

HERO MOTOCORP

Margins resilient

India Equity Research | Automobiles

Hero MotoCorp's (HMCL) Q1FY18 EBITDA of ~INR12.9bn (up 5.4% YoY) surpassed our estimate by 2.7% due to the gross margin beat, as price hikes helped offset higher commodity and BS-IV transition costs. Key con-call highlights: (1) 2W industry to grow in high single digits in FY18; scooters to outperform with double digit growth; 2) HMCL aims to gain market share led by recovery in rural demand and ramp up of scooter refreshes (*Maestro Edge* and *Duet*); 3) commodity costs to remain largely stable going forward; and 4) reiterated capex of INR25bn over next 2 years towards capacity addition, R&D, digitisation and maintenance. Maintain 'HOLD' with TP of INR3,960.

Price hikes help offset commodity and BS-IV cost impact

Revenue, at INR79.7bn (up 7.7% YoY), was 1% below our estimate on muted spares revenue (5% YoY). EBITDA margin surprised positively at 16.3% (our estimate of 15.7%), led by gross margin beat (32.3% versus our estimate of 31.5%) and lower overhead expenses. Provision of ~INR450-500mn was made to compensate dealers for GST impact. Reported PAT of INR9.14bn (up 3.5% YoY) exceeded our estimate by 1%.

Beneficiary of rural demand revival, but structural concerns persist

While HMCL should benefit from recovery in rural demand in FY18, over longer term scope for market share gains remains challenging given weak franchise across fast-growing scooter and premium bike segments. In our view, margin benefit from LEAP program and volume recovery would be neutralised by HMCL's efforts to gain market share in the highly competitive scooter and premium bike segments. Also, FY19 will see impact of expiry of excise benefits at its Haridwar plant (~80bps margin impact), though it would be partially offset by the ramp up in Halol plant.

Outlook and valuations: Fairly valued; maintain 'HOLD'

We continue to have concerns on HMCL due to the shift in demand from its bread-and-butter executive 100cc motorcycle segment to scooters and rising demand for >250cc motorcycles, where its presence is limited. However, a healthy business franchise with RoE of ~36% and robust free cash flow generation will limit downside. We maintain 'HOLD/SU' with a target price of INR3,960 (19x FY19E core EPS plus INR361 cash per share). At CMP, the stock trades at 17x FY19E PER.

EDELWEISS 4D RATINGS

Absolute Rating	HOLD
Rating Relative to Sector	Underperform
Risk Rating Relative to Sector	High
Sector Relative to Market	Underweight

MARKET DATA (R: HROM.BO, B: HMCL IN)

CMP	: INR 3709
Target Price	: INR 3960
52-week range (INR)	: 3,881 / 2,844
Share in issue (mn)	: 199.7
M cap (INR bn/USD mn)	: 741 / 11,503
Avg. Daily Vol.BSE/NSE('000)	: 415.8

SHARE HOLDING PATTERN (%)

	Current	Q2FY17	Q1FY17
Promoters *	34.6	34.6	34.6
MF's, FI's & BK's	11.5	13.4	13.8
FII's	42.9	42.9	42.6
Others	10.9	9.1	9.0
* Promoters pledged shares (% of share in issue)	:	NIL	

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Auto Index
1 month	1.3	4.1	3.0
3 months	12.2	7.1	8.5
12 months	13.1	15.4	16.7

Chirag Shah

+91 22 6623 3367
chirag.shah@edelweissfin.com

Karthik Subramaniam

+91 22 6620 3156
karthik.subramaniam@edelweissfin.com

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Financials

(INR mn)

Year to March	Q1FY18	Q1FY17	% Chg	Q4FY17	% Chg	FY17	FY18E	FY19E
Net revenues	79,716	73,989	7.7	69,152	15.3	284,750	317,858	354,399
EBITDA	12,959	12,301	5.4	9,576	35.3	46,348	51,416	59,642
Adjusted Profit	9,140	8,831	3.5	7,178	27.3	33,771	36,967	43,090
Adjusted Diluted EPS	45.8	44.2	3.5	35.9	27.3	169.1	185.1	215.8
Diluted P/E (x)						21.9	20.0	17.2
EV/EBITDA (x)						14.7	13.1	11.1
ROAE (%)						35.6	34.8	36.3

Q1FY18 conference call: Key highlights

Demand outlook

- Management expects industry to grow in high single digits for FY18, scooters to extend outperformance with double digit growth.
- For Q1FY18, retail volume growth at industry level was lower than wholesale growth of 8% YoY. However, for HMCL retail volumes were in line with dispatches.
- Both urban and rural markets witnessed growth during the quarter, with urban growth outpacing rural. Following good monsoons and upcoming festive season, the company expects rural momentum to pick up further.
- Inventory levels for HMCL are broadly unchanged, only spares saw some destocking in Q1FY18.
- GST transition has been smooth. Though volumes during first few days of July were soft, the company expects volume momentum to pick up going forward.

Scooters

- Wholesale volume growth of scooter industry stood at 20% YoY, driven by higher dispatches by certain competitor brands.
- Refreshed *Maestro Edge* scooter has met with good response. Expects *Duet* volumes to pick up as well going forward.
- Targets to gain market share in scooters led by product improvements (*Maestro Edge* and *Duet*) and upcoming new launches.

Margins

- Price hikes undertaken in May (INR400-1,800 across models) helped offset impact of higher commodity and BS-IV transition costs, which drove positive surprise in gross margins. HMCL expects commodity costs to remain largely stable. From July 1 prices were lowered to pass on GST benefits.
- Made provision of INR450-500mn to compensate dealers for GST impact, but this was neutralised by lower overhead costs. There were no one-off items in overhead costs for the quarter.
- Reiterated margin guidance of 14-15% over long term.
- LEAP program: Reaped benefits of INR450-500mn from the programme in Q1FY18. Benefits in FY18 are expected to be ~90bps, in line with FY17 levels.
- Haridwar excise benefits (~100bps) are to expire from FY19, but will be partially offset following ramp up of Halol plant.
- There will be some cost headwinds from new CBS norms in FY19, but HMCL expects to pass through the impact.

Product portfolio

- Achiever and new product launches will help enhance presence in premium motorcycle segment.
- Glamour and Super Splendor witnessed slowdown in Q1FY18 owing to supply constraints. HMCL expects volumes to recover as supply issues get sorted out.
- Passion volumes have been largely flattish as some consumers are upgrading to >125cc segments. HMCL believes launch of the i3S feature and marketing efforts should help volume recovery for the brand.

Exports

- Most key markets continue to witness macro headwinds.
- Good traction is being witnessed in Bangladesh market. Commenced commercial production and expects volumes to ramp up going forward.

Others

- Spares revenues grew 5% YoY. Share of spares revenues declined to 6.5% (from 10% in Q4FY17). Post GST, expects spares business to benefit over long term.
- Reiterated INR25bn capex to be incurred over next 2 years would be directed towards:
 - o Ramp up in capacity at Halol plant and new facilities at Andhra Pradesh and Bangladesh
 - o Upgradation and modernisation of existing facilities
 - o New product development
 - o Digitalisation
- Invested INR240mn in Ather Energy and HMCL's current stake is 30%
- Expects tax rate to remain in the range of 29% for FY18

Chart 1: Volumes trajectory gradually improving

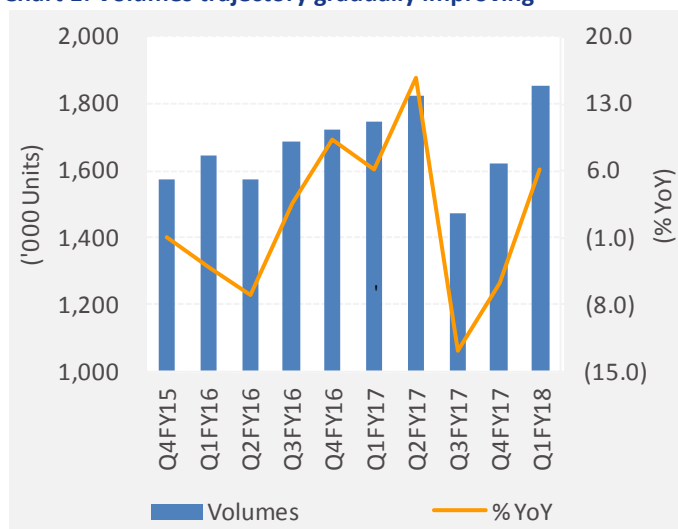
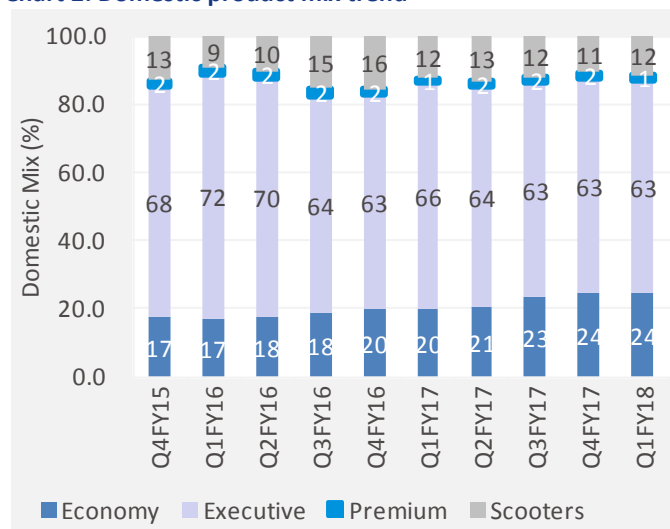


Chart 2: Domestic product mix trend



Source: Edelweiss research

Chart 3: Average realisation trend

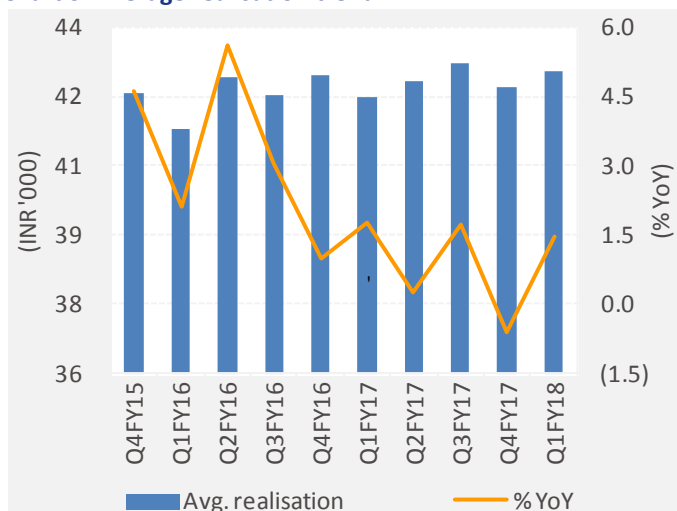
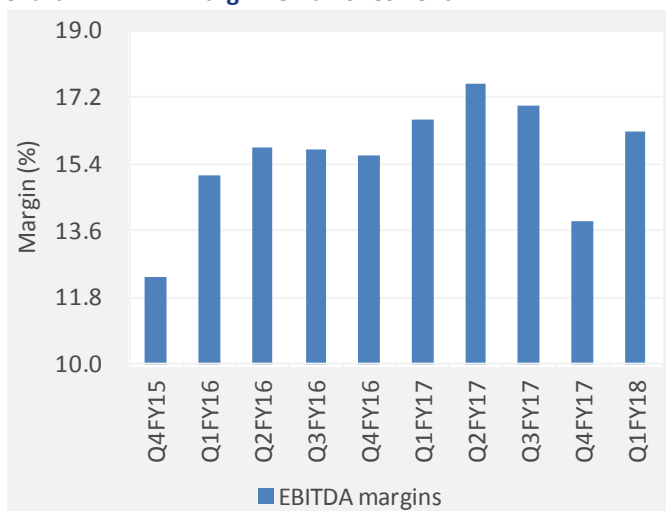


Chart 4: EBITDA margin remains resilient



Source: Edelweiss research

Table 1: Valuation

	FY19E
Core EPS (INR)	189
Earnings multiple (x)	19
Cash per share (INR)	361
Target price (INR)	3,960

Source: Edelweiss research

Table 2: Volume assumptions

Units	FY15	FY16	FY17E	FY18E	FY19E
Motorcycle	5,795,020	5,735,846	5,834,260	6,352,179	7,034,244
Scooters	832,008	896,298	829,786	930,555	1,059,619
Total	6,627,028	6,632,144	6,664,046	7,282,734	8,093,863
Domestic	6,427,011	6,421,905	6,483,655	7,075,284	7,815,022
Exports	200,017	210,239	180,391	207,450	278,841

YoY(%)	FY15	FY16	FY17E	FY18E	FY19E
Motorcycle	4.6	(1.0)	1.7	8.9	10.7
Scooters	17.6	7.7	(7.4)	12.1	13.9
Total	6.1	0.1	0.5	9.3	11.1
Domestic	5.1	(0.1)	1.0	9.1	10.5
Exports	53.0	5.1	(14.2)	15.0	34.4

Source: Edelweiss research

Financial snapshot

(INR mn)

Year to March	Q1FY18	Q1FY17	% change	Q4FY17	% change	FY17	FY18E	FY19E
Net revenues	79,716	73,989	7.7	69,152	15.3	284,750	317,858	354,399
Raw material costs	53,941	49,654	8.6	47,361	13.9	190,118	212,762	236,297
Staff costs	3,737	3,362	11.1	3,281	13.9	13,960	15,451	17,090
Other expenses	9,079	8,672	4.7	8,935	1.6	34,324	38,229	41,370
Total expenditure	66,757	61,688	8.2	59,576	12.1	238,402	266,442	294,757
EBITDA	12,959	12,301	5.4	9,576	35.3	46,348	51,416	59,642
Depreciation	1,330	1,152	15.4	1,353	(1.7)	4,927	5,461	5,893
EBIT	11,630	11,148	4.3	8,223	41.4	41,420	45,955	53,749
Other income	1,317	1,204	9.4	1,182	11.4	5,224	5,808	6,578
Interest	16	15	5.3	15	6.8	61	61	61
Add: Exceptional items								
Profit before tax	12,931	12,337	4.8	9,390	37.7	46,584	51,702	60,266
Provision for taxes	3,790	3,506	8.1	2,213	71.3	12,813	14,735	17,176
Reported net profit	9,140	8,831	3.5	7,178	27.3	33,771	36,967	43,090
Adjusted Profit	9,140	8,831	3.5	7,178	27.3	33,771	36,967	43,090
Diluted shares (mn)	200	200		200		200	200	200
Adjusted Diluted EPS	45.8	44.2	3.5	35.9	27.3	169.1	185.1	215.8
Diluted P/E (x)	-	-		-		21.9	20.0	17.2
EV/EBITDA (x)	-	-		-		14.7	13.1	11.1
ROAE (%)	-	-		-		35.6	34.8	36.3

As % of net revenues

Raw material	67.7	67.1		68.5		66.8	66.9	66.7
Employee cost	4.7	4.5		4.7		4.9	4.9	4.8
Other expenses	11.4	11.7		12.9		12.1	12.0	11.7
EBITDA	16.3	16.6		13.8		16.3	16.2	16.8
Adjusted net profit	11.5	11.9		10.4		11.9	11.6	12.2
Tax rate	29.3	28.4		23.6		27.5	28.5	28.5

Company Description

Hero MotoCorp (HMCL) is the world's largest 2-wheeler (2W) company (in volume terms). HMCL has production capacity of 9.2mn 2Ws at its 5 manufacturing facilities at Gurgaon and Dharuhera in Haryana, Haridwar in Uttaranchal, Neemrana in Rajasthan and the latest one at Vadodara in Gujarat. The company offers motorcycles in all the 3 major segments— HF Deluxe in entry; Splendor, Passion and Glamour in executive; and Achiever and Karizma in premium. It also sells Maestro Edge, Duet and Pleasure in the un-gearred scooters segment.

Investment Theme

With ~50% rural exposure, strong market share and brand equity in the commuter segment, HMCL is a key beneficiary of rural demand recovery. However, a weak franchise in scooters and premium motorcycles, both segments where there are robust structural demand tailwinds, will impede market share gains for HMCL. On margins front, we believe benefits from volume recovery and LEAP programme will be offset by expiry of excise benefits and efforts to gain market share across highly competitive scooter and premium motorcycle segments.

Key Risks

Market share: Inability to create strong brand in scooters and premium motorcycles remains the biggest risk to HMCL. Its market share has been declining every year by 100bps due to shifting preference by customers towards scooters and premium motorcycles

Financial Statements

Key Assumptions

Year to March	FY16	FY17	FY18E	FY19E
Macro				
GDP(Y-o-Y %)	7.2	6.5	7.1	7.7
Inflation (Avg)	4.9	4.5	4.0	4.5
Repo rate (exit rate)	6.8	6.3	5.8	5.8
USD/INR (Avg)	65.0	67.5	66.0	66.0
Sector				
Motorcycle - dom. vol. (% YoY)	(0.4)	4.0	8.0	8.0
Company				
Motorcycle - Domestic	(1.3)	1.6	8.7	10.2
Motorcycle - Exports	10.5	5.9	15.0	30.0
Scooter - total vol	9	(4)	12	12
Avg realisation (INR)	41,754	41,925	42,712	43,516
Avg realisation (% YoY)	2.5	0.4	1.9	1.9
Cost assumptions				
RM cost/vehicle	29,116	28,529	29,215	29,195
Employee cost/vehicle	1,984	2,095	2,122	2,112
Average salary	1,733,311	1,730,090	1,868,498	2,017,978
Promotion cost (% revenue)	2.6	2.7	2.7	2.7
EBITDA/vehicle	6,717	6,955	7,060	7,369
Financial assumptions				
Depreciation rate (%)	4.8	4.7	4.8	4.8
Tax rate (%)	28.7	27.5	28.5	28.5
Dividend payout (%)	54.5	61.9	71.5	66.9
B/S assumptions				
Capex (INR mn)	9,051	11,507	10,000	9,000
Debtor days	17	18	19	19
Inventory days	14	13	12	12
Payable days	52	57	59	59
Cash conversion cycle	(21)	(26)	(28)	(28)

Income statement

(INR mn)

Year to March	FY16	FY17	FY18E	FY19E
Total volume (nos)	6,632,144	6,664,046	7,282,734	8,093,863
% Growth in volume	0.1	0.5	9.3	11.1
Income from operations	284,427	284,750	317,858	354,399
Materials costs	193,098	190,118	212,762	236,297
Manufacturing expenses	2,252	2,034	2,509	2,781
Employee costs	13,159	13,960	15,451	17,090
Total operating expenses	239,877	238,402	266,442	294,757
EBITDA	44,550	46,348	51,416	59,642
Depreciation	4,376	4,927	5,461	5,893
EBIT	40,173	41,420	45,955	53,749
Add: Other income	4,224.3	5,224.3	5,807.55	6,577.91
Less: Interest Expense	49	61	61	61
Profit Before Tax	44,349	46,584	51,702	60,266
Less: Provision for Tax	12,747	12,813	14,735	17,176
Reported Profit	31,602	33,771	36,967	43,090
Adjusted Profit	31,602	33,771	36,967	43,090
Shares o /s (mn)	200	200	200	200
Adjusted Basic EPS	158.2	169.1	185.1	215.8
Diluted shares o/s (mn)	200	200	200	200
Adjusted Diluted EPS	158.2	169.1	185.1	215.8
Adjusted Cash EPS	180.2	193.8	212.5	245.3
Dividend per share (DPS)	72.0	85.0	110.0	120.0
Dividend Payout Ratio(%)	54.5	61.9	71.5	66.9

Common size metrics

Year to March	FY16	FY17	FY18E	FY19E
Operating expenses	84.3	83.7	83.8	83.2
Materials costs	67.9	66.8	66.9	66.7
Staff costs	4.6	4.9	4.9	4.8
S G & A expenses	11.0	11.3	11.2	10.9
Depreciation	1.5	1.7	1.7	1.7
Interest Expense	-	-	-	-
EBITDA margins	15.7	16.3	16.2	16.8
Net Profit margins	11.1	11.9	11.6	12.2

Growth ratios (%)

Year to March	FY16	FY17	FY18E	FY19E
Revenues	3.1	0.1	11.6	11.5
EBITDA	25.8	4.0	10.9	16.0
PBT	40.9	5.0	11.0	16.6
Adjusted Profit	43.4	6.9	9.5	16.6
EPS	43.4	6.9	9.5	16.6

Balance sheet (INR mn)				
As on 31st March	FY16	FY17	FY18E	FY19E
Share capital	399	399	399	399
Reserves & Surplus	87,945	100,714	111,241	125,488
Shareholders' funds	88,344	101,113	111,640	125,888
Def. Tax Liability (net)	2,225	4,143	4,143	4,143
Sources of funds	90,569	105,256	115,784	130,031
Gross Block	91,263	103,772	113,772	122,772
Net Block	35,844	43,956	48,495	51,602
Capital work in progress	6,054	4,651	4,651	4,651
Total Fixed Assets	41,898	48,606	53,145	56,252
Cash and Equivalents	46,080	59,053	67,809	80,596
Inventories	6,730	6,563	7,397	8,384
Sundry Debtors	12,828	15,619	17,380	19,698
Loans & Advances	498	449	499	566
Other Current Assets	17,695	16,653	16,653	16,653
Current Assets (ex cash)	37,751	39,284	41,930	45,301
Trade payable	26,506	32,473	36,499	40,378
Other Current Liab	8,654	9,214	10,602	11,740
Total Current Liab	35,159	41,686	47,101	52,117
Net Curr Assets-ex cash	2,592	(2,403)	(5,171)	(6,817)
Uses of funds	90,569	105,256	115,784	130,031
BVPS (INR)	442.4	506.3	559.0	630.4

Free cash flow (INR mn)				
Year to March	FY16	FY17	FY18E	FY19E
Reported Profit	31,602	33,771	36,967	43,090
Add: Depreciation	4,376	4,927	5,461	5,893
Interest (Net of Tax)	35	44	43	43
Others	(4,509)	6,533	(254)	(3,268)
Less: Changes in WC	(6,987)	4,995	2,768	1,646
Operating cash flow	38,491	40,280	39,449	44,112
Less: Capex	9,052	11,507	10,000	9,000
Free Cash Flow	29,440	28,773	29,449	35,112

Cash flow metrics				
Year to March	FY16	FY17	FY18E	FY19E
Operating cash flow	38,491	40,280	39,449	44,112
Investing cash flow	(22,062)	(19,439)	(12,192)	(15,422)
Financing cash flow	(16,867)	(20,956)	(26,500)	(28,903)
Net cash Flow	(437)	(116)	757	(213)
Capex	(9,052)	(11,507)	(10,000)	(9,000)
Dividend paid	(17,223)	(20,910)	(26,439)	(28,843)

Profitability and efficiency ratios				
Year to March	FY16	FY17	FY18E	FY19E
ROAE (%)	41.1	35.6	34.8	36.3
ROACE (%)	57.8	49.2	48.7	50.8
Inventory Days	14	13	12	12
Debtors Days	17	18	19	19
Payable Days	52	57	59	59
Cash Conversion Cycle	(21)	(26)	(28)	(28)
Current Ratio	2.4	2.4	2.3	2.4
Net Debt/Equity	(0.5)	(0.6)	(0.6)	(0.6)
Interest Coverage Ratio	821.5	684.6	759.6	888.4

Operating ratios				
Year to March	FY16	FY17	FY18E	FY19E
Total Asset Turnover	3.7	2.9	2.9	2.9
Fixed Asset Turnover	8.8	7.1	6.9	7.1
Equity Turnover	3.7	3.0	3.0	3.0

Valuation parameters				
Year to March	FY16	FY17	FY18E	FY19E
Adj. Diluted EPS (INR)	158.2	169.1	185.1	215.8
Y-o-Y growth (%)	43.4	6.9	9.5	16.6
Adjusted Cash EPS (INR)	180.2	193.8	212.5	245.3
Diluted P/E (x)	23.4	21.9	20.0	17.2
P/B (x)	8.4	7.3	6.6	5.9
EV / Sales (x)	2.4	2.4	2.1	1.9
EV / EBITDA (x)	15.6	14.7	13.1	11.1
Dividend Yield (%)	1.9	2.3	3.0	3.2

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		P/B (X)	
		FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
Hero MotoCorp	11,503	20.0	17.2	13.1	11.1	6.6	5.9
Bajaj Auto	12,797	18.5	16.6	13.2	11.2	4.3	3.8
Median	-	19.2	16.9	13.1	11.1	5.5	4.8
AVERAGE	-	19.2	16.9	13.1	11.1	5.5	4.8

Source: Edelweiss research

Additional Data

Directors Data

Pradeep Dinodia	Non-Executive Independent Directors	Dr. Pritam Singh	Non-Executive Independent Directors
V P Malik	Non-Executive Independent Directors	M Damodaran	Non-Executive Independent Directors
Dr. Anand C Burman	Non-Executive Independent Directors	Ravi Nath	Non-Executive Independent Directors
Analjit Singh	Non-Executive Independent Directors	Suman Kant Munjal	Other Non-Executive Directors
Paul Edgerley	Other Non-Executive Directors	Takashi Nagai	Other Non-Executive Directors
Toshiyuki Inuma	Other Non-Executive Directors	Brijmohan Lall Munjal	Executive Directors
Pawan Munjal	Executive Directors	Sunil Kant Munjal	Executive Directors

Auditors - A F Ferguson & Co

*as per last annual report

Holding – Top10

	Perc. Holding		Perc. Holding
Bahadur chand invest	20	Brijmohan om prak	13.98
Munjal pawan	13.98	Munjal brijmohan lal	6.21
Life insurance corp	5.14	Aberdeen	4.35
Massachusetts mutual	3.67	Franklin resources	2.51
Lazard ltd	2.43	Lazard emerging mkt	1.92

*in last one year

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
27 Mar 2017	Brij Mohan Lal Om Parkash	Sell	8878000	3375.00
27 Mar 2017	Bahadur Chand Investments Pvt Ltd	Buy	8878000	3375.00
24 Mar 2017	Bahadur Chand Investments Pvt Ltd	Buy	8878000	3375.00
24 Mar 2017	Brij Mohan Lal Om Parkash	Sell	8878000	3375.00
11 Aug 2016	Bahadur Chand Investments Pvt Ltd	Buy	9761976	3319.00
11 Aug 2016	Hero Investcorp Pvt Ltd	Buy	873756	3319.00
11 Aug 2016	Brij Mohan Lal Om Parkash	Sell	11509488	3319.00

*in last one year

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
28 Mar 2017	M/s Brijmohan Lal Om Prakash, Partnership Firm	Sell	17756000.00
28 Mar 2017	Bahadur Chand Investments Private Limited	Buy	17756000.00
17 Oct 2016	Brijmohan Lall & Sons, HUF	Sell	32500.00

*in last one year

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
Amara Raja Batteries	BUY	None	None	Ashok Leyland	BUY	SO	H
Bajaj Auto	HOLD	SU	L	Ceat Ltd	BUY	SO	L
Eicher Motors	BUY	SO	M	Exide Industries	BUY	SP	L
Hero MotoCorp	HOLD	SU	H	Mahindra & Mahindra Ltd	BUY	SO	M
Maruti Suzuki India Ltd	BUY	SO	H	Minda Corporation	BUY	SO	M
Motherson Sumi Systems	HOLD	SU	H	Suprajit Engineering	BUY	SO	H
Tata Motors Ltd	HOLD	SP	H				

ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return

Edelweiss
Ideas create, values protect



Edelweiss Securities Limited, Edelweiss House, off C.S.T. Road, Kalina, Mumbai – 400 098.

Board: (91-22) 4009 4400, Email: research@edelweissfin.com

Aditya Narain

Head of Research

aditya.narain@edelweissfin.com

Coverage group(s) of stocks by primary analyst(s): Automobiles

Ashok Leyland, Amara Raja Batteries, Bajaj Auto, Ceat Ltd, Eicher Motors, Exide Industries, Hero MotoCorp, Minda Corporation, Mahindra & Mahindra Ltd, Maruti Suzuki India Ltd, Motherson Sumi Systems, Suprajit Engineering, Tata Motors Ltd

Recent Research

Date	Company	Title	Price (INR)	Recos
24-Jul-17	Ashok Leyland	Subdued quarter; market share gains to sustain; <i>Result Update</i>	104	Buy
21-Jul-17	Bajaj Auto	Subdued quarter; exports revival key; <i>Result Update</i>	2,816	Hold
11-Jul-17	Automobiles	Race of Unequals; <i>Sector Update</i>		

Distribution of Ratings / Market Cap

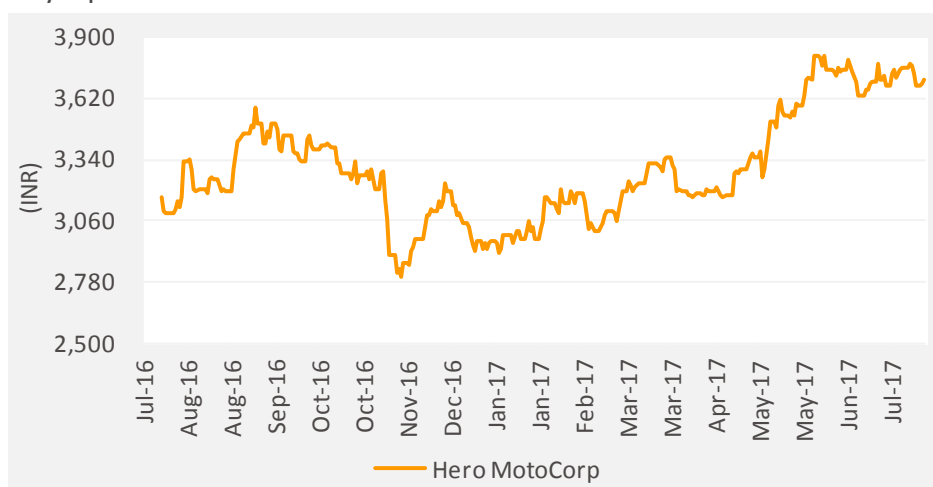
Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240
* 1stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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