

## ANANDRATHI

Hero Motocorp Ltd (HEROMOTOCO)

CMP: 3,155

Target: 3,653

- Hero Motocorp Ltd. (HEROMOTOCO ) registered record sales of 7,15,718 units in September 2020 – its highest sales in a single month in the calendar year of 2020. As several parts of the country are gradually reopening, the company is witnessing sequential monthly sales recovery.
- The company has reported an impressive growth of 16.90% in its sales for the month of September 2020 over September 2019, a growth of 7.30% for the July-September quarter of 2020 over the corresponding quarter of the previous year.
- The two wheeler industry is witnessing high demand due to lack of public transport availability & social distancing norms in place due to Covid-19.
- The company is currently operating at nearly 100% production capacity with almost all customer touch points open.
- Further, with the peak festival season coming up in the months of October and November, the company's management is positive of achieving high sales number with the help of positive consumer sentiments.
- With improvement in demand and improving macro-economic data specially from rural areas, we believe auto 2-wheeler industry is set to bounce back faster and HEROMOTOCO being a market leader in its segment should also benefit in medium term. We re-iterate our **BUY** rating on the stock with a revised target price of **₹3,653**.

	Sep'20	Sep'19	YTD FY'21	YTD FY'20
Motorcycles	6,60,948	5,58,696	22,07,055	32,75,035
Scooters	54,770	53,508	1,70,896	2,59,305
<b>Total</b>	<b>7,15,718</b>	<b>6,12,204</b>	<b>23,77,951</b>	<b>35,34,340</b>
Domestic	6,97,293	6,00,509	23,11,254	34,41,517
Exports	18,425	11,695	66,697	92,823