

Hero Motocorp

Refer to important disclosures at the end of this report

Strong quarter; volume growth to improve going ahead

CMP: Rs 2,894
as of (October 29, 2020)

TP: Rs 3,839 (▲)
12 months

Rating: BUY (■)

Upside: 32.6 %

- Q2FY21 revenue grew strongly by 24% yoy to Rs93.7bn and EBITDA surged 17% to Rs12.9bn, broadly in line with estimates. Though EBITDA margin contracted 80bps due to the BS6 transition impact, EBITDA/unit came in at a three-year high of Rs7,089.
- After a 33% wholesales decline in H1FY21, we expect a turnaround in H2FY21/FY22E with growth of 21%/16%, owing to strong rural demand, pickup in urban demand, shift toward personal mobility and favorable base effect.
- HMCL is well-placed to benefit from a 2W upcycle due to its strong rural presence. Over FY20-23E, we expect a pick-up in earnings growth (10% CAGR), robust ROCEs (~30%) and strong FCFs (~Rs34bn/year).
- Valuations are reasonable (15x/14x FY22/23E EPS) compared with a historical multiple of 18x. Reaffirm Buy with a revised TP of Rs3,839, based on 18x FY23E EPS (Sep'22E earlier) and value of Hero FinCorp at Rs93/share.

Strong revenue/EBITDA performance: Revenue grew strongly by 24% yoy to Rs93.7bn (est.: Rs95.2bn) and EBITDA grew 17% to Rs12.9bn (est.: Rs13.2bn), broadly in line estimates. Volumes grew by 7% to 1.8mn units, while realization grew by 15% to Rs51,620. EBITDA margin contracted 80bps to 13.7% (est.: 13.9%) due to the BS6 transition impact, but EBITDA/unit increased by 5% to Rs7,089 (a 3-year high). Overall, adjusted PAT grew by 4% to Rs9.5bn (est.: Rs10.2bn), slightly below our estimates due to lower other income (down 32% to 1.4bn). Share of profits from associates (Ather Energy and Hero Fincorp) stands at Rs130mn vs. 140mn in Q2FY20.

Festive season update: Retails have been at 96% of last year levels in initial 10 days, which contributes one-third of volume. Management expects improvement in the remaining festive period, led by continued rural growth, better urban/suburban demand and finance availability.

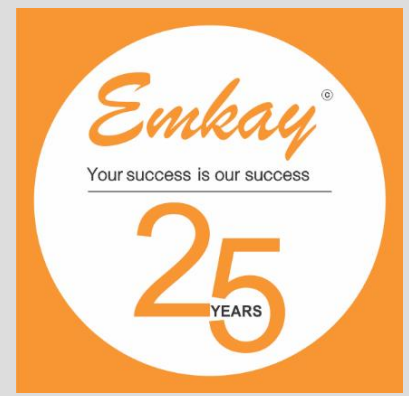
Retain Buy: HMCL has the best rural presence among peers, with dominant market share in Top-7 rural states (which have the urbanization rate below 30%), and a pan-India distribution network with more than 7,200 outlets. We have increased FY21E EPS by 4% to Rs141.5, owing to a rise in volume estimates, but broadly retain FY22E/23E EPS at Rs187.2/Rs209.6. Over FY20-23E, we expect a healthy earnings recovery (10% CAGR), strong ROCEs (~30%) and strong FCF generation (~Rs34bn/year). We retain Buy with a revised TP of Rs3,839, based on 18x FY23E EPS (Sep'22E earlier) and value of Hero FinCorp at Rs93/share. Key downside risks include lower-than-expected volumes, heightened competition, lack of pricing discipline in the industry and higher commodity prices, among others.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Automobiles & Auto Ancillaries \(page 9\)](#)

Financial Snapshot (Standalone)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	336,505	288,361	305,704	363,495	398,246
EBITDA	49,301	39,580	38,560	50,402	56,123
EBITDA Margin (%)	14.7	13.7	12.6	13.9	14.1
APAT	33,849	31,841	28,260	37,391	41,873
EPS (Rs)	169.5	159.4	141.5	187.2	209.6
EPS (% chg)	(8.5)	(5.9)	(11.2)	32.3	12.0
ROE (%)	27.5	23.6	19.7	24.6	25.3
P/E (x)	17.1	18.2	20.5	15.5	13.8
EV/EBITDA (x)	10.7	12.7	12.9	9.6	8.4
P/BV (x)	4.5	4.1	4.0	3.7	3.4

Source: Company, Emkay Research



Change in Estimates

EPS Chg FY22E/FY23E (%)	(0.4)/0.4
Target Price change (%)	3.7
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

EPS Estimates		
	FY22E	FY23E
Emkay	187.2	209.6
Consensus	172.3	200.2
Mean Consensus TP (12M)	Rs 3,113	

Stock Details

Bloomberg Code	HMCL IN
Face Value (Rs)	2
Shares outstanding (mn)	200
52 Week H/L	3,395 / 1,475
M Cap (Rs bn/USD bn)	578 / 7.80
Daily Avg Volume (nos.)	1,736,417
Daily Avg Turnover (US\$ mn)	70.3

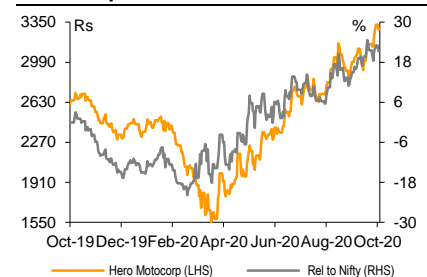
Shareholding Pattern Sep '20

Promoters	34.8%
FIIs	33.3%
DIIIs	22.9%
Public and Others	9.1%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(9)	4	47	7
Rel. to Nifty (12)		-	20	8

Relative price chart



Source: Bloomberg

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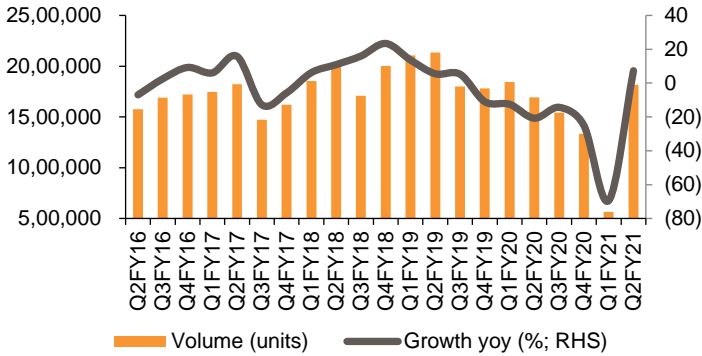
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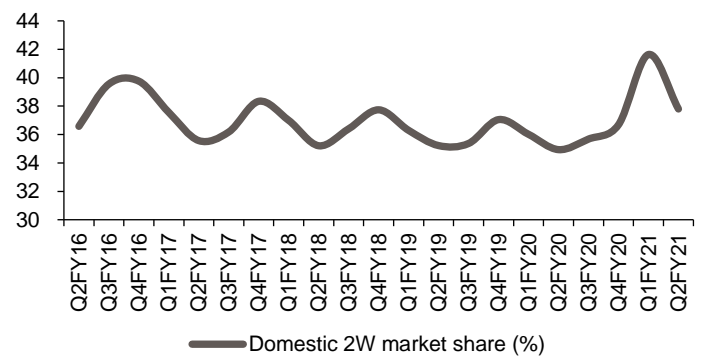
Story in Charts

Exhibit 1: Volume grew 7% yoy to 1,814,683 units



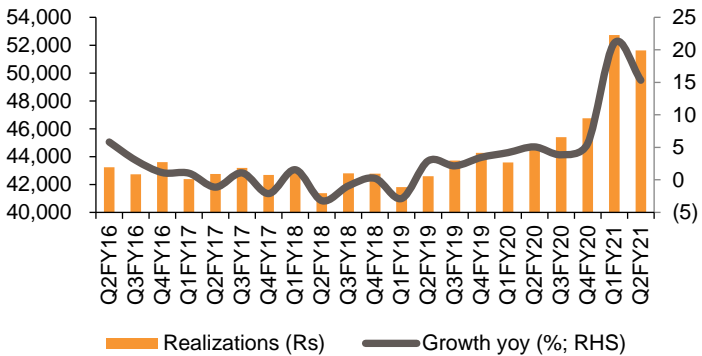
Source: Company, Emkay Research

Exhibit 2: Domestic 2W market share increased on strong rural demand



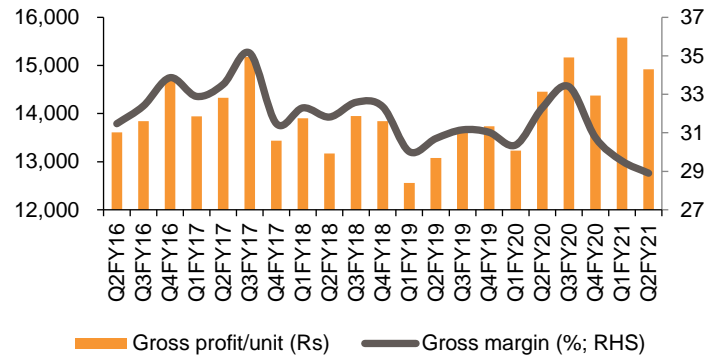
Source: SIAM, Emkay Research

Exhibit 3: Revenue/unit grew 15% yoy to 51,620, led by BS6 transition and price hikes



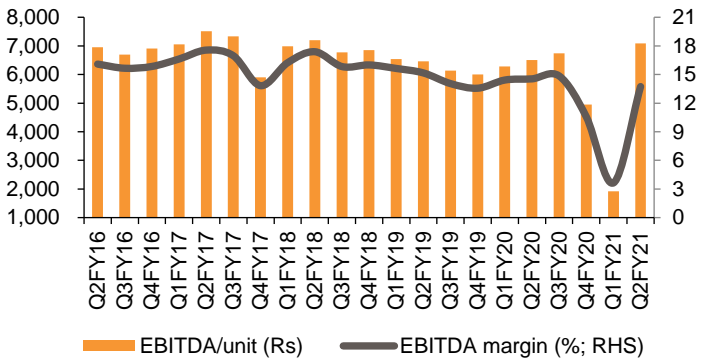
Source: Company, Emkay Research

Exhibit 4: Gross margin declined 340bps yoy due to BS6 transition impact



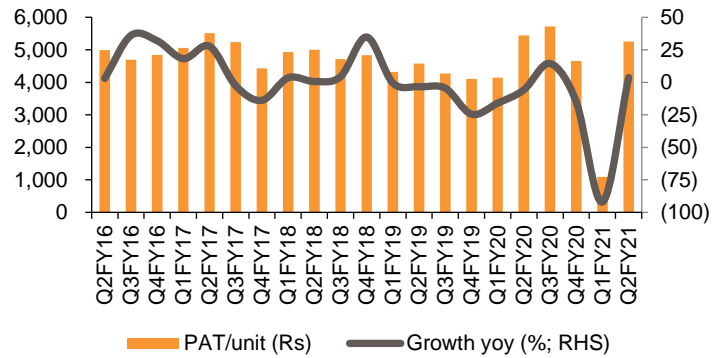
Source: Company, Emkay Research

Exhibit 5: EBITDA margin fell 80bps to 13.7%, but EBITDA/unit increased 5% to Rs7,089 (a 3-year high)



Source: Company, Emkay Research

Exhibit 6: PAT/unit declined, due to lower other income and higher tax rate



Source: Company, Emkay Research

Exhibit 7: Changes in estimates

Rs mn	FY21E				FY22E				FY23E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Volumes	5,598,624	5,850,067	4.5	(8.7)	6,793,060	6,762,195	(0.5)	15.6	7,240,836	7,264,599	0.3	7.4
Net Sales	287,063	305,704	6.5	6.0	357,030	363,495	1.8	18.9	386,982	398,246	2.9	9.6
EBITDA	35,535	38,560	8.5	(2.6)	49,067	50,402	2.7	30.7	53,940	56,123	4.0	11.3
Margin (%)	12.4	12.6	21 bps	(111) bps	13.7	13.9	17 bps	125 bps	13.9	14.1	19 bps	23 bps
APAT	27,072	28,260	4.4	(11.2)	37,540	37,391	(0.4)	32.3	41,698	41,873	0.4	12.0
EPS (Rs)	135.5	141.5	4.4	(11.2)	187.9	187.2	(0.4)	32.3	208.8	209.6	0.4	12.0

Source: Company, Emkay Research

Exhibit 8: Volume assumptions

Volume (units)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Domestic Motorcycles	5,693,681	6,499,051	6,893,688	5,828,782	5,308,218	6,135,972	6,585,745
Growth (%)	1.6	14.1	6.1	(15.4)	(8.9)	15.6	7.3
Export Motorcycles	140,579	178,156	187,185	161,567	164,798	209,294	232,316
Growth (%)	5.9	26.7	5.1	(13.7)	2.0	27.0	11.0
Domestic Scooters	789,974	883,667	719,087	402,676	362,408	398,649	426,555
Growth (%)	(3.5)	11.9	(18.6)	(44.0)	(10.0)	10.0	7.0
Export Scooters	39,812	26,319	20,871	16,694	14,642	18,280	19,983
Growth (%)	(48.6)	(33.9)	(20.7)	(20.0)	(12.3)	24.9	9.3
Total Volume	6,664,046	7,587,193	7,820,831	6,409,719	5,850,067	6,762,195	7,264,599
Growth (%)	0.5	13.9	3.1	(18.0)	(8.7)	15.6	7.4
Realization/unit (Rs)	42,766	42,480	43,027	44,988	52,257	53,754	54,820
Growth (%)	(0.3)	(0.7)	1.3	4.6	16.2	2.9	2.0
Revenue (Rs/unit)	285,005	322,305	336,505	288,361	305,704	363,495	398,246
Growth (%)	0.2	13.1	4.4	(14.3)	6.0	18.9	9.6

Source: Company, Emkay Research

Exhibit 9: Actual vs. Estimates (Q2FY21)

(Rs mn)	Actual	Estimates		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Total Revenue	93,673	95,181	87,635	(1.6)	6.9	Broadly in line with estimates
EBITDA	12,864	13,214	12,044	(2.6)	6.8	
EBITDA Margin (%)	13.7	13.9	13.7	(15) bps	(1) bps	Broadly in line with estimates
Adjusted net profit	9,535	10,187	9,642	(6.4)	(1.1)	Below estimates due to lower other income (-32% yoy)

Source: Bloomberg, Company, Emkay Research

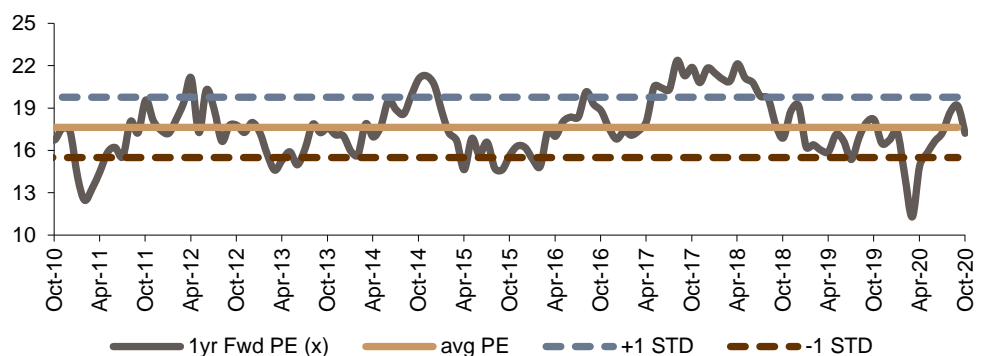
Exhibit 10: Quarterly financial summary

Rs mn	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	YoY (%)	QoQ (%)	FY21 YTD	FY20 YTD	YoY (%)
Revenue	75,707	69,967	62,384	29,715	93,673	23.7	215.2	123,389	156,010	(20.9)
Expenditure	64,696	59,578	55,785	28,635	80,809	24.9	182.2	109,444	133,419	(18.0)
as % of sales	85.5	85.2	89.4	96.4	86.3			88.7	85.5	
Consumption of RM	51,257	46,598	43,200	20,939	66,600	29.9	218.1	87,539	107,177	(18.3)
as % of sales	67.7	66.6	69.2	70.5	71.1			70.9	68.7	
Employee Cost	4,689	4,697	4,354	3,824	5,112	9.0	33.7	8,936	9,366	(4.6)
as % of sales	6.2	6.7	7.0	12.9	5.5			7.2	6.0	
Other expenditure	8,750	8,282	8,231	3,872	9,097	4.0	135.0	12,969	16,877	(23.2)
as % of sales	11.6	11.8	13.2	13.0	9.7			10.5	10.8	
EBITDA	11,011	10,390	6,599	1,081	12,864	16.8	1,090.6	13,945	22,591	(38.3)
Depreciation	2,034	2,037	1,747	1,708	1,732	(14.9)	1.4	3,439	4,395	(21.8)
EBIT	8,977	8,352	4,852	(627)	11,133	24.0	(1,875.3)	10,506	18,196	(42.3)
Other Income	2,078	1,822	1,695	1,485	1,413	(32.0)	(4.8)	2,898	4,267	(32.1)
Interest	77	59	41	63	46	(39.5)	(25.9)	109	120	(9.5)
PBT	10,979	10,115	6,506	795	12,500	13.9	1,472.5	13,294	22,342	(40.5)
Total Tax	1,781	1,311	299	182	2,965	66.5	1,530.9	3,147	5,512	(42.9)
Adjusted PAT	9,198	8,804	6,207	613	9,535	3.7	1,455.1	10,148	16,830	(39.7)
Extra ordinary items Loss/(Gain)	450	0	0	0	0			0	(4,491)	
Reported PAT	8,748	8,804	6,207	613	9,535	9.0	1,455.1	10,148	21,321	(52.4)
Adjusted EPS	43.8	44.1	31.1	3	48	9.0	1,455.1	51	107	(52.4)

Margins (%)						(bps)	(bps)				(bps)
EBIDTA	14.5	14.8	10.6	3.6	13.7	(81)	1,010	11.3	14.5	(318)	
EBIT	11.9	11.9	7.8	(2.1)	11.9	3	1,399	8.5	11.7	(315)	
EBT	14.5	14.5	10.4	2.7	13.3	(116)	1,067	10.8	14.3	(355)	
PAT	12.1	12.6	9.9	2.1	10.2	(197)	812	8.2	10.8	(256)	
Effective Tax rate	16.2	13.0	4.6	22.9	23.7	750	85	23.7	24.7	(100)	

Source: Company, Emkay Research

Exhibit 11: One-year forward P/E



Source: Company, Emkay Research

Exhibit 12: Peer comparison

Companies	CMP (Rs)	Target (Rs)	Mcap (Rs.bn)	Reco	PE (x)			EV/EBITDA (x)			ROE (%)			ROCE (%)		
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Ashok Leyland	80	89	236	Buy	NM	23.7	15.3	32.3	11.8	8.4	0.1	13.2	18.8	1.8	14.0	19.7
Atul Auto	156	258	3	Buy	20.7	6.8	5.4	11.7	4.5	3.2	5.3	14.9	16.5	7.3	19.5	21.7
Bajaj Auto	2,921	3,976	845	Buy	19.5	14.4	12.6	15.1	10.2	8.6	20.8	25.7	26.5	26.5	32.9	34.0
Eicher Motors	2,137	2,754	584	Buy	39.1	20.9	17.4	27.3	14.6	11.9	14.2	23.0	23.1	18.3	27.3	27.2
Escorts	1,188	1,256	160	Buy	22.3	16.5	13.7	13.7	10.2	8.2	12.7	13.7	14.6	16.8	17.8	18.9
Hero Motocorp	2,894	3,839	578	Buy	20.5	15.5	13.8	12.9	9.6	8.4	19.7	24.6	25.3	25.3	31.6	32.5
Mahindra & Mahindra	592	718	736	Buy	24.6	15.5	13.1	13.4	9.2	7.7	8.0	11.8	12.8	10.0	14.5	15.8
Maruti Suzuki	7,118	8,216	2,150	Buy	49.4	27.0	21.7	32.5	17.1	13.5	8.8	15.0	17.2	11.2	19.2	21.9
Tata Motors	132	196	436	Buy	NM	9.5	5.7	5.6	3.5	3.0	-13.5	8.8	13.0	1.2	7.8	9.9
TVS Motor	422	398	201	Sell	50.6	29.2	22.2	18.9	13.7	11.3	10.6	16.8	19.7	11.5	17.5	21.2
Amara Raja Batteries	743	863	127	Buy	19.8	15.3	12.9	10.8	8.6	7.2	16.6	19.1	20.0	21.7	24.9	26.1
Apollo Tyres	143	111	82	Hold	35.0	13.1	10.4	6.9	4.9	4.1	2.5	6.1	7.3	3.8	6.5	7.7
Exide Industries	157	205	133	Buy	19.2	14.5	12.6	9.8	7.8	6.7	10.7	13.1	13.8	14.0	17.1	18.1
Motherson Sumi	107	133	339	Buy	43.3	20.1	16.2	10.2	5.7	4.6	6.9	14.2	16.2	4.5	14.3	16.9
Bharat Forge	455	537	212	Buy	56.8	25.2	18.9	27.6	15.6	12.3	6.8	14.4	17.3	7.1	13.7	16.9

Source: Company, Emkay Research

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	336,505	288,361	305,704	363,495	398,246
Expenditure	287,205	248,781	267,144	313,093	342,124
EBITDA	49,301	39,580	38,560	50,402	56,123
Depreciation	6,020	8,180	7,110	7,956	8,660
EBIT	43,281	31,400	31,450	42,447	47,462
Other Income	6,913	7,783	5,966	7,029	7,967
Interest expenses	86	220	231	277	333
PBT	50,107	38,963	37,184	49,199	55,096
Tax	16,259	7,122	8,924	11,808	13,223
Extraordinary Items	0	4,491	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	33,849	36,333	28,260	37,391	41,873
Adjusted PAT	33,849	31,841	28,260	37,391	41,873

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	400	400	400	400	400
Reserves & surplus	128,172	140,965	145,376	157,975	172,084
Net worth	128,571	141,364	145,776	158,375	172,484
Minority Interest	0	0	0	0	0
Loan Funds	0	0	0	0	0
Net deferred tax liability	5,365	3,928	4,300	4,792	5,343
Total Liabilities	133,936	145,292	150,076	163,167	177,827
Net block	46,186	57,025	54,795	53,818	55,157
Investment	59,686	82,227	88,227	99,227	113,227
Current Assets	65,121	44,829	47,261	55,765	60,171
Cash & bank balance	1,365	2,419	3,826	4,119	3,587
Other Current Assets	8,931	6,348	6,729	8,001	8,766
Current liabilities & Provision	42,476	42,201	44,739	53,197	58,282
Net current assets	22,646	2,628	2,522	2,568	1,889
Misc. exp	0	0	0	0	0
Total Assets	133,936	145,292	150,076	163,167	177,827

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	43,195	37,954	31,219	42,169	47,129
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(19,189)	12,027	1,723	200	375
Operating Cashflow	2,878	46,318	35,311	45,419	48,594
Capital expenditure	(9,179)	(13,586)	(6,000)	(10,000)	(10,000)
Free Cash Flow	(6,301)	32,732	29,311	35,419	38,594
Investments	18,758	(18,926)	(6,000)	(11,000)	(14,000)
Other Investing Cash Flow	3,633	3,681	(5,966)	(7,029)	(7,967)
Investing Cashflow	20,124	(21,048)	(12,000)	(21,000)	(24,000)
Equity Capital Raised	20	1	0	0	0
Loans Taken / (Repaid)	0	0	0	0	0
Dividend paid (incl tax)	(22,874)	(23,325)	(21,673)	(23,848)	(24,792)
Other Financing Cash Flow	(111)	(672)	0	0	0
Financing Cashflow	(23,051)	(24,216)	(21,904)	(24,126)	(25,125)
Net chg in cash	(49)	1,054	1,407	293	(531)
Opening cash position	1,413	1,365	2,419	3,826	4,119
Closing cash position	1,365	2,419	3,826	4,119	3,587

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	14.7	13.7	12.6	13.9	14.1
EBIT Margin	12.9	10.9	10.3	11.7	11.9
Effective Tax Rate	32.4	18.3	24.0	24.0	24.0
Net Margin	10.1	11.0	9.2	10.3	10.5
ROCE	39.1	28.1	25.3	31.6	32.5
ROE	27.5	23.6	19.7	24.6	25.3
RoIC	78.4	50.4	56.8	80.3	89.8

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	169.5	159.4	141.5	187.2	209.6
CEPS	199.6	200.4	177.1	227.0	253.0
BVPS	643.7	707.7	729.8	792.9	863.5
DPS	87.0	90.0	99.0	103.0	115.3

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	17.1	18.2	20.5	15.5	13.8
P/CEPS	14.5	14.4	16.3	12.7	11.4
P/BV	4.5	4.1	4.0	3.7	3.4
EV / Sales	1.6	1.8	1.7	1.4	1.2
EV / EBITDA	10.7	12.7	12.9	9.6	8.4
Dividend Yield (%)	3.0	3.1	3.4	3.6	4.0

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	(0.4)	(0.5)	(0.6)	(0.6)	(0.6)
Net Debt/EBIDTA	(1.0)	(1.9)	(2.1)	(1.8)	(1.9)
Working Cap Cycle (days)	23.1	0.3	(1.6)	(1.6)	(1.6)

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	4.4	(14.3)	6.0	18.9	9.6
EBITDA	(6.6)	(19.7)	(2.6)	30.7	11.3
EBIT	(8.4)	(27.5)	0.2	35.0	11.8
PAT	(8.5)	7.3	(22.2)	32.3	12.0

Quarterly (Rs mn)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Revenue	75,707	69,967	62,384	29,715	93,673
EBITDA	11,011	10,390	6,599	1,081	12,864
EBITDA Margin (%)	14.5	14.8	10.6	3.6	13.7
PAT	9,198	8,804	6,207	613	9,535
EPS (Rs)	46.0	44.1	31.1	3.1	47.7

Source: Company, Emkay Research

Shareholding Pattern (%)	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Promoters	34.6	34.6	34.6	34.8	34.8
FIs	36.5	35.3	34.3	32.7	33.3
DIs	19.2	19.6	19.9	21.7	22.9
Public and Others	9.7	10.5	11.2	10.8	9.1

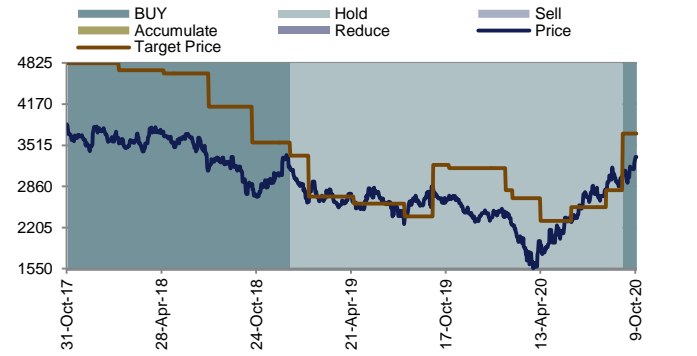
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
11-Oct-20	3,327	3,701	12m	Buy	Raghunandhan NL
28-Sep-20	3,089	3,701	12m	Buy	Raghunandhan NL
15-Sep-20	3,037	3,701	12m	Buy	Raghunandhan NL
28-Aug-20	3,059	2,798	12m	Hold	Raghunandhan NL
15-Aug-20	2,804	2,798	12m	Hold	Raghunandhan NL
29-Jun-20	2,504	2,530	12m	Hold	Raghunandhan NL
10-Jun-20	2,292	2,530	12m	Hold	Raghunandhan NL
4-May-20	2,001	2,313	12m	Hold	Raghunandhan NL
13-Apr-20	1,919	2,313	12m	Hold	Raghunandhan NL
27-Feb-20	2,110	2,670	12m	Hold	Raghunandhan NL
20-Feb-20	2,240	2,670	12m	Hold	Raghunandhan NL
7-Feb-20	2,443	2,800	12m	Hold	Raghunandhan NL
30-Jan-20	2,482	3,150	12m	Hold	Raghunandhan NL
27-Dec-19	2,442	3,150	12m	Hold	Raghunandhan NL
27-Nov-19	2,523	3,150	12m	Hold	Raghunandhan NL
1-Nov-19	2,707	3,150	12m	Hold	Raghunandhan NL
30-Oct-19	2,685	3,150	12m	Hold	Raghunandhan NL
23-Oct-19	2,713	3,150	12m	Hold	Raghunandhan NL
1-Oct-19	2,688	3,200	12m	Hold	Raghunandhan NL
26-Sep-19	2,760	3,200	12m	Hold	Raghunandhan NL
23-Sep-19	2,820	3,200	12m	Hold	Raghunandhan NL
3-Sep-19	2,557	2,380	12m	Hold	Raghunandhan NL
28-Aug-19	2,569	2,380	12m	Hold	Raghunandhan NL
31-Jul-19	2,356	2,380	12m	Hold	Raghunandhan NL
1-Jul-19	2,617	2,585	12m	Hold	Raghunandhan NL
27-Jun-19	2,598	2,585	12m	Hold	Raghunandhan NL
3-Jun-19	2,840	2,585	12m	Hold	Raghunandhan NL
29-May-19	2,726	2,585	12m	Hold	Raghunandhan NL
2-May-19	2,552	2,585	12m	Hold	Raghunandhan NL
26-Apr-19	2,604	2,585	12m	Hold	Raghunandhan NL
27-Mar-19	2,543	2,700	12m	Hold	Raghunandhan NL
4-Feb-19	2,780	2,700	12m	Hold	Raghunandhan NL
31-Jan-19	2,614	2,700	12m	Hold	Raghunandhan NL
27-Dec-18	3,129	3,350	12m	Hold	Raghunandhan NL
16-Oct-18	2,895	3,560	12m	Buy	Raghunandhan NL
3-Aug-18	3,251	4,130	12m	Buy	Raghunandhan NL
26-Jul-18	3,137	4,130	12m	Buy	Raghunandhan NL
2-May-18	3,664	4,660	12m	Buy	Raghunandhan NL
6-Feb-18	3,542	4,710	12m	Buy	Raghunandhan NL
2-Nov-17	3,736	4,820	12m	Buy	Raghunandhan NL

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Automobiles & Auto Ancillaries



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Sector

Automobiles and Ancillaries

Analyst bio

Raghu holds an MBA and comes with total 11 years of research experience. His team currently covers 14 stocks in the Indian Automobiles and Ancillaries space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Auto & Auto Ancillaries	5.38	5.38	0%	0	100.00
Amara Raja Batteries	0.09	0.00	-100%	-9	0.00
Apollo Tyres	0.07	0.07	0%	0	1.34
Ashok Leyland	0.17	0.29	65%	11	5.34
Atul Auto	0.00	0.00	NA	0	0.00
Bajaj Auto	0.59	0.59	0%	0	10.98
Bharat Forge	0.18	0.24	32%	6	4.37
Eicher Motors	0.46	0.51	12%	5	9.52
Escorts	0.00	0.00	NA	0	0.00
Exide Industries	0.11	0.00	-100%	-11	0.00
Hero Motocorp	0.59	0.64	8%	5	11.89
Mahindra & Mahindra	0.89	0.89	0%	0	16.54
Maruti Suzuki India	1.48	1.47	0%	0	27.34
Motherson Sumi	0.20	0.20	0%	0	3.65
Tata Motors	0.37	0.37	0%	0	6.80
Tata Motors DVR	0.04	0.04	0%	0	0.78
TVS Motor	0.13	0.08	-41%	-5	1.44
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

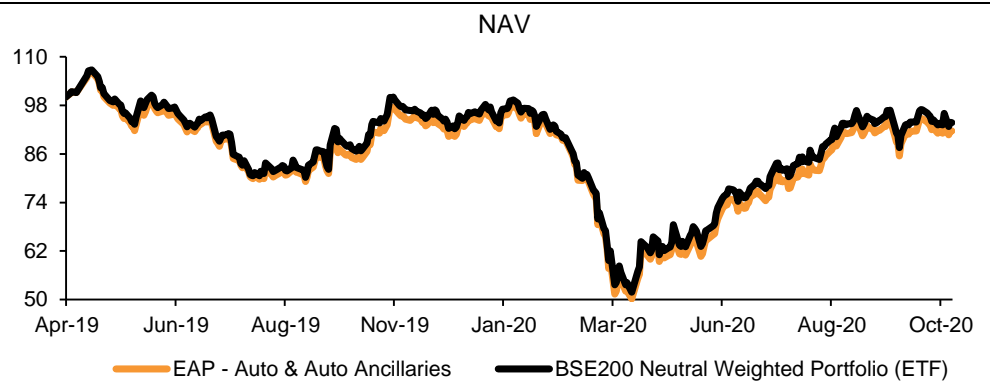
Sector portfolio NAV

	Base					Latest
	1-Apr-19	29-Jan-20	29-Apr-20	29-Jul-20	28-Sep-20	28-Oct-20
EAP - Auto & Auto Ancillaries	100.0	95.3	62.3	82.6	91.0	91.7
BSE200 Neutral Weighted Portfolio (ETF)	100.0	96.8	64.2	85.8	93.2	93.7

*Performance measurement base date 1st April 2019

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 30 Oct 2020 05:20:24 (SGT)

Dissemination Date: 30 Oct 2020 05:21:24 (SGT)

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