value per Share | 190.3 | 173.5 | 231.2 | 304.0 | 388.6 | |
| DPS | 20.0 | 110.0 | 32.5 | 35.0 | 37.5 | |
| Payout (Incl. Div. Tax) % | 35.9 | 114.6 | 37.5 | 35.4 | 33.6 | |
| Valuation (x) | | | | | | |
| P/E | 23.4 | 13.6 | 15.3 | 13.4 | 11.9 | |
| Cash P/E | 20.5 | 12.5 | 13.7 | 12.0 | 10.6 | |
| EW/EBITDA | 16.0 | 9.3 | 10.7 | 8.5 | 6.8 | |
| EW/Sales | 2.2 | 1.6 | 1.2 | 1.0 | 0.8 | |
| Price to Book Value | 8.0 | 8.8 | 6.6 | 5.0 | 3.9 | |
| Dividend Yield (%) | 1.3 | 7.2 | 2.1 | 2.3 | 2.5 | |
| Profitability Ratios (%) | | | | | | |
| RoE | 38.3 | 61.7 | 49.3 | 37.4 | 33.1 | |
| RoCE | 48.1 | 72.8 | 56.5 | 45.1 | 40.4 | |
| Turnover Ratios | | | | | | |
| Debtors (Days) | 5 | 3 | 3 | 3 | 3 | |
| Inventory (Days) | 11 | 12 | 11 | 11 | 11 | |
| Creditors (Days) | 29 | 38 | 35 | 35 | 36 | |
| Asset Turnover (x) | 3.1 | 4.3 | 3.9 | 3.5 | 3.1 | |
| Leverage Ratio | | | | | | |
| Debt/Equity (x) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |

| CASH FLOW STATEMENT | | (Rs Million) | | | | |
|-------------------------------|---------------|----------------|---------------|---------------|---------------|--|
| Y/E MARCH | 2009 | 2010 | 2011E | 2012E | 2013E | |
| Profit Before Tax | 17,815 | 28,317 | 23,421 | 28,486 | 32,364 | |
| Depreciation & Amort. | 1,807 | 1,915 | 2,248 | 2,641 | 3,101 | |
| Direct Taxes Paid | -5,016 | -5,751 | -4,302 | -5,782 | -6,700 | |
| (Inc)/Dec in Working Capit | 985 | 4,846 | 6,695 | 5,723 | 5,415 | |
| Interest/Div. Received | 1,215 | 458 | | | | |
| Other Items | -1,993 | -2,481 | | | | |
| CF from Oper. Activiti | 14,812 | 27,304 | 28,063 | 31,068 | 34,179 | |
| Extra-ordinary Items | -6 | 20 | 0 | 0 | 0 | |
| CF after EO Items | 14,806 | 27,324 | 28,063 | 31,068 | 34,179 | |
| (Inc)/Dec in FA-C/WIP | -3,135 | -2,101 | -4,000 | -6,000 | -7,500 | |
| (Pur)/Sale of Invest. | -6,692 | -3,633 | 0 | 0 | 0 | |
| CF from Inv. Activity | -9,827 | -5,734 | -4,000 | -6,000 | -7,500 | |
| Inc/(Dec) in Debt | -535 | -125 | 0 | 0 | 0 | |
| Interest Paid | -25 | -21 | 0 | 0 | 0 | |
| Dividends Paid | -4,439 | -20,948 | -7,594 | -8,178 | -8,762 | |
| CF from Fin. Activity | -4,999 | -21,093 | -7,594 | -8,178 | -8,762 | |
| Inc/(Dec) in Cash | -21 | 497 | 16,469 | 16,890 | 17,918 | |
| Add: Beginning Balance | 152 | 135 | 632 | 28,696 | 51,379 | |
| Closing Balance | 131 | 632 | 17,101 | 45,586 | 69,296 | |



For more copies or other information, contact

Institutional: Navin Agarwal. **Retail:** Manish Shah

Phone: (91-22) 39825500 Fax: (91-22) 22885038. E-mail: reports@motilaloswal.com

Motilal Oswal Securities Ltd, 3rd Floor, Hoechst House, Nariman Point, Mumbai 400 021

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Disclosure of Interest Statement

Hero Honda Motors

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|---|-----|
| 1. Analyst ownership of the stock | No |
| 2. Group/Directors ownership of the stock | Yes |
| 3. Broking relationship with company covered | No |
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