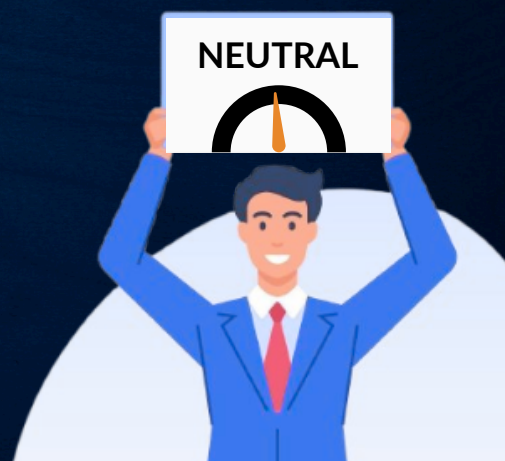




IPO NOTE

HERO MOTORS LIMITED



Rating:

NEUTRAL



ISSUE OFFER

Issue Opens on	SEP 16, 2026
Issue Close on	SEP 18, 2026
Total IPO size (cr)	₹1000 CR
Fresh issue (cr)	₹600 CR
Offer For Sale (cr)	₹400 CR
Price Band (INR)	₹79-84
Market Lot	178 SHARES
Face Value (INR)	₹10
Listing At	BSE, NSE
Market Cap (Pre IPO)	₹3,815.41 CR.

MINIMUM INVESTMENT DETAILS

Number of Shares	11,90,47,618
Minimum Investment Amount	₹14,952
Small-HNI (Min)/ 2492 Shares	₹2,09,328
Big-HNI (Min)/ 11926 Shares	₹10,01,784

INDICATIVE TIMETABLE

Basis of Allotment	21-09-2026
Refunds/Unblocking ASBA Fund	22-09-2026
Credit of Share to Demat A/c	22-09-2026
Listing Date	23-09-2026

ISSUE BREAK-UP (%)

QIB Portion	50%
Retail Portion	35%
NII Portion	15%

Hero Motors Limited is an automotive technology company that designs and manufactures powertrain solutions for global OEMs across the US, Europe, India, and ASEAN.

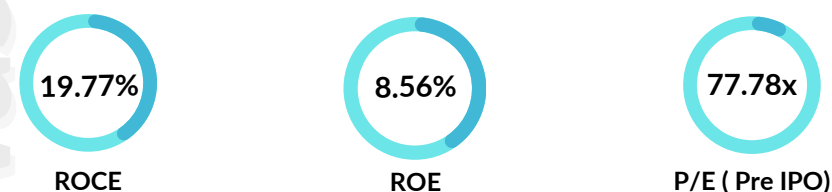
OBJECTS OF THE ISSUE

- Repayment/prepayment of outstanding borrowings
- Capital expenditure for capacity expansion
- Funding acquisitions, strategic initiatives and general corporate purposes

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (IN CRORE)	FY 2026	FY 2025	FY 2024
Equity Share Capital	358.34	357.38	353.58
Net Worth	474.66	425.09	385.84
Revenue from operations	1,188.35	1,089.59	1,064.39
EBITDA Margin%	10.21%	8.48%	6.32%
Net Profit/Loss of the year	43.57	25.20	13.42

FINANCIAL RATIOS OF FY26



OUTLOOK & VALUATION

- Leading powertrain provider with first-mover advantage in global e-bike CVT hubs.
- P/E of ~69-74x vs peer average of 50.2x, leaving limited upside cushion.
- RoNW improved to 8.53% and EBITDA margin to ~10.2%, but remains below key peers.
- Top 10 customers contribute ~73-78% of revenue, creating concentration risk.
- Our View: Neutral, given the strong business and EV growth potential, but high valuation limits the upside cushion.



COMPANY PROFILE

- India-based automotive technology company designing, developing, manufacturing and supplying highly engineered powertrain solutions for global OEMs across the US, Europe, India and ASEAN.
- Operates two business segments: Powertrain Solutions (Gears & Transmission, and Bike Powertrain) and Alloys & Metallics (A&M).
- Recognized leader in CVT, EV transmissions, electric motors, integrated drive units and gear sets; among the first movers in the global e-bike powertrain opportunity.
- Marquee global clientele including BMW, Ducati, envio, Formula Motorsport, Hummingbird EV and HWA AG, plus group ties to Hero MotoCorp/Hero Cycles.
- Manufacturing/technology footprint spans India, the UK and Thailand, with a joint venture (HYM) for two-wheeler motors.



COMPETITIVE STRATEGIES

- Focus on providing complete systems and powertrain solutions for the e-mobility segment.
- Expand into other market segments and geographies.
- Leverage Hewland's expertise for design-to-cost product and service solutions.
- Focus on strengthening partnerships with global players for technology.
- Pursue inorganic growth opportunities.



KEY CONCERNS

- High revenue concentration from outside India, particularly Europe (~29–34% of revenue over FY24–26) — exposed to regional economic/geopolitical shocks.
- Business dependent on the two-wheeler and e-bike industries' cyclicalities in India and overseas.
- Dependence on a limited set of suppliers for critical raw materials, without definitive long-term supply agreements.
- Risk that the Company may not successfully implement its stated growth strategies.
- Customer concentration risk — top 10 customers contributed 72.9%–78.0% of revenue over FY24–26.



KEY STRENGTHS

- Among India's leading solution providers to the global e-mobility industry, with a diversified product/service mix.
- Growing market presence in electric-bikes and premium two-wheeler segments.
- Longstanding relationships with premier global OEMs and proven delivery expertise.
- Advanced infrastructure with geographically diverse operations (India, UK, Thailand).
- Strong R&D capabilities and long-term technology partnerships.

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (₹ Basic)	P/E	NAV	Revenue (cr.)	RoNW%
Hero Motors	1.15	77.78	12.72	1188.35	8.53
Peer Group					
Cie Automotive India Ltd	21.69	17.68	164.65	9406.47	13.18
Endurance Technologies Ltd	67.66	40.84	442.54	14595.88	15.29
Sona Blw Precision Forgings Ltd	10.30	76.50	93.93	4449.46	10.77
Uno Minda Ltd	20.78	59.84	113.77	19657.59	19.59
Varroc Engineering Ltd	14.73	56.15	80.45	8890.49	18.70



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