

Mahindra & Mahindra

Refer to important disclosures at the end of this report

Operating margin exceeds estimates; Maintain Buy

CMP: Rs 510
as of (June 12, 2020)

TP: Rs 572 (▲)
12 months

Rating: BUY (■)

Upside: 12.1 %



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- Q4FY20 revenue declined 35% yoy to Rs90bn (est. Rs86bn). EBITDA margin expanded by 10bps to 13.6%, above estimates of 11.2%, due to a change in inventory and cost saving initiatives.
- Considering the lockdown and hopes of gradual pickup in demand, we cut FY21 volume estimate by 15% to 0.60mn units, but broadly retain FY22E volume at 0.79mn units. We expect recovery from H2FY21 on a low base, pent-up demand and better rural sentiment.
- Domestic tractor volume growth turned positive in May'20, and the momentum is expected to continue on a low base, pent-up demand and better customer sentiment. We expect marginal growth of 1% in FY21E and 13% in FY22E.
- We are positive on MM due to large exposure to rural demand and management efforts to tighten capital allocation norms. We maintain Buy, with a TP of Rs572 (Rs490 earlier), based on 15x Core P/E (13x earlier), and value of investments at Rs146/share.

Operating profit beat estimates: Revenue fell 35% yoy to Rs90bn (est. Rs86bn), due to higher-than-expected realizations in the Auto segment. EBITDA margin rose by 10bps to 13.6%, above estimate of 11.2%, due to better gross margin. RM/revenue fell by 400bps on a change in inventory, better mix, benign commodity prices and cost-saving efforts. A series of value engineering projects have been implemented by MM to cut costs. EBIT margin in the Farm segment expanded 150bps to 17.6%, while it contracted by 470bps to 4.1% in Auto. Overall, adjusted PAT fell by 70% yoy to Rs3.2bn (est. Rs4.5bn) due to higher tax rate (64% vs 29% in Q4FY20). Reported financials included an exceptional item of Rs36bn, mainly towards write-down of investments in Ssangyong and other international subsidiaries.

Positive customer sentiment aids tractor volumes: May'20 tractor volumes recovered with a flat performance, owing to a partial recovery of lost volumes in March/April and positive rural customer sentiment, which was aided by strong cash flows due to bumper Rabi harvest and procurement. The anticipation of good monsoon also supports sentiment. Demand is likely to be strong in upcoming festive seasons (Dussehra and Diwali), which also coincides with the field preparation period. The domestic tractor volume may grow at 7% CAGR over FY20-22E.

Maintain Buy: We cut our FY21E EPS by 20% to Rs23.7 on lower volume and margin assumptions, but retain FY22E EPS at Rs37.7. We introduce FY23E EPS of Rs44.8, factoring in volume growth of 11% and EBITDA margin of 14.9%. Post revision, earnings CAGR expected at 12% over FY20-22E. We are positive on MM due to large exposure to rural demand and management efforts to tighten capital allocation norms. We maintain Buy (EW stance in EAP), with a TP of Rs572 (Rs490 earlier), based on 15x Core P/E (13x earlier), and value of investments at Rs146/share. Key risks are rising competition, failure of new products, increasing losses in subsidiaries and adverse input commodity prices.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Automobiles & Auto Ancillaries \(Page 10\)](#)

Financial Snapshot (Standalone + MVML)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	528,482	448,655	358,694	483,527	547,416
EBITDA	75,301	63,506	48,958	71,076	81,759
EBITDA Margin (%)	14.2	14.2	13.6	14.7	14.9
APAT	54,300	35,770	28,230	44,967	53,399
EPS (Rs)	45.6	30.0	23.7	37.7	44.8
EPS (% chg)	25.5	(34.2)	(21.1)	59.3	18.8
ROE (%)	16.6	10.3	7.9	11.7	12.7
P/E (x)	11.2	17.0	21.6	13.5	11.4
EV/EBITDA (x)	7.5	9.1	11.6	7.7	6.3
P/BV (x)	1.7	1.8	1.7	1.5	1.4

Source: Company, Emkay Research



Change in Estimates

EPS Chg FY21E/FY22E (%)	(20.2)/-
Target Price change (%)	16.7
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	23.7	37.7
Consensus	27.1	33.0
Mean Consensus TP (12M)	Rs 457	

Stock Details

Bloomberg Code	MM IN
Face Value (Rs)	5
Shares outstanding (mn)	1,243
52 Week H/L	675 / 245
M Cap (Rs bn/USD bn)	635 / 8.37
Daily Avg Volume (nos.)	7,908,465
Daily Avg Turnover (US\$ mn)	39.1

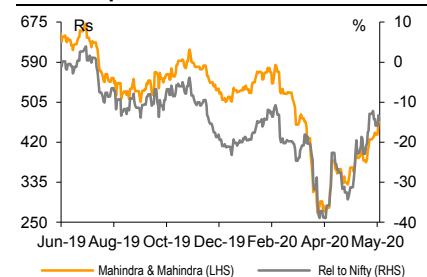
Shareholding Pattern Mar '20

Promoters	18.9%
FIIIs	32.2%
DIIIs	26.7%
Public and Others	22.2%

Price Performance

(%)	1M	3M	6M	12M
Absolute	30	21	-	(19)
Rel. to Nifty	20	16	20	(4)

Relative price chart



Source: Bloomberg

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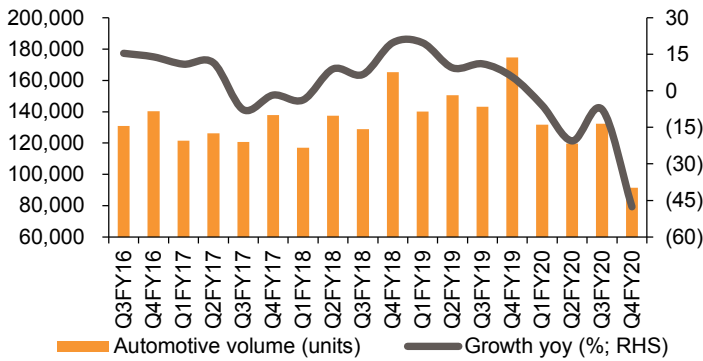
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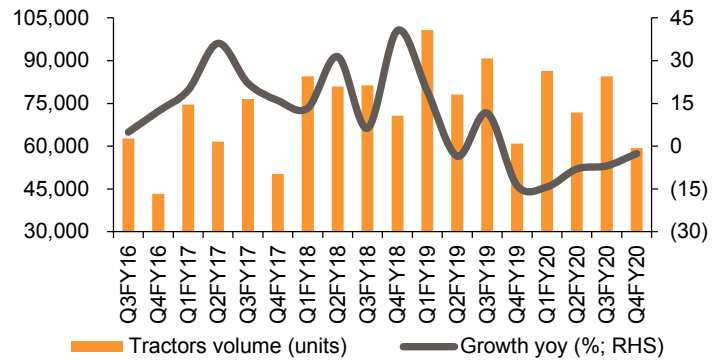
Story in Charts

Exhibit 1: Automotive volumes declined 48% yoy to 91,373 units



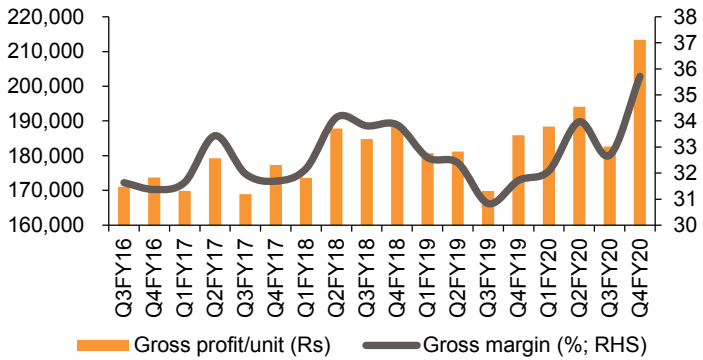
Source: Company, Emkay Research

Exhibit 2: Tractors volumes fell 3% yoy to 59,290 units



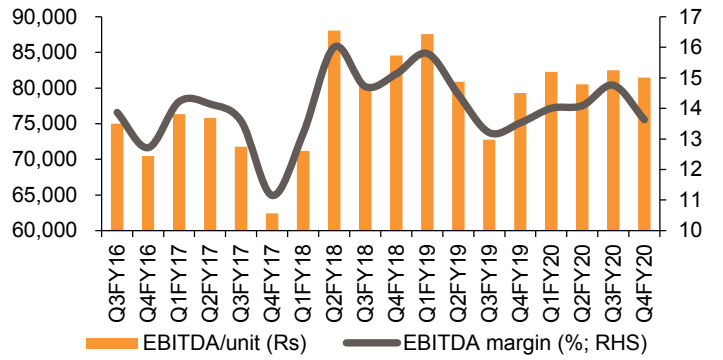
Source: Company, Emkay Research

Exhibit 3: Gross profit expanded 400bps yoy due to change in inventory, benign input prices, better mix and cost reduction efforts



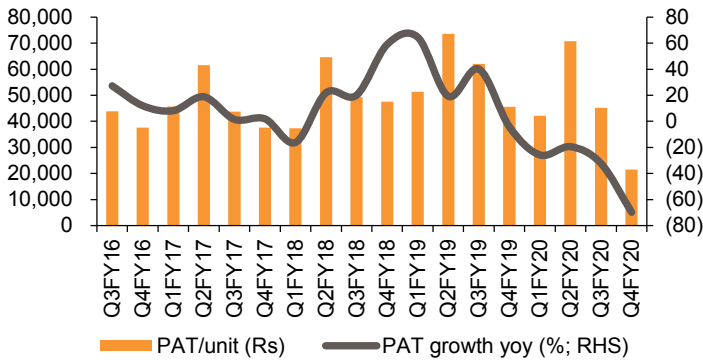
Source: Company, Emkay Research

Exhibit 4: EBITDA margin expanded 10bps yoy, despite lower scale, on account of higher gross margin



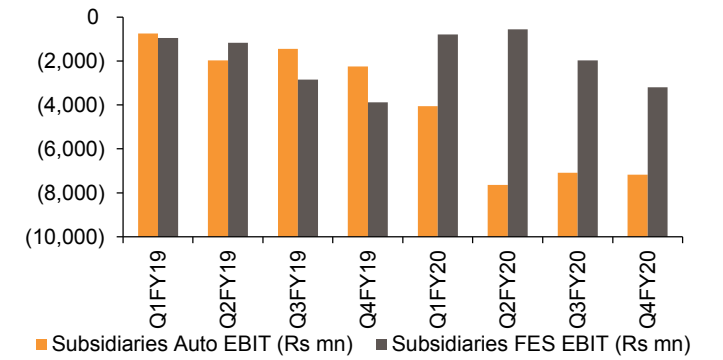
Source: Company, Emkay Research

Exhibit 5: PAT declined due to higher tax rate



Source: Company, Emkay Research

Exhibit 6: Subsidiary losses persist



Source: Company, Emkay Research

Analyst Meet Highlights

- **Farm segment:** Manufacturing plants are working at over 80% utilization. Majority of sales outlets (over 90%) are operational. Tractor volume growth has turned positive in May20, led by positive rural sentiments.
- **Tractor market share:** In Tractors, MM has gained market share of 1% to 41.2% in FY20. New products are expected to support volumes and share ahead. In Jan'20, the company has launched new "Plus" series of tractors. Also, MM has been working with Mitsubishi to come out with four new platforms to address four geographies, and product launches are expected after one year.
- **Auto segment:** Manufacturing plants are working at 30% utilization. Majority of sales outlets (over 80%) are operational. New product launches remain a focus area – New Thar, W601, Z101, New Pickup, etc.
- **Financing availability** to customers has been improving. Mahindra Finance is also providing support.
- **Shift towards petrol vehicles in UVs:** In compact UVs, a shift towards petrol vehicles is visible, and over 50% of initial order bookings for XUV300 is for petrol vehicles. In large UVs, diesel vehicles remain a preferred choice for consumers.
- **Liquidity position:** Net cash stands at Rs34bn. Liquidity position is healthy, with cash reserves of Rs103bn and undrawn lines of Rs22.5bn.
- **FY21 capex** will be 15% lower than FY20. Capex levels have been closer to Rs40bn/year over FY19-21, and is expected to fall to Rs30bn/year from FY22 onwards.
- **Investments** will be monitored strictly, and the company has already cancelled investments at Ssangyong in Korea and has shutdown GenZe EV business in USA. The company is working on categorizing subsidiaries into 3 categories: 1) Entities with clear path to 18% ROE, 2) Delayed or unclear path to profitability but quantifiable strategic impact and, 3) Unclear path to profitability. MM will exit category 3 companies either through partnerships or shut-downs. This exercise is likely to be completed in 10 months.
- **Mahindra Electric** has achieved EBITDA breakeven in FY20.
- **Mahindra Ford JV:** There is a delay in commencement of JV operations due to the Covid-19 outbreak. Focus areas include joint product development, supply of engines by MM and leveraging distribution network of Ford in Emerging markets.
- **MAGNA** is expected to breakeven in FY22, led by efforts on improvement in price/value proposition and cost structure optimization.

Exhibit 7: Revenue assumptions

	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Volumes (units)							
Domestic tractors	248,409	304,019	316,742	291,901	294,753	332,673	359,399
YoY %	22.9	22.4	4.2	(7.8)	1.0	12.9	8.0
Domestic PVs	236,133	248,859	254,351	186,942	135,024	200,524	218,907
YoY %	(0.1)	5.4	2.2	(26.5)	(27.8)	48.5	9.2
Domestic CVs	180,747	216,803	248,601	199,131	108,135	167,752	198,424
YoY %	8.4	19.9	14.7	(19.9)	(45.7)	55.1	18.3
Domestic 3Ws	52,306	54,625	66,140	58,145	38,483	53,638	57,453
YoY %	(4.9)	4.4	21.1	(12.1)	(33.8)	39.4	7.1
Total Domestic	717,595	824,306	885,834	736,119	576,395	754,587	834,183
YoY %	8.7	14.9	7.5	(16.9)	(21.7)	30.9	10.5
Exports	51,824	43,826	52,149	36,937	26,573	31,784	37,901
YoY %	8.9	(15.4)	19.0	(29.2)	(28.1)	19.6	19.2
Total Sales	769,419	868,132	937,983	773,056	602,967	786,370	872,085
YoY %	8.7	12.8	8.0	(17.6)	(22.0)	30.4	10.9
Realizations (Rs/unit)							
	537,781	548,043	563,424	580,366	594,882	614,884	627,710
YoY %	(2.2)	1.9	2.8	3.0	2.5	3.4	2.1
Revenues (Rs mn)							
	413,779	475,774	528,482	448,655	358,694	483,527	547,416
YoY %	6.4	15.0	11.1	(15.1)	(20.1)	34.8	13.2

Source: Company, Emkay Research

Exhibit 8: MM+MVML Actual vs. Estimates (Q4FY20)

(Rs mn)	Actual	Estimate		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Total Revenue	90,047	85,933	86,615	4.8	4.0	Above estimates due to higher realizations in Auto segment
EBITDA	12,275	9,658	9,668	27.1	27.0	
EBITDA Margin (%)	13.6	11.2	11.2	239 bps	247 bps	Above estimates due to change in inventory and cost reduction efforts
Adjusted Net Profit	3,230	4,466	4,616	(27.7)	(30.0)	Below estimates due to higher tax rate

Source: Bloomberg, Company, Emkay Research

Exhibit 9: Quarterly financial summary - M&M + MVML

Rs mn	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	YoY (%)	QoQ (%)	FY20	FY19	YoY (%)
Revenue	138,079	128,055	109,351	121,203	90,047	(34.8)	(25.7)	448,655	528,482	(15.1)
Expenditure	119,401	110,119	93,942	103,315	77,773	(34.9)	(24.7)	385,150	453,182	(15.0)
as % of sales	86.5	86.0	85.9	85.2	86.4			85.8	85.8	
Consumption of RM	94,286	86,971	72,208	81,591	57,898	(38.6)	(29.0)	298,668	359,977	(17.0)
as % of sales	68.3	67.9	66.0	67.3	64.3			66.6	68.1	
Employee Cost	7,568	8,679	8,131	8,300	7,127	(5.8)	(14.1)	32,237	32,830	(1.8)
as % of sales	5.5	6.8	7.4	6.8	7.9			7.2	6.2	
Other expenditure	17,547	14,469	13,603	13,425	12,748	(27.3)	(5.0)	54,245	60,375	(10.2)
as % of sales	12.7	11.3	12.4	11.1	14.2			12.1	11.4	
EBITDA	18,678	17,936	15,408	17,888	12,275	(34.3)	(31.4)	63,506	75,301	(15.7)
Depreciation	5,696	5,839	5,721	5,900	6,172	8.3	4.6	23,631	20,030	18.0
EBIT	12,982	12,097	9,688	11,988	6,103	(53.0)	(49.1)	39,875	55,271	(27.9)
Other Income	2,473	1,919	8,225	2,092	3,155	27.6	50.8	15,391	16,303	(5.6)
Interest	304	302	331	254	359	18.0	41.4	1,245	1,467	(15.1)
PBT	15,151	13,714	17,582	13,826	8,899	(41.3)	(35.6)	54,021	70,106	(22.9)
Total Tax	4,411	4,534	4,034	4,019	5,669	28.5	41.1	18,251	15,806	15.5
Adjusted PAT	10,740	9,180	13,548	9,808	3,230	(69.9)	(67.1)	35,770	54,300	(34.1)
Extra ordinary items	(1,048)	13,420	-	(6,006)	(35,780)			(28,373)	(288)	9,744.9
Reported PAT	9,693	22,600	13,548	3,802	(32,550)	(435.8)	(956.2)	7,397	54,012	(86.3)
Margins (%)						(bps)	(bps)			(bps)
EBIDTA	13.5	14.0	14.1	14.8	13.6	10	(113)	14.2	14.2	(9)
EBIT	9.4	9.4	8.9	9.9	6.8	(262)	(311)	8.9	10.5	(157)
EBT	11.0	10.7	16.1	11.4	9.9	(109)	(152)	12.0	13.3	(122)
PAT	7.8	7.2	12.4	8.1	3.6	(419)	(450)	8.0	10.3	(230)
Effective Tax rate	29.1	33.1	22.9	29.1	63.7	3,459	3,464	33.8	22.5	1,124

Source: Company, Emkay Research

Exhibit 10: Segment-wise details – M&M + MVML

Segmental details (Rs mn)	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	YoY (%)
Farm Equipment						
Tractor (Units)	60,878	86,350	71,820	84,455	59,290	(2.6)
Net Sales (Rs mn)	32,059	43,822	36,315	42,778	31,110	(3.0)
Avg realisations	526,607	507,489	505,635	506,519	524,709	(0.4)
EBIT (Rs mn)	5,187	8,447	7,019	8,309	5,488	5.8
Margins %	16.2	19.3	19.3	19.4	17.6	146 bps
Capital Employed (Rs mn)	45,483	45,778	53,369	38,935	37,645	(17.2)
ROCE %	45.6	73.8	52.6	85.4	58.3	1,269 bps
Automotive (Incl MVML)						
Net Sales (Rs mn)	102,217	79,858	68,928	74,238	55,058	(46.1)
Avg realisations (Rs)	585,172	606,414	576,466	560,878	602,563	3.0
Results (Rs mn)	9,002	5,180	3,973	5,417	2,253	(75.0)
Margins %	8.8	6.5	5.8	7.3	4.1	(471) bps
Capital Employed (Rs mn)	93,366	106,517	111,457	108,223	122,460	31.2
ROCE %	38.6	19.5	14.3	20.0	7.4	(3,121) bps

Source: Company, Emkay Research

Exhibit 11: Changes in estimates

Rs mn	FY21E				FY22E				FY23E	
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Introducing	% Change
Volume (units)	707,556	602,967	(14.8)	(22.0)	791,414	786,370	(0.6)	30.4	872,085	10.9
Revenue	427,142	358,694	(16.0)	(20.1)	488,358	483,527	(1.0)	34.8	547,416	13.2
EBIDTA	56,813	48,958	(13.8)	(22.9)	70,560	71,076	0.7	45.2	81,759	15.0
EBIDTA margin (%)	13.3	13.6	35 bps	(51) bps	14.4	14.7	25 bps	105 bps	14.9	24 bps
Adj. PAT	35,396	28,230	(20.2)	(21.1)	44,955	44,967	0.0	59.3	53,399	18.8
EPS	29.7	23.7	(20.2)	(17.8)	37.7	37.7	0.0	59.3	44.8	18.8

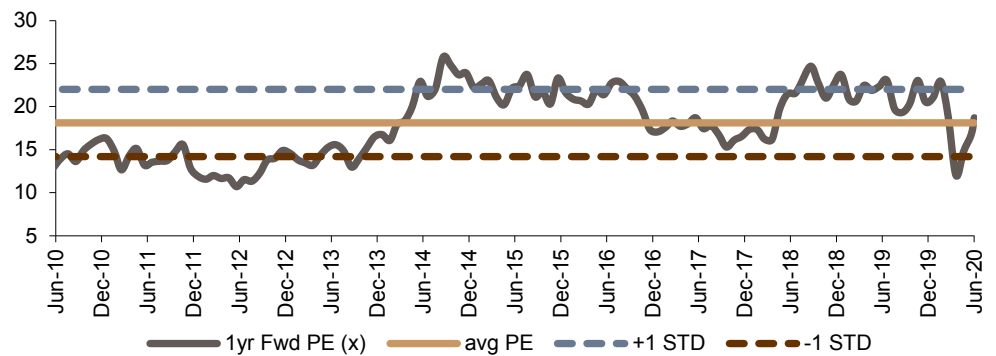
Source: Company, Emkay Research

Exhibit 12: SOTP valuation

Computation of M&M's SOTP value (Rs mn)	Basis of Valuation	Core PAT	Multiple (x)	M. cap/ Eq Value	M&M Holding	Value	Discount %	SOTP Value	SOTP (per share)
M&M + MVML PAT	FY22 PAT	33,864	15.0	507,965		507,965		507,965	426
Tech Mahindra	Market Cap			535,889	26.05%	139,599	30%	97,719	82
M&M Financial Services	Market Cap			101,066	51.19%	51,736	30%	36,215	30
Mahindra Lifespace	Market Cap			10,924	51.48%	5,624	30%	3,937	3
Mahindra Holdiays & Resorts	Market Cap			22,217	67.31%	14,954	30%	10,468	9
CIE Automotive	Market Cap			181,947	7.43%	13,519	30%	9,463	8
Mahindra CIE	Market Cap			38,507	11.44%	4,405	30%	3,084	3
Swaraj Engines	Market Cap			15,068	34.76%	5,237	30%	3,666	3
EPC Industries	Market Cap			4,002	54.51%	2,181	30%	1,527	1
Mahindra Logistics	Market Cap			20,619	58.45%	12,052	30%	8,436	7
Total						757,272		682,480	572

Source: Company, Emkay Research

Exhibit 13: One-year forward P/E



Source: Bloomberg, Company, Emkay Research

Exhibit 14: Peer comparison

	CMP (Rs)	Target (Rs)	Mcap (Rs.bn)	Reco	EPS (Rs)		PE (x)		ROE (%)		ROCE (%)	
					FY21E	FY22E	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Ashok Leyland	52	76	153	Buy	1.1	3.4	48.8	15.2	3.7	11.5	5.6	14.2
Atul Auto	153	250	3	Buy	17.7	25.0	8.6	6.1	12.4	15.6	16.7	20.9
Bajaj Auto	2,797	2,629	809	Hold	129.5	184.8	21.6	15.1	18.1	23.8	23.3	30.6
Eicher Motors	16,825	19,954	459	Buy	520.4	995.9	32.3	16.9	13.5	22.5	18.5	28.0
Escorts Ltd	985	1,103	121	Buy	48.7	69.8	20.2	14.1	11.7	13.4	15.4	17.7
Hero Motocorp	2,400	2,530	479	Hold	112.4	171.4	21.3	14.0	15.7	22.7	19.7	29.2
Mahindra & Mahindra	510	572	635	Buy	23.7	37.7	21.6	13.5	7.9	11.7	9.7	14.3
Maruti Suzuki India	5,550	6,173	1677	Buy	128.5	268.4	43.2	20.7	7.8	15.4	10.2	19.9
Tata Motors	105	78	346	Hold	-13.2	12.6	-7.9	8.3	-8.7	8.1	2.3	7.5
TVS Motor	344	296	164	Sell	5.7	13.8	60.5	25.0	7.3	16.4	8.1	16.8
Amara Raja Batteries	655	732	112	Buy	33.6	48.8	19.5	13.4	15.0	19.4	19.5	25.3
Apollo Tyres	107	95	61	Hold	4.0	10.6	26.7	10.1	2.4	6.0	3.6	6.3
Exide Industries	154	198	131	Buy	8.6	11.3	17.9	13.6	11.2	13.6	14.7	17.8
Motherson Sumi	95	115	300	Buy	2.7	5.8	35.5	16.5	7.5	15.2	5.6	15.2
Bharat Forge	351	348	163	Buy	11.0	17.2	32.0	20.4	8.5	12.4	8.6	12.1

Source: Company, Emkay Research

Key Financials (Standalone + MVML)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	528,482	448,655	358,694	483,527	547,416
Expenditure	453,182	385,150	309,736	412,451	465,657
EBITDA	75,301	63,506	48,958	71,076	81,759
Depreciation	20,030	23,631	25,937	27,964	30,126
EBIT	55,271	39,875	23,022	43,112	51,633
Other Income	16,303	15,391	16,095	18,272	20,974
Interest expenses	1,467	1,245	1,391	1,291	1,247
PBT	70,106	54,021	37,726	60,092	71,361
Tax	15,806	18,251	9,496	15,125	17,961
Extraordinary Items	(288)	(28,373)	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	54,012	7,397	28,230	44,967	53,399
Adjusted PAT	54,300	35,770	28,230	44,967	53,399

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	5,958	5,965	5,965	5,965	5,965
Reserves & surplus	343,979	340,326	361,275	394,646	434,273
Net worth	349,937	346,291	367,241	400,611	440,238
Minority Interest	0	0	0	0	0
Loan Funds	27,713	32,530	29,298	28,067	27,345
Net deferred tax liability	7,896	15,068	15,445	16,046	16,760
Total Liabilities	385,546	393,889	411,983	444,724	484,342
Net block	118,532	120,511	142,567	148,673	148,547
Investment	206,262	175,329	200,329	230,329	270,329
Current Assets	197,940	173,757	139,515	176,821	195,265
Cash & bank balance	38,321	42,365	34,469	35,218	34,950
Other Current Assets	29,691	19,531	15,614	21,048	23,830
Current liabilities & Provision	163,624	124,290	105,017	141,620	160,318
Net current assets	34,315	49,467	34,498	35,202	34,947
Misc. exp	0	0	0	0	0
Total Assets	385,546	393,889	411,983	444,724	484,342

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	53,804	38,630	21,631	41,821	50,386
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(6,722)	(15,041)	5,416	(6,390)	(2,865)
Operating Cashflow	37,617	24,067	42,919	52,279	62,325
Capital expenditure	(32,150)	(45,418)	(34,000)	(30,000)	(30,000)
Free Cash Flow	5,467	(21,351)	8,919	22,279	32,325
Investments	(6,689)	4,245	(25,000)	(30,000)	(40,000)
Other Investing Cash Flow	11,119	12,178	0	0	0
Investing Cashflow	(11,417)	(13,603)	(42,905)	(41,728)	(49,026)
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(5,224)	3,607	(3,232)	(1,231)	(722)
Dividend paid (incl tax)	(10,267)	(12,132)	(7,281)	(11,597)	(13,772)
Other Financing Cash Flow	386	4,010	3,994	4,316	2,175
Financing Cashflow	(17,121)	(6,419)	(7,910)	(9,802)	(13,566)
Net chg in cash	9,079	4,045	(7,896)	748	(267)
Opening cash position	29,242	38,321	42,365	34,469	35,218
Closing cash position	38,321	42,365	34,469	35,218	34,950

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	14.2	14.2	13.6	14.7	14.9
EBIT Margin	10.5	8.9	6.4	8.9	9.4
Effective Tax Rate	22.5	33.8	25.2	25.2	25.2
Net Margin	10.3	8.0	7.9	9.3	9.8
ROCE	19.7	14.2	9.7	14.3	15.6
ROE	16.6	10.3	7.9	11.7	12.7
RoIC	55.1	32.9	17.0	29.6	34.7

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	45.6	30.0	23.7	37.7	44.8
CEPS	62.4	49.8	45.4	61.1	70.0
BVPS	293.7	290.3	307.8	335.8	369.0
DPS	8.5	2.4	5.2	8.3	9.8

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	11.2	17.0	21.6	13.5	11.4
P/CEPS	8.2	10.3	11.2	8.4	7.3
P/BV	1.7	1.8	1.7	1.5	1.4
EV / Sales	1.1	1.3	1.6	1.1	0.9
EV / EBITDA	7.5	9.1	11.6	7.7	6.3
Dividend Yield (%)	1.7	0.5	1.0	1.6	1.9

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)
Net Debt/EBIDTA	(0.6)	(0.5)	(0.9)	(0.9)	(1.2)
Working Cap Cycle (days)	(2.8)	5.8	0.0	0.0	0.0

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	11.1	(15.1)	(20.1)	34.8	13.2
EBITDA	6.9	(15.7)	(22.9)	45.2	15.0
EBIT	2.0	(27.9)	(42.3)	87.3	19.8
PAT	16.8	(86.3)	281.6	59.3	18.8

Quarterly (Rs mn)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Revenue	138,079	128,055	109,351	121,203	90,047
EBITDA	18,678	17,936	15,408	17,888	12,275
EBITDA Margin (%)	13.5	14.0	14.1	14.8	13.6
PAT	10,740	9,180	13,548	9,808	3,230
EPS (Rs)	9.0	7.7	11.4	8.2	2.7

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Promoters	20.4	18.9	18.9	18.9	18.9
FII	29.8	32.8	32.6	32.3	32.2
DII	22.3	22.9	26.5	26.4	26.7
Public and Others	27.5	25.4	22.0	22.4	22.2

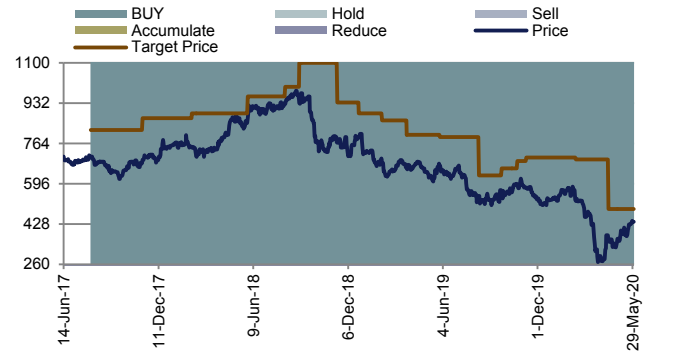
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
15-May-20	381	490	12m	Buy	Raghunandhan NL
4-May-20	357	490	12m	Buy	Raghunandhan NL
13-Apr-20	363	490	12m	Buy	Raghunandhan NL
27-Feb-20	494	697	12m	Buy	Raghunandhan NL
11-Feb-20	524	697	12m	Buy	Raghunandhan NL
9-Feb-20	569	705	12m	Buy	Raghunandhan NL
30-Jan-20	568	705	12m	Buy	Raghunandhan NL
27-Dec-19	530	705	12m	Buy	Raghunandhan NL
27-Nov-19	540	705	12m	Buy	Raghunandhan NL
9-Nov-19	580	705	12m	Buy	Raghunandhan NL
1-Nov-19	590	690	12m	Buy	Raghunandhan NL
30-Oct-19	617	690	12m	Buy	Raghunandhan NL
23-Oct-19	592	690	12m	Buy	Raghunandhan NL
1-Oct-19	557	660	12m	Buy	Raghunandhan NL
26-Sep-19	567	660	12m	Buy	Raghunandhan NL
23-Sep-19	565	660	12m	Buy	Raghunandhan NL
3-Sep-19	515	630	12m	Buy	Raghunandhan NL
28-Aug-19	540	630	12m	Buy	Raghunandhan NL
11-Aug-19	546	630	12m	Buy	Raghunandhan NL
1-Jul-19	660	790	12m	Buy	Raghunandhan NL
27-Jun-19	658	790	12m	Buy	Raghunandhan NL
4-Jun-19	651	790	12m	Buy	Raghunandhan NL
3-Jun-19	653	790	12m	Buy	Raghunandhan NL
29-May-19	672	790	12m	Buy	Raghunandhan NL
29-May-19	672	800	12m	Buy	Raghunandhan NL
2-May-19	646	800	12m	Buy	Raghunandhan NL
27-Mar-19	660	800	12m	Buy	Raghunandhan NL
8-Feb-19	682	860	12m	Buy	Raghunandhan NL
4-Feb-19	674	890	12m	Buy	Raghunandhan NL
26-Dec-18	788	890	12m	Buy	Raghunandhan NL
15-Nov-18	767	935	12m	Buy	Raghunandhan NL
4-Sep-18	932	1,100	12m	Buy	Raghunandhan NL
8-Aug-18	928	1,000	12m	Buy	Raghunandhan NL
6-Jul-18	925	960	12m	Buy	Raghunandhan NL
29-May-18	870	960	12m	Buy	Raghunandhan NL
12-Feb-18	746	890	12m	Buy	Raghunandhan NL
10-Nov-17	696	870	12m	Buy	Raghunandhan NL
4-Oct-17	644	820	12m	Buy	Raghunandhan NL
4-Sep-17	664	820	12m	Buy	Raghunandhan NL
4-Aug-17	709	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	5.21	5.21	0%	0	100.00
Amara Raja Batteries	0.10	0.10	0%	0	1.89
Apollo Tyres	0.07	0.00	-100%	-7	0.00
Ashok Leyland	0.14	0.27	99%	14	5.27
Atul Auto	0.00	0.11	NA	11	2.03
Bajaj Auto	0.67	0.35	-48%	-32	6.71
Bharat Forge	0.17	0.29	75%	13	5.63
Eicher Motors	0.43	0.54	27%	11	10.44
Escorts	0.00	0.12	NA	12	2.28
Exide Industries	0.13	0.13	0%	0	2.51
Hero Motocorp	0.56	0.30	-47%	-27	5.71
Mahindra & Mahindra	0.85	0.85	0%	0	16.32
Maruti Suzuki India	1.36	1.46	8%	10	28.08
Motherson Sumi	0.21	0.21	0%	0	4.03
Tata Motors	0.36	0.36	0%	0	6.83
Tata Motors DVR	0.04	0.04	0%	0	0.82
TVS Motor	0.12	0.08	-40%	-5	1.45
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

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

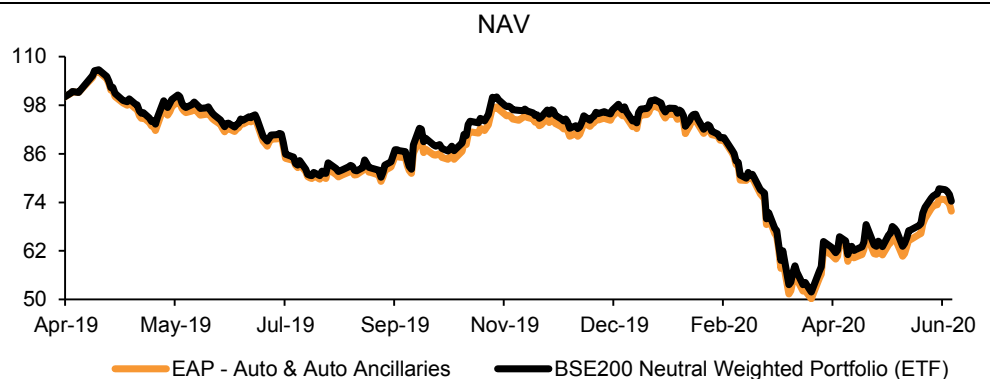
Sector portfolio NAV

	Base					Latest
	1-Apr-19	9-Sep-19	12-Dec-19	12-Mar-20	12-May-20	11-Jun-20
EAP - Auto & Auto Ancillaries	100.0	82.7	92.2	68.5	64.0	71.9
BSE200 Neutral Weighted Portfolio (ETF)	100.0	84.0	93.9	69.9	66.4	74.3

*Performance measurement base date 1st April 2019

Source: Emkay Research

NAV chart



Source: Emkay Research

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

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

“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: 13 Jun 2020 04:16:40 (SGT)

Dissemination Date: 13 Jun 2020 04:17:40 (SGT)

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