Hero Motocorp

Refer to important disclosures at the end of this report

Near-term woes continue; Upshots from new initiatives to come gradually; Hold

CMP: Rs 2,251	TP: Rs 2,670 (▼)	Rating: HOLD (■)	Upside: 18 %
as of (February 20, 2020)	12 months		

- Management expects volume weakness to continue over the next 2-3 quarters due to inventory correction with dealers and notable price increases due to BS6 transition. A gradual recovery is expected only in H2FY21.
- HMCL's initiatives over the next few years will be to strengthen its position in premium motorcycles/scooters, improve global business and to become a major player in EVs. To achieve these objectives, Rs100bn in investments over next 5-7 years have been planned.
- We cut FY21/22E EPS forecast by 2%/6% to Rs155.3/Rs170.8, due to lower volume and margin estimates. After revision, EPS growth is expected to be muted at 3% over FY20-22E. ROE to remain under pressure and contract from 24% in FY20E to 21% in FY22E.
- Although management's efforts are in the right direction, results may only fructify over the medium term. Maintain Hold with a TP of Rs2,670 (Rs2,800 earlier) based on 15x FY22E EPS, and the value of Hero Fincorp at Rs105/share. Maintain UW stance in sector EAP.

Volume and margin weakness to continue in the near term: Management expects volume weakness to continue over the next 2-3 quarters due to inventory correction with dealers and notable price increases due to BS6 transition. HMCL's dealer inventory, excluding sub-dealer inventory, is still high in comparison with peers at 37 days, while including sub-dealer inventory, it will higher by ~20%. Price increases due to BS6 transition is high for most models at 14-16%. Near-term margins are also expected to remain under pressure, due to lower scale and the partial absorption of BS6 costs. A gradual recovery is expected in volumes and margins only in H2FY21. **We expect volume to decline by 15% in FY20E, and then recover slowly to growth of 1% in FY21E and 6% in FY22E.**

Initiatives to strengthen presence in premium motorcycles, scooters, EVs and overseas operations: HMCL will work on strengthening presence in premium motorcycles, and the recent unveiling of Xtreme 160R is a step in this direction. Similarly, it is focusing on improving presence in scooters. Further, the emphasis is on building overseas operations, through new products, increased penetration and marketing/financing efforts. In addition, it aims to become a market leader in EVs, through its partnership with Ather Energy, in which HMCL is the largest investor, and through in-house R&D efforts as well. **Although management's efforts are in the right direction, we believe that their results may only fructify over the medium term.**

Maintain Hold: We build in only 3% earnings CAGR over FY20-22E. We maintain Hold rating and UW stance in sector EAP, with a revised TP of Rs2,670 (Rs2,800 earlier), based on 15x FY22E EPS, and the value of Hero Fincorp at Rs105/share. Key upside risks include strong macroeconomic environment, lower competitive intensity, and benign commodity/currency rates.

Please see our sector model portfolio (Emkay Alpha Portfolio): Automobiles & Auto Ancillaries (Page 9)

Financial Snapshot (Standalone)

(Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
Revenue	322,305	336,505	296,802	325,156	352,895
EBITDA	52,802	49,301	42,217	42,537	47,149
EBITDA Margin (%)	16.4	14.7	14.2	13.1	13.4
APAT	36,974	33,849	32,420	31,020	34,109
EPS (Rs)	185.1	169.5	162.3	155.3	170.8
EPS (% chg)	9.5	(8.5)	(4.2)	(4.3)	10.0
ROE (%)	33.8	27.5	23.9	21.0	21.4
P/E (x)	12.2	13.3	13.9	14.5	13.2
EV/EBITDA (x)	7.3	8.1	9.1	9.0	8.0
P/BV (x)	3.8	3.5	3.2	3.0	2.7

Source: Company, Emkay Research

Change in Estimates	
EPS Chg FY21E/FY22E (%)	(2.4)/(6.0)
Target Price change (%)	(4.6)
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus

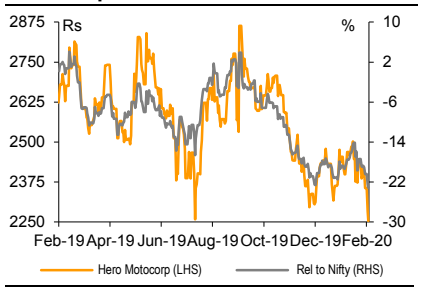
EPS Estimates	FY21E	FY22E
Emkay	155.3.	170.8
Consensus	173.2	191.6
Mean Consensus TP (12M)	Rs 2,683	

Stock Details	
Bloomberg Code	HMCL IN
Face Value (Rs)	2
Shares outstanding (mn)	200
52 Week H/L	3,023 / 2,225
M Cap (Rs bn/USD bn)	450 / 6.28
Daily Avg Volume (nos.)	866,517
Daily Avg Turnover (US$ mn)	29.2

Shareholding Pattern Dec '19	
Promoters	34.6%
FIIs	35.3%
DIIs	19.6%
Public and Others	10.5%

Price Performance				
(%)	1M	3M	6M	12M
Absolute	(8)	(9)	(14)	(15)
Rel. to Nifty	(7)	(10)	(22)	(25)

Relative price chart



Source: Bloomberg

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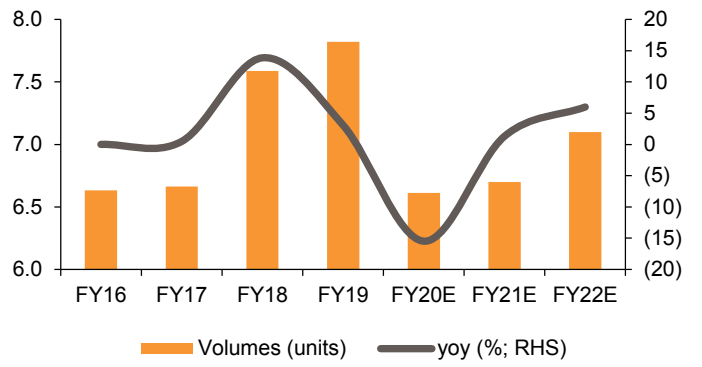
SA: SUNIL TIRUMALAI

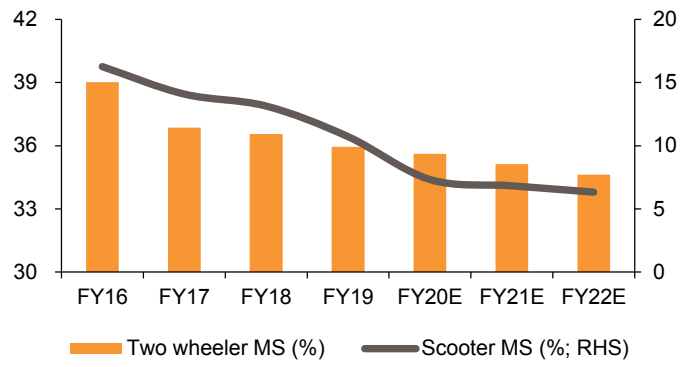
Story in Charts

Exhibit 1: Volume growth expected to be moderate at 4% CAGR over FY20-22E



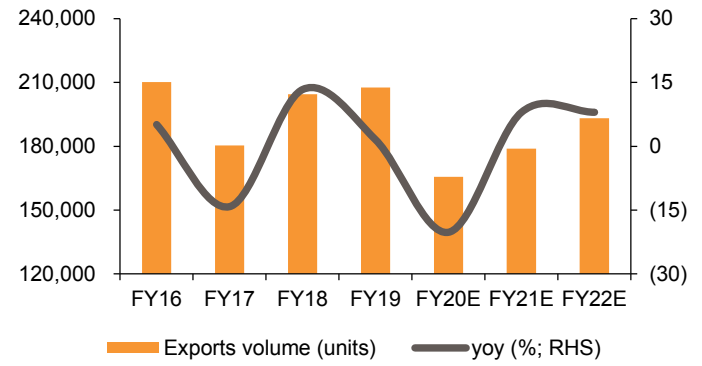
Source: Company, Emkay Research

Exhibit 2: Led by poor traction in Scooters and reducing share of executive motorcycles, market share slide is expected to continue



Source: SIAM, Emkay Research

Exhibit 3: Exports growth to be moderate at 8% CAGR on weakness in key markets and muted response for new products



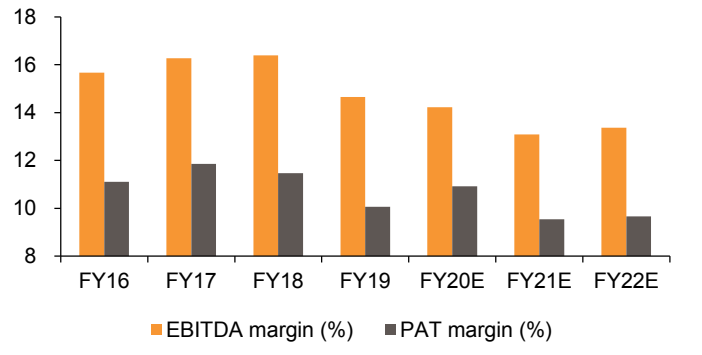
Source: Company, Emkay Research

Exhibit 4: Significant price change for BS6 products likely to impact demand in H1FY21E (Ex showroom prices – Delhi)

Models	BS4 price (Rs)	BS6 price (Rs)	Change (Rs)	change (%)
HF Deluxe	48,575	55,925	7,350	15%
Splendor iSmart 110cc	57,400	64,900	7,500	13%
Passion Pro 110cc	57,100	64,990	7,890	14%
Glamour 125cc	61,000	68,900	7,900	13%
Pleasure Plus	47,300	54,800	7,500	16%
Splendor Plus	52,800	59,600	6,800	13%
Maestro Edge125cc	60,370	67,950	7,580	13%

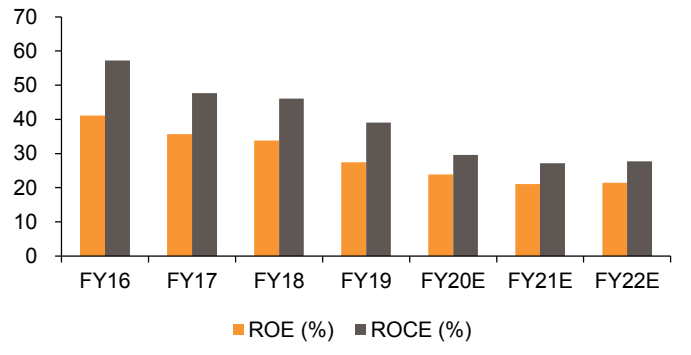
Source: Company, Emkay Research

Exhibit 5: Margin contraction expected due to lower scale and partial cost absorption emanating from regulatory changes



Source: Company, Emkay Research

Exhibit 6: Lower margins to impact return ratios



Source: Company, Emkay Research

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Key takeaways from Analyst Meet

Near-term volume and margin trends to be weak

- **Volume weakness** to continue in the next 2-3 quarters due to inventory correction with dealers and notable price increases as a result of the BS6 transition. A gradual recovery is expected in H2FY21.
- **Margins are expected to remain under pressure in the near term** due to the partial absorption of BS6 transition costs and lower scale.
- **Dealer inventory** stands at 37 days, excluding sub-dealer inventory, which would add another ~20%. Of the total inventory, around 200,000 units are BS6 vehicles, with the remaining being BS4 vehicles.
- **Negative impact of Covid-19 outbreak:** Feb'20 production has been impacted by 10% due to supply issues from the China region due to the Covid-19 outbreak. HMCL's exposure to China stands at 5-10% of raw material costs, and most of the exposure is through vendors. The company is working on activating alternative supply chains to reduce the negative impact on production.
- **Increase in price competition in entry-level motorcycles:** Despite increased price competition from a major competitor for BS6 models, HMCL does not expect major market share impact in entry-level motorcycles due to its strong brand recall.
- **New products:** 1) Unveiling of the new Hero Xtreme 160R (to be launched by Mar'20); Xtreme 150cc model has been discontinued. 2) Launch of BS6 Passion Pro 110cc at starting ex-showroom price of Rs64,990 (price increase of Rs7,900); the product has 9% higher power and 20% higher torque than the earlier version. 3) Launch of BS6 Glamour 125cc at a starting ex-showroom price of Rs68,900 (price increase of Rs7,900); the product has 19% higher power than the earlier version. 4) Launch of rally kit for Xpluse 200 at Rs38,000. This rally kit helps off-roading capability for Xpluse motorcycle.

Major focus areas in the medium term

- **Investments** of Rs100bn have been planned for the next 5-7 years, toward R&D of alternative mobility solutions, modernization of manufacturing facilities, network expansion and brand building across the globe. The investments include share of partners/vendors who would help in building the eco-system. **Capex per year is expected to be in range of Rs10-15bn over next few years.**
- **Premium motorcycles:** HMCL will focus on strengthening presence with the launch of Xtreme 160R. More products are expected to be launched in the future.
- **Scooters** are expected to increase in share over the medium term. HMCL will focus on improving presence in scooters through models in the 125cc category. More products are expected to be launched in the future.
- **Improvement of dealership stores:** HMCL is planning a revamp of current dealership stores to improve customer experience. In addition, it is evaluating setting up a separate channel for premium products in the future.
- **Global business:** HMCL has presence in 41 countries with 41 products. It expects to improve volumes in international markets by: 1) launching new products in motorcycles (in 150cc+ segment) and Scooters (Pleasure 110cc and Destini 125cc); 2) building on the momentum of the Xpluse brand in Asian and Latin American markets; 3) launching improved models tailored for the Africa region; 4) reviving scooter sales in Asia with new products; 5) continuing momentum on retail finance in Bangladesh and Nepal markets; and 6) focusing on digital marketing in Bangladesh, Nepal, Colombia and CAC markets.
- **Emerging mobility:** HMCL will foray into emerging mobility, through partnership with Ather Energy, in which HMCL is the largest investor, and through in-house R&D as well. The in-house product is expected to be launched in 2021. It will participate in the EV opportunity, as a market leader or an ecosystem player.
- **Tech Centre Germany (TCG)** is focused on building technical competencies with focus on: 1) Chassis development, 2) Electric vehicle battery manufacturing, 3) Advanced styling and design and 4) Engine and powertrain mechanical development.
- **Carbon neutrality target** is expected to be achieved by 2030.
- **Potential for 2x penetration in 2Ws:** India 2W penetration stands at 110 vehicles per thousand people in comparison with over 260 in Top 5 Indian states and 235 in SE Asian countries (average of the Philippines, Malaysia, Indonesia, Thailand and Vietnam).

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Key takeaways from interactions with 2W dealers in Jaipur, Rajasthan

We met with HMCL, Bajaj Auto, TVS Motor and Royal Enfield dealers in Jaipur city to understand demand and BS4 inventory situation.

- HMCL dealers have the highest BS4 inventories in excess of 60 days. In comparison, Bajaj Auto and TVS Motor dealers have BS4 inventories of 15-20 days. The least BS4 inventories is with Royal Enfield at below 10 days.
- HMCL is already providing cash discounts of Rs5,000 for BS4 Scooters. Hero dealers believe that a fire-sale is likely in Mar'20 to clear inventories.
- HMCL, Bajaj Auto and TVS Motor dealers are witnessing lower volumes yoy in Feb'20, due to weak customer sentiment and expectations of possible a fire-sale in Mar'20. In comparison, Royal Enfield dealers are seeing marginal growth.
- Dealers indicate that after a weak H1FY20, demand showed signs of improvement in the festive season, but has again softened in the last couple of months. Most dealers feel that customers will take at least 3-6 months to adjust to higher prices due to BS6 transition.
- Although HMCL, Bajaj and TVS dealers have BS6 models, demand for these models is low due to the availability of lower-priced BS4 models.

Exhibit 7: Changes in estimates

Rs mn	FY20E				FY21E				FY22E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Volumes	6,611,370	6,611,370	0.0	(15.5)	6,762,497	6,698,087	(1.0)	1.3	7,240,501	7,098,947	(2.0)	6.0
Net Sales	296,802	296,802	0.0	(11.8)	325,305	325,156	(0.0)	9.6	356,272	352,895	(0.9)	8.5
EBITDA	42,217	42,217	0.0	(14.4)	43,026	42,537	(1.1)	0.8	48,861	47,149	(3.5)	10.8
Margin (%)	*14.2*	*14.2*	*0 bps*	*(43) bps*	*13.2*	*13.1*	*(14) bps*	*(114) bps*	*13.7*	*13.4*	*(35) bps*	*28 bps*
APAT	32,418	32,420	0.0	(4.2)	31,790	31,020	(2.4)	(4.3)	36,301	34,109	(6.0)	10.0
EPS	162.3	162.3	0.0	(4.2)	159.1	155.3	(2.4)	(4.3)	181.7	170.8	(6.0)	10.0

Source: Company, Emkay Research

Exhibit 8: Volume assumptions

Volume (units)	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Domestic Motorcycles	5,603,136	5,693,681	6,499,051	6,893,688	5,985,545	6,059,013	6,422,553
Growth (%)	*(1.3)*	*1.6*	*14.1*	*6.1*	*(13.2)*	*1.2*	*6.0*
Export Motorcycles	132,718	140,579	178,156	187,185	149,748	161,728	174,666
Growth (%)	*10.5*	*5.9*	*26.7*	*5.1*	*(20.0)*	*8.0*	*8.0*
Domestic Scooters	818,777	789,974	883,667	719,087	460,216	460,216	483,226
Growth (%)	*8.9*	*(3.5)*	*11.9*	*(18.6)*	*(36.0)*	*0.0*	*5.0*
Export Scooters	77,521	39,812	26,319	20,871	15,862	17,131	18,501
Growth (%)	*(3.0)*	*(48.6)*	*(33.9)*	*(20.7)*	*(24.0)*	*8.0*	*8.0*
Total Volume	**6,632,152**	**6,664,046**	**7,587,193**	**7,820,831**	**6,611,370**	**6,698,087**	**7,098,947**
Growth (%)	***0.0***	***0.5***	***13.9***	***3.1***	***(15.5)***	***1.3***	***6.0***
Realization/unit (Rs)	42,885	42,766	42,480	43,027	44,893	48,545	49,711
Growth (%)	*3.1*	*(0.3)*	*(0.7)*	*1.3*	*4.3*	*8.1*	*2.4*
Revenue (Rs/unit)	**284,427**	**285,005**	**322,305**	**336,505**	**296,802**	**325,156**	**352,895**
Growth (%)	***3.1***	***0.2***	***13.1***	***4.4***	***(11.8)***	***9.6***	***8.5***

Source: Company, Emkay Research

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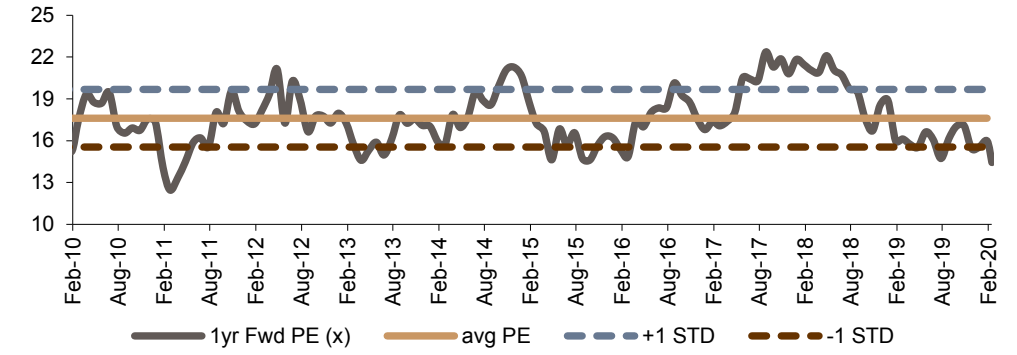
Exhibit 9: One-year forward P/E



Source: Company, Emkay Research

Exhibit 10: Peer comparison

Companies	CMP (Rs)	Target (Rs)	Reco	EPS (Rs)			PE (x)			ROE (%)			ROCE (%)		
				FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Ashok Leyland	82	112	Buy	7.0	1.7	3.1	11.7	49.2	25.9	26.2	5.8	10.7	29.2	7.6	13.0
Atul Auto	245	360	Buy	23.7	25.1	25.3	10.3	9.7	9.7	22.2	20.0	17.2	33.9	26.1	23.1
Bajaj Auto	3,091	3,740	Buy	153.3	170.6	186.1	20.2	18.1	16.6	21.7	21.5	21.1	30.3	26.9	26.9
Eicher Motors	18,880	20,800	Hold	813.3	765.9	861.5	23.2	24.6	21.9	27.8	21.4	20.4	36.5	25.2	24.7
Escorts Ltd	909	1,000	Buy	55.3	56.9	60.8	16.5	16.0	15.0	17.0	15.1	14.1	24.5	18.9	18.3
Hero Motocorp	**2,251**	**2,670**	**Hold**	**169.5**	**162.3**	**155.3**	**13.3**	**13.9**	**14.5**	**27.5**	**23.9**	**21.0**	**39.1**	**29.6**	**27.2**
Mahindra & Mahindra	529	697	Buy	43.6	34.0	34.8	12.1	15.6	15.2	16.5	11.3	10.4	19.7	14.4	13.0
Maruti Suzuki India	6,763	8,800	Buy	248.4	210.7	262.8	27.2	32.1	25.7	17.1	13.3	15.3	23.6	16.9	19.9
Tata Motors	158	238	Buy	5.1	-3.4	15.9	31.0	-47.1	9.9	2.2	-2.0	9.1	2.8	4.6	8.6
TVS Motor	441	390	Sell	14.1	13.5	13.5	31.2	32.6	32.7	21.5	18.0	15.9	22.7	18.1	17.2
Amara Raja Batteries	786	856	Buy	28.3	38.9	42.7	27.8	20.2	18.4	15.4	18.7	18.3	22.5	23.4	23.6
Apollo Tyres	151	175	Hold	14.3	9.5	13.1	10.5	15.9	11.5	8.3	5.3	7.0	8.4	5.6	7.0
Exide Industries	179	248	Buy	8.7	10.3	11.1	20.7	17.3	16.1	12.9	14.0	13.8	19.4	17.9	18.1
Motherson Sumi	122	148	Buy	5.1	4.7	5.9	23.8	25.8	20.7	15.7	13.2	15.0	14.9	11.1	13.0

Source: Company, Emkay Research

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Key Financials (Standalone)

Income Statement

Y/E Mar (Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
Revenue	**322,305**	**336,505**	**296,802**	**325,156**	**352,895**
Expenditure	**269,503**	**287,205**	**254,585**	**282,619**	**305,746**
EBITDA	**52,802**	**49,301**	**42,217**	**42,537**	**47,149**
Depreciation	5,556	6,020	8,482	9,352	10,387
EBIT	**47,246**	**43,281**	**33,735**	**33,185**	**36,762**
Other Income	5,258	6,913	8,045	8,544	9,149
Interest expenses	63	86	215	258	310
PBT	**52,442**	**50,107**	**41,564**	**41,471**	**45,601**
Tax	15,468	16,259	9,144	10,451	11,491
Extraordinary Items	0	0	4,491	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	**36,974**	**33,849**	**36,912**	**31,020**	**34,109**
Adjusted PAT	**36,974**	**33,849**	**32,420**	**31,020**	**34,109**

Balance Sheet

Y/E Mar (Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
Equity share capital	399	400	400	400	400
Reserves & surplus	117,289	128,172	141,970	151,999	165,500
Net worth	**117,689**	**128,571**	**142,369**	**152,398**	**165,900**
Minority Interest	**0**	**0**	**0**	**0**	**0**
Loan Funds	**0**	**0**	**0**	**0**	**0**
Net deferred tax liability	5,117	5,365	5,781	6,195	6,651
Total Liabilities	**122,805**	**133,936**	**148,150**	**158,594**	**172,551**
Net block	**46,545**	**46,186**	**46,057**	**49,439**	**54,052**
Investment	**75,252**	**59,686**	**70,686**	**74,686**	**81,686**
Current Assets	**42,407**	**65,121**	**61,989**	**64,192**	**69,606**
Cash & bank balance	1,413	1,365	5,652	2,472	2,621
Other Current Assets	7,444	8,931	7,877	8,630	9,366
Current liabilities & Provision	**44,583**	**42,476**	**39,648**	**41,054**	**44,125**
Net current assets	**(2,176)**	**22,646**	**22,341**	**23,137**	**25,481**
Misc. exp	0	0	0	0	0
Total Assets	**122,805**	**133,936**	**148,150**	**158,594**	**172,551**

Cash Flow

Y/E Mar (Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
PBT (Ex-Other income) (NI+Dep)	**47,183**	**43,195**	**33,520**	**32,927**	**36,452**
Other Non-Cash items	0	0	0	0	0
Chg in working cap	1,601	(19,189)	3,031	(1,537)	(1,453)
Operating Cashflow	**34,550**	**2,878**	**48,502**	**39,192**	**43,449**
Capital expenditure	(7,992)	(9,179)	(12,000)	(15,000)	(15,000)
Free Cash Flow	**26,558**	**(6,301)**	**36,502**	**24,192**	**28,449**
Investments	(13,447)	18,758	(11,000)	(4,000)	(7,000)
Other Investing Cash Flow	2,287	3,633	(8,045)	(8,544)	(9,149)
Investing Cashflow	**(13,894)**	**20,124**	**(23,000)**	**(19,000)**	**(22,000)**
Equity Capital Raised	27	20	0	0	0
Loans Taken / (Repaid)	0	0	0	0	0
Dividend paid (incl tax)	(20,431)	(22,874)	(20,999)	(23,114)	(20,991)
Other Financing Cash Flow	(144)	(111)	0	0	0
Financing Cashflow	**(20,610)**	**(23,051)**	**(21,214)**	**(23,372)**	**(21,300)**
Net chg in cash	**46**	**(49)**	**4,287**	**(3,180)**	**149**
Opening cash position	1,367	1,413	1,365	5,652	2,472
Closing cash position	**1,413**	**1,365**	**5,652**	**2,472**	**2,621**

Source: Company, Emkay Research

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Key Ratios

Profitability (%)	FY18	FY19	FY20E	FY21E	FY22E
EBITDA Margin	16.4	14.7	14.2	13.1	13.4
EBIT Margin	14.7	12.9	11.4	10.2	10.4
Effective Tax Rate	29.5	32.4	22.0	25.2	25.2
Net Margin	11.5	10.1	10.9	9.5	9.7
ROCE	46.0	39.1	29.6	27.2	27.7
ROE	33.8	27.5	23.9	21.0	21.4
RoIC	113.4	78.4	51.8	50.0	50.0

Per Share Data (Rs)	FY18	FY19	FY20E	FY21E	FY22E
EPS	185.1	169.5	162.3	155.3	170.8
CEPS	213.0	199.6	204.8	202.1	222.8
BVPS	589.3	643.7	712.7	762.9	830.5
DPS	95.0	87.0	95.8	87.0	85.4

Valuations (x)	FY18	FY19	FY20E	FY21E	FY22E
PER	12.2	13.3	13.9	14.5	13.2
P/CEPS	10.6	11.3	11.0	11.1	10.1
P/BV	3.8	3.5	3.2	3.0	2.7
EV / Sales	1.2	1.2	1.3	1.2	1.1
EV / EBITDA	7.3	8.1	9.1	9.0	8.0
Dividend Yield (%)	4.2	3.9	4.3	3.9	3.8

Gearing Ratio (x)	FY18	FY19	FY20E	FY21E	FY22E
Net Debt/ Equity	(0.6)	(0.4)	(0.5)	(0.4)	(0.4)
Net Debt/EBIDTA	(1.3)	(1.0)	(1.6)	(1.6)	(1.6)
Working Cap Cycle (days)	(4.1)	23.1	20.5	23.2	23.6

Growth (%)	FY18	FY19	FY20E	FY21E	FY22E
Revenue	13.1	4.4	(11.8)	9.6	8.5
EBITDA	13.9	(6.6)	(14.4)	0.8	10.8
EBIT	14.1	(8.4)	(22.1)	(1.6)	10.8
PAT	9.5	(8.5)	9.0	(16.0)	10.0

Quarterly (Rs mn)	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
Revenue	78,648	78,850	80,303	75,707	69,967
EBITDA	11,048	10,693	11,580	11,011	10,390
EBITDA Margin (%)	**14.0**	**13.6**	**14.4**	**14.5**	**14.8**
PAT	7,691	7,303	7,632	9,198	8,804
EPS (Rs)	**38.5**	**36.6**	**38.2**	**46**	**44.1**

Source: Company, Emkay Research

Shareholding Pattern (%)	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Promoters	34.6	34.6	34.6	34.6	34.6
FIIs	40.0	38.2	35.2	36.5	35.3
DIIs	15.4	16.1	18.6	19.2	19.6
Public and Others	10.0	11.1	11.6	9.7	10.5

Source: Capitaline

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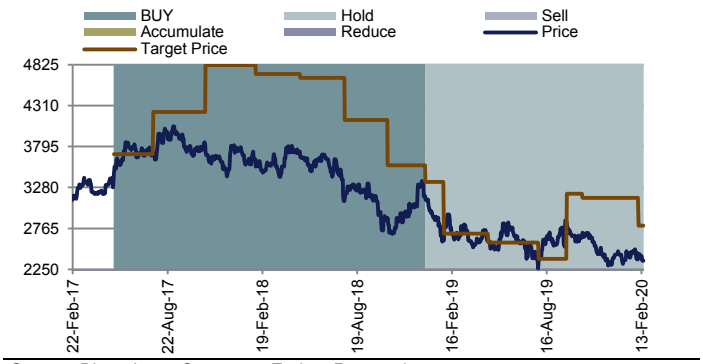
RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
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
4-Oct-17	3,795	4,230	12m	Buy	Raghunandhan NL
4-Sep-17	3,979	4,230	12m	Buy	Raghunandhan NL
25-Jul-17	3,709	4,230	12m	Buy	Raghunandhan NL
11-May-17	3,462	3,700	12m	Buy	Mihir Jhaveri

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



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Emkay Alpha Portfolio – Automobiles & Auto Ancillaries

Analyst: Raghunandhan NI

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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	**5.00**	**5.00**	**0%**	**0**	**100.00**
Amara Raja Batteries	0.10	0.10	-1%	0	1.98
Apollo Tyres	0.08	0.00	-100%	-8	0.00
Ashok Leyland	0.18	0.35	92%	17	6.96
Atul Auto	0.00	0.00	NA	0	0.00
Bajaj Auto	0.63	0.62	-1%	-1	12.38
Eicher Motors	0.41	0.40	-1%	0	8.06
Escorts	0.00	0.13	NA	13	2.64
Exide Industries	0.13	0.17	32%	4	3.35
Hero Motocorp	0.45	0.00	-100%	-45	0.00
Mahindra & Mahindra	0.78	0.82	4%	4	16.33
Maruti Suzuki India	1.40	1.56	12%	16	31.12
Motherson Sumi	0.23	0.22	-1%	0	4.49
Tata Motors	0.44	0.52	19%	8	10.42
Tata Motors DVR*	0.05	0.11	126%	6	2.28
TVS Motor	0.14	0.00	-100%	-14	0.00
Cash	**0.00**	**0.00**	**NA**	**0**	**0.00**

Source: Emkay Research

** Not under coverage: Equal Weight*

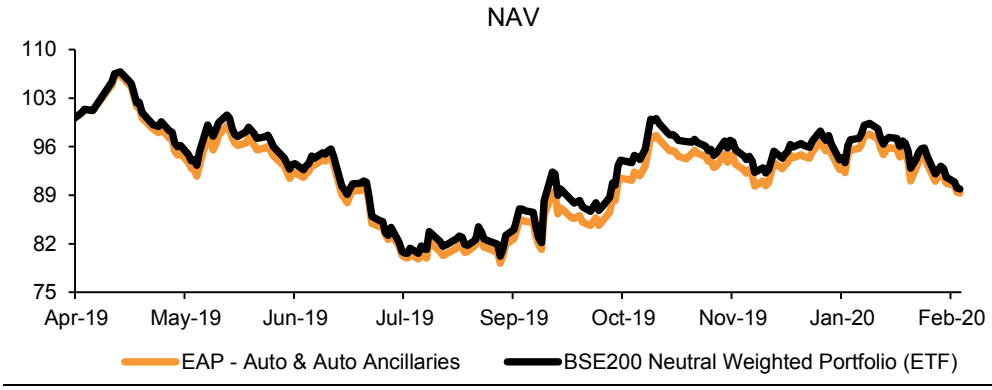
High Conviction/Strong Over Weight High Conviction/Strong Under Weight

Sector portfolio NAV

	Base			Latest
	1-Apr-19	20-Nov-19	20-Jan-20	19-Feb-20
EAP - Auto & Auto Ancillaries	100.0	94.1	97.1	89.3
BSE200 Neutral Weighted Portfolio (ETF)	100.0	95.6	98.6	89.9

**Performance measurement base date 1st April 2019*
Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): **SMID**

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BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 20 Feb 2020 20:57:14 (SGT)
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