

# Ashok Leyland

Refer to important disclosures at the end of this report

## OPM contracts but beats estimates; MHCV recovery expected in Q4

CMP: Rs 85

as of (November 9, 2020)

TP: Rs 115 (▲)

12 months

Rating: BUY (■)

Upside: 35.0 %

- Q2FY21 revenue declined 28% to Rs28.4bn (est.: Rs29.7bn), slightly below estimates. EBITDA margin contracted 300bps yoy to 2.8%, but was better than our expectation of 1.5%, owing to cost-reduction efforts relating to manufacturing, marketing and other fixed costs.
- We believe that the recent recovery in MHCV industry volumes will transform into a cyclical rally - with 24% growth in Q4FY21E and 66% in FY22E, owing to replacement demand and higher industrial output.
- AL's differentiated models that offer lower total cost of ownership and its strong presence in 25T+ categories should help recover its MHCV market share to 33% by FY22E. In addition, LCV share should increase to 15% in FY22E from 9% in FY20, led by new products.
- We expect volume/revenue/EBITDA CAGRs of 12%/17%/34% over FY20-23E. We retain Buy rating with a TP of Rs115 (Rs89 earlier), based on 12x FY23E EV/EBITDA (10x Sep'22E earlier) and Hinduja Leyland Finance investment value at Rs5/share.

**What we like?** 1) Management expects MHCV wholesales growth to be positive in H2FY21. 2) Reduction in outstanding ICDs by Rs1bn to Rs3bn to Hinduja group entities. 3) Net debt reduced to Rs30.8bn in Sep'20 from Rs42.8bn in Jun'20, and is expected to further reduce ahead on better cash flow generation.

**What we did not like?** 1) AL's MHCV market share has reduced to 28.5% due to weak demand for Buses. We expect market share to recover to 33% by FY22E. 2) Interest expenses increased 190% to Rs872mn but should reduce ahead on a reduction in debt levels.

**Expect MHCV volume to recover:** We expect a recovery with 24% growth in Q4FY21E and 66% growth in FY22E on replacement demand, pick-up in economic activity and a gradual resurgence in infrastructure activity. In the past few months, there has been a surge in e-way bills, pointing toward increased goods movement. In our view, better utilization of the fleet and the need for increased efficiency could generate replacement demand for more than 200,000+ vehicles in FY22E – meaning that MHCV volumes could be back to FY20 levels. AL is likely to increase market share from 32% in FY20 to 33% in FY22E, led by new products and strong exposure to the above-25T segment.

**Expanding addressable market in LCVs:** The LCV business appears set to expand in the addressable market, which stood at 34% of market in FY20 and 50% currently, and will increase to 65% within the next 2 years. The launch of new products on Phoenix platform -- Bada Dost models can plug gaps in 3-4.9T segments, and meaningfully contribute to volumes. We expect share to increase from 9% in FY20 to 15% in FY22E.

**Retain Buy:** We upgrade FY21/22/23E EBITDA by 7%/4%/2%, factoring in better mix and cost control. Retain Buy rating and OW stance in sector EAP, with a TP of Rs115 (Rs89 earlier), based on 12x FY23E EV/EBITDA (10x Sep'22E earlier) and Hinduja Leyland Finance investment value at Rs5/share. Key downside risks are the sustenance of weak macro environment, low incentives in scrappage policy, slow execution of infrastructure projects, high competitive intensity, and adverse commodity prices.

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	290,550	174,675	143,447	231,414	277,357
EBITDA	31,357	11,737	8,311	21,274	27,932
EBITDA Margin (%)	10.8	6.7	5.8	9.2	10.1
APAT	20,263	3,726	(307)	10,286	15,602
EPS (Rs)	6.9	1.3	(0.1)	3.5	5.3
EPS (% chg)	15.7	(81.6)	NM	NM	51.7
ROE (%)	26.0	4.8	(0.4)	13.7	19.1
P/E (x)	12.3	67.0	NM	24.3	16.0
EV/EBITDA (x)	7.7	22.9	32.3	12.4	9.2
P/BV (x)	3.0	3.4	3.5	3.2	2.9

Source: Company, Emkay Research



### Change in Estimates

EPS Chg FY22E/FY23E (%)	3.4/1.2
Target Price change (%)	29.0
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

EPS Estimates		
	FY22E	FY23E
Emkay	3.5	5.3
Consensus	2.7	4.6
Mean Consensus TP (12M)	Rs 78	

### Stock Details

Bloomberg Code	AL IN
Face Value (Rs)	1
Shares outstanding (mn)	2,936
52 Week H/L	88 / 34
M Cap (Rs bn/USD bn)	250 / 3.36
Daily Avg Volume (nos.)	55,238,330
Daily Avg Turnover (US\$ mn)	52.9

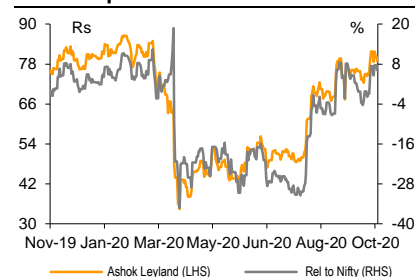
### Shareholding Pattern Sep '20

Promoters	51.1%
FIIIs	14.5%
DIIIs	17.4%
Public and Others	17.0%

### Price Performance

(%)	1M	3M	6M	12M
Absolute	12	73	79	11
Rel. to Nifty	6	58	35	8

### Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

### Raghuhandhan N L

raghuhandhan.nl@emkayglobal.com

+91 22 6624 2428

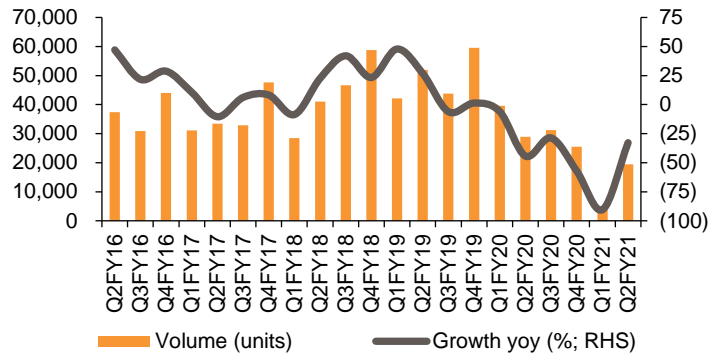
### Mumuksh Mandlesha

mumuksh.mandlesha@emkayglobal.com

+91 22 6612 1334

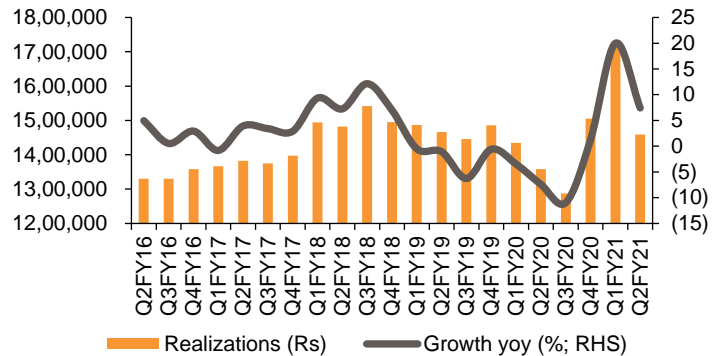
## Story in Charts

**Exhibit 1: Volume declines 33% yoy, though increase by 414% qoq to 19,444 units**



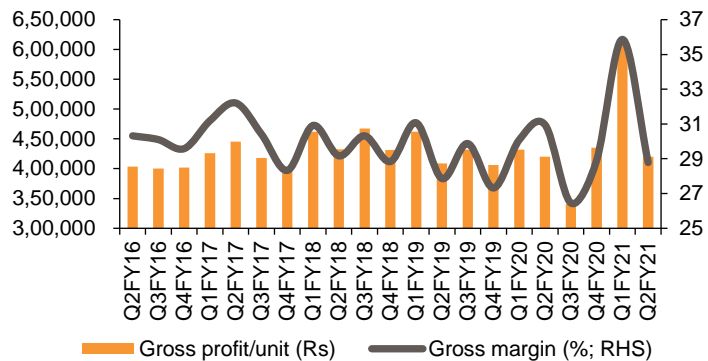
Source: SIAM, Company, Emkay Research

**Exhibit 2: Revenue/unit increases 7% yoy due to BS6 transition impact**



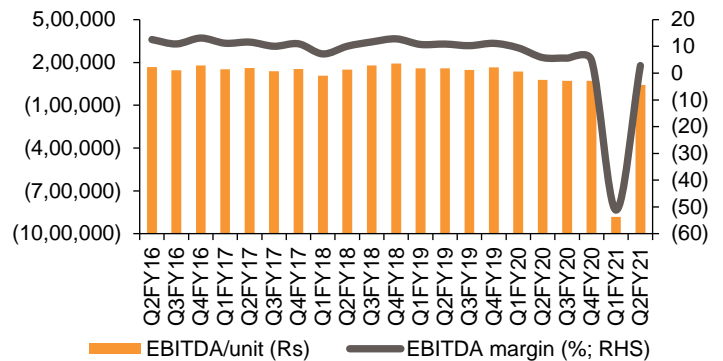
Source: Company, Emkay Research

**Exhibit 3: Gross margin contracts 220bps to 28.8%, in line with estimates**



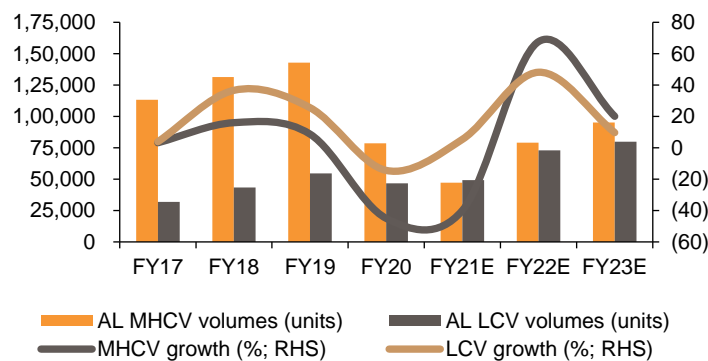
Source: Company, Emkay Research

**Exhibit 4: EBITDA margin declines by 300bps to 2.8%, above estimates owing to cost savings**



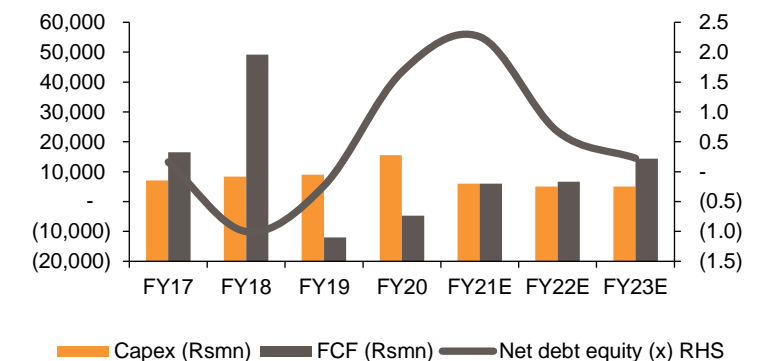
Source: Company, Emkay Research

**Exhibit 5: Expect MHCV volumes to turn positive from Q4FY21**



Source: Company, Emkay Research

**Exhibit 6: Expect average FCF of Rs9bn/year over FY21-23E**



Source: Company, Emkay Research

**Exhibit 7: Volume assumptions**

	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Volume (units)</b>							
Domestic MHCVs	102,313	116,534	131,936	71,408	42,917	73,375	88,397
YoY %	3.5	13.9	13.2	(45.9)	(39.9)	71.0	20.5
Domestic LCVs	30,951	42,078	53,129	44,912	47,971	70,884	77,279
YoY %	8.6	36.0	26.3	(15.5)	6.8	47.8	9.0
Exports (MHCV + LCV)	11,802	16,239	12,301	8,920	5,499	7,772	9,295
YoY %	(9.5)	37.6	(24.3)	(27.5)	(38.4)	41.3	19.6
<b>Total Volume</b>	<b>145,066</b>	<b>174,851</b>	<b>197,366</b>	<b>125,240</b>	<b>96,387</b>	<b>152,031</b>	<b>174,971</b>
YoY %	3.4	20.5	12.9	(36.5)	(23.0)	57.7	15.1
Realization (Rs/unit)	1,388,343	1,507,363	1,472,136	1,394,720	1,488,243	1,522,149	1,585,158
YoY %	3.0	8.6	(2.3)	(5.3)	6.7	2.3	4.1
<b>Revenue (Rs mn)</b>	<b>201,401</b>	<b>263,564</b>	<b>290,550</b>	<b>174,675</b>	<b>143,447</b>	<b>231,414</b>	<b>277,357</b>
YoY %	6.4	30.9	10.2	(39.9)	(17.9)	61.3	19.9

Source: Company, Emkay Research

**Exhibit 8: Actual vs. Estimates (Q2FY21)**

(Rs mn)	Actual	Estimates		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Total Revenue	28,366	29,713	28,744	(4.5)	(1.3)	Slightly below our estimates
EBITDA	804	449	764	79.1	5.3	
EBITDA Margin (%)	2.8	1.5	2.7	132 bps	18 bps	Above estimates due to cost-reduction efforts
Adjusted net profit	(1,450)	(1,176)	(993)	NM	NM	Below estimates on higher interest cost

Source: Bloomberg, Company, Emkay Research

**Exhibit 9: Quarterly financial summary**

Rs mn	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	YoY (%)	QoQ (%)	YTD FY21	YTD FY20	YoY (%)
Revenue	39,295	40,157	38,385	6,509	28,366	(27.8)	335.8	34,875	96,134	(63.7)
<b>Expenditure</b>	<b>37,009</b>	<b>37,905</b>	<b>36,555</b>	<b>9,841</b>	<b>27,562</b>	<b>(25.5)</b>	<b>180.1</b>	<b>37,403</b>	<b>88,478</b>	<b>(57.7)</b>
as % of sales	94.2	94.4	95.2	151.2	97.2			107.2	92.0	
Consumption of RM	27,133	29,532	27,290	4,175	20,201	(25.5)	383.9	24,375	66,870	(63.5)
as % of sales	69.0	73.5	71.1	64.1	71.2			69.9	69.6	
Employee Cost	4,321	2,728	4,097	3,542	3,736	(13.5)	5.5	7,278	9,326	(22.0)
as % of sales	11.0	6.8	10.7	54.4	13.2			20.9	9.7	
Other expenditure	5,555	5,645	5,168	2,125	3,625	(34.7)	70.6	5,749	12,283	(53.2)
as % of sales	14.1	14.1	13.5	32.6	12.8			16.5	12.8	
<b>EBITDA</b>	<b>2,286</b>	<b>2,252</b>	<b>1,830</b>	<b>(3,332)</b>	<b>804</b>	<b>(64.8)</b>		<b>(2,528)</b>	<b>7,656</b>	
Depreciation	1,600	1,575	1,877	1,637	1,712	6.9	4.6	3,348	3,247	3.1
<b>EBIT</b>	<b>685</b>	<b>677</b>	<b>(47)</b>	<b>(4,969)</b>	<b>(907)</b>			<b>(5,876)</b>	<b>4,409</b>	
Other Income	455	223	344	256	219	(51.9)	(14.6)	475	666	(28.7)
Interest	301	337	331	768	872	189.6	13.5	1,641	427	284.5
<b>PBT</b>	<b>839</b>	<b>563</b>	<b>(34)</b>	<b>(5,481)</b>	<b>(1,561)</b>			<b>(7,042)</b>	<b>4,648</b>	
Total Tax	(36)	270	(148)	(1,610)	(111)			(1,721)	1,330	
<b>Adjusted PAT</b>	<b>875</b>	<b>294</b>	<b>114</b>	<b>(3,871)</b>	<b>(1,450)</b>			<b>(5,321)</b>	<b>3,318</b>	
Extra ordinary items Loss/(Gain)	(486)	(16)	(687)	(17)	(17)			(34)	(627)	
Reported PAT	389	278	(573)	(3,888)	(1,467)			(5,355)	2,691	
<b>Adjusted EPS</b>	<b>0.30</b>	<b>0.10</b>	<b>0.04</b>	<b>(1.32)</b>	<b>(0.49)</b>			<b>(1.81)</b>	<b>1.13</b>	

Margins (%)						(bps)	(bps)			(bps)
EBIDTA	5.8	5.6	4.8	(51.2)	2.8	(298)	5,403	(7.2)	8.0	(1,521)
EBIT	1.7	1.7	(0.1)	(76.3)	(3.2)	(494)	7,315	(16.9)	4.6	(2,144)
EBT	2.1	1.4	(0.1)	(84.2)	(5.5)	(764)	7,871	(20.2)	4.8	(2,503)
PAT	2.2	0.7	0.3	(59.5)	(5.1)	(734)	5,437	(15.3)	3.5	(1,871)
Effective Tax rate	(4.2)	47.9	438.6	29.4	7.1	1,137	(2,224)	24.4	28.6	(417)

Source: Company, Emkay Research

**Exhibit 10: Changes in estimates**

Rs mn	FY21E				FY22E				FY23E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Volume	94,889	96,387	1.6	(23.0)	152,931	152,031	(0.6)	57.7	176,537	174,971	(0.9)	15.1
Revenue	141,001	143,447	1.7	(17.9)	226,559	231,414	2.1	61.3	272,554	277,357	1.8	19.9
EBITDA	7,768	8,311	7.0	(29.2)	20,433	21,274	4.1	156.0	27,319	27,932	2.2	31.3
EBITDA %	5.5	5.8	29 bps	(93) bps	9.0	9.2	19 bps	340 bps	10.0	10.1	7 bps	88 bps
Adj. PAT	87	(307)	NM	NM	9,948	10,286	3.4	NM	15,424	15,602	1.2	51.7
EPS	0.0	(0.1)	NM	NM	3.4	3.5	3.4	NM	5.3	5.3	1.2	51.7

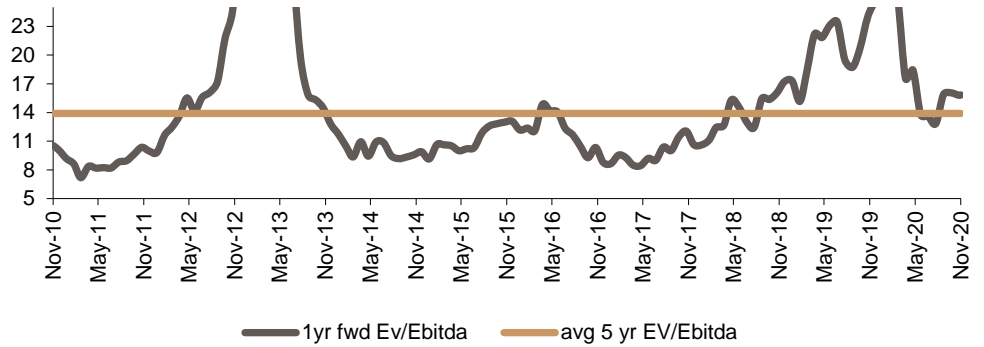
Source: Company, Emkay Research

**Exhibit 11: SOTP valuation**

(Rs mn)	Basis of Valuation	Equity value	Holding company discount	FY23E
Standalone	12x EV/EBITDA	320,936		320,936
Hinduja Leyland Finance	1x P/B FY20	22,861	30%	16,003
<b>Total equity value</b>				<b>336,938</b>
<b>Total equity value/share Rs</b>				<b>115</b>

Source: Company, Emkay Research

Exhibit 12: One-year forward EV/EBITDA



Source: Company, Emkay Research

Exhibit 13: Peer comparison

	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
<b>Ashok Leyland</b>	<b>85</b>	<b>115</b>	<b>250</b>	<b>Buy</b>	<b>NM</b>	<b>24.3</b>	<b>16.0</b>	<b>32.3</b>	<b>12.4</b>	<b>9.2</b>	<b>-0.4</b>	<b>13.7</b>	<b>19.1</b>	<b>2.4</b>	<b>14.5</b>	<b>20.0</b>
Atul Auto	159	254	3	Buy	23.0	7.2	5.5	12.5	5.4	3.7	4.9	14.4	16.6	6.7	18.0	20.6
Bajaj Auto	2,979	3,976	862	Buy	19.9	14.7	12.9	15.5	10.5	8.8	20.8	25.7	26.5	26.5	32.9	34.0
Eicher Motors	2,138	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	1,285	1,442	173	Buy	18.1	15.7	14.1	11.0	9.2	7.8	16.6	15.0	14.6	21.9	19.7	19.3
Hero Motocorp	2,945	3,839	588	Buy	20.8	15.7	14.1	13.1	9.8	8.6	19.7	24.6	25.3	25.3	31.6	32.5
Mahindra & Mahindra	614	718	763	Buy	25.5	16.1	13.6	14.0	9.6	8.0	8.0	11.8	12.8	10.0	14.5	15.8
Maruti Suzuki	6,908	8,216	2,087	Buy	48.0	26.2	21.0	31.4	16.5	13.0	8.8	15.0	17.2	11.2	19.2	21.9
Tata Motors	139	196	458	Buy	NM	10.0	6.0	5.7	3.6	3.1	-13.5	8.8	13.0	1.2	7.8	9.9
TVS Motor	480	398	228	Sell	57.5	33.2	25.2	21.3	15.4	12.7	10.6	16.8	19.7	11.5	17.5	21.2
Amara Raja Batteries	809	863	138	Buy	21.6	16.7	14.1	11.8	9.4	7.9	16.6	19.1	20.0	21.7	24.9	26.1
Apollo Tyres	153	175	88	Buy	23.6	13.3	10.6	6.1	5.0	4.0	3.9	6.4	7.7	5.5	7.3	8.6
Exide Industries	164	205	139	Buy	20.1	15.2	13.2	10.3	8.2	7.0	10.7	13.1	13.8	14.0	17.1	18.1
Motherson Sumi	117	133	370	Buy	47.2	21.9	17.7	11.0	6.2	5.0	6.9	14.2	16.2	4.5	14.3	16.9
Bharat Forge	477	537	222	Buy	59.5	26.4	19.8	28.9	16.4	12.8	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
<b>Revenue</b>	<b>290,550</b>	<b>174,675</b>	<b>143,447</b>	<b>231,414</b>	<b>277,357</b>
<b>Expenditure</b>	<b>259,192</b>	<b>162,938</b>	<b>135,136</b>	<b>210,139</b>	<b>249,425</b>
<b>EBITDA</b>	<b>31,357</b>	<b>11,737</b>	<b>8,311</b>	<b>21,274</b>	<b>27,932</b>
Depreciation	6,210	6,698	6,822	7,584	7,959
<b>EBIT</b>	<b>25,147</b>	<b>5,039</b>	<b>1,489</b>	<b>13,690</b>	<b>19,973</b>
Other Income	1,099	1,233	1,070	1,430	2,110
Interest expenses	704	1,095	2,963	1,586	1,555
<b>PBT</b>	<b>25,543</b>	<b>5,177</b>	<b>(404)</b>	<b>13,534</b>	<b>20,529</b>
Tax	5,280	1,452	(97)	3,248	4,927
Extraordinary Items	(431)	(1,330)	(34)	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>19,832</b>	<b>2,395</b>	<b>(341)</b>	<b>10,286</b>	<b>15,602</b>
<b>Adjusted PAT</b>	<b>20,263</b>	<b>3,726</b>	<b>(307)</b>	<b>10,286</b>	<b>15,602</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	2,936	2,936	2,936	2,936	2,936
Reserves & surplus	80,389	69,704	69,364	74,689	82,768
<b>Net worth</b>	<b>83,324</b>	<b>72,640</b>	<b>72,299</b>	<b>77,625</b>	<b>85,703</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>6,324</b>	<b>32,814</b>	<b>26,449</b>	<b>26,423</b>	<b>25,406</b>
Net deferred tax liability	2,497	2,648	2,650	2,596	2,514
<b>Total Liabilities</b>	<b>92,145</b>	<b>108,102</b>	<b>101,398</b>	<b>106,644</b>	<b>113,623</b>
<b>Net block</b>	<b>56,145</b>	<b>63,971</b>	<b>66,800</b>	<b>64,598</b>	<b>61,639</b>
<b>Investment</b>	<b>26,365</b>	<b>27,196</b>	<b>28,696</b>	<b>38,696</b>	<b>50,696</b>
<b>Current Assets</b>	<b>93,158</b>	<b>66,787</b>	<b>49,497</b>	<b>73,510</b>	<b>84,237</b>
Cash & bank balance	13,736	13,225	7,686	4,156	1,114
Other Current Assets	17,566	18,403	15,113	24,381	29,222
<b>Current liabilities &amp; Provision</b>	<b>90,099</b>	<b>55,794</b>	<b>45,887</b>	<b>72,069</b>	<b>84,858</b>
<b>Net current assets</b>	<b>3,059</b>	<b>10,993</b>	<b>3,611</b>	<b>1,441</b>	<b>(621)</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>92,145</b>	<b>108,102</b>	<b>101,398</b>	<b>106,644</b>	<b>113,623</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>23,869</b>	<b>2,386</b>	<b>(1,474)</b>	<b>12,104</b>	<b>18,418</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(29,638)	(1,756)	3,285	(5,471)	(3,182)
<b>Operating Cashflow</b>	<b>(4,723)</b>	<b>8,177</b>	<b>11,989</b>	<b>11,652</b>	<b>19,379</b>
Capital expenditure	(7,315)	(12,923)	(6,000)	(5,000)	(5,000)
<b>Free Cash Flow</b>	<b>(12,038)</b>	<b>(4,746)</b>	<b>5,989</b>	<b>6,652</b>	<b>14,379</b>
Investments	30,028	(9,304)	(1,500)	(10,000)	(12,000)
Other Investing Cash Flow	401	452	0	0	0
<b>Investing Cashflow</b>	<b>24,214</b>	<b>(20,541)</b>	<b>(6,430)</b>	<b>(13,570)</b>	<b>(14,890)</b>
Equity Capital Raised	86	0	0	0	0
Loans Taken / (Repaid)	(6,621)	25,874	(6,365)	(25)	(1,017)
Dividend paid (incl tax)	(8,598)	(12,702)	0	(4,960)	(7,523)
Other Financing Cash Flow	(16)	144	(1,769)	4,960	2,563
<b>Financing Cashflow</b>	<b>(16,177)</b>	<b>11,853</b>	<b>(11,097)</b>	<b>(1,612)</b>	<b>(7,532)</b>
<b>Net chg in cash</b>	<b>3,314</b>	<b>(511)</b>	<b>(5,539)</b>	<b>(3,529)</b>	<b>(3,042)</b>
Opening cash position	10,422	13,736	13,225	7,686	4,156
<b>Closing cash position</b>	<b>13,736</b>	<b>13,225</b>	<b>7,686</b>	<b>4,156</b>	<b>1,114</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EBITDA Margin	10.8	6.7	5.8	9.2	10.1
EBIT Margin	8.7	2.9	1.0	5.9	7.2
Effective Tax Rate	20.7	28.0	24.0	24.0	24.0
Net Margin	7.0	2.1	(0.2)	4.4	5.6
ROCE	29.2	6.3	2.4	14.5	20.1
ROE	26.0	4.8	(0.4)	13.7	19.1
RoIC	80.5	9.4	2.4	22.0	32.8

<b>Per Share Data (Rs)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EPS	6.9	1.3	(0.1)	3.5	5.3
CEPS	9.0	3.6	2.2	6.1	8.0
BVPS	28.4	24.7	24.6	26.4	29.2
DPS	3.1	0.5	0.0	1.4	2.1

<b>Valuations (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
PER	12.3	67.0	NM	24.3	16.0
P/CEPS	9.4	23.9	38.3	14.0	10.6
P/BV	3.0	3.4	3.5	3.2	2.9
EV / Sales	0.8	1.5	1.9	1.1	0.9
EV / EBITDA	7.7	22.9	32.3	12.4	9.2
Dividend Yield (%)	3.6	0.6	0.0	1.6	2.5

<b>Gearing Ratio (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Net Debt/ Equity	(0.1)	0.3	0.3	0.2	0.1
Net Debt/EBITDA	(0.2)	1.7	2.3	0.7	0.2
Working Cap Cycle (days)	(13.4)	(4.7)	(10.4)	(4.3)	(2.3)

<b>Growth (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Revenue	10.2	(39.9)	(17.9)	61.3	19.9
EBITDA	5.8	(62.6)	(29.2)	156.0	31.3
EBIT	6.3	(80.0)	(70.4)	819.2	45.9
PAT	15.5	(87.9)	NM	NM	51.7

<b>Quarterly (Rs mn)</b>	<b>Q2FY20</b>	<b>Q3FY20</b>	<b>Q4FY20</b>	<b>Q1FY21</b>	<b>Q2FY21</b>
Revenue	39,295	40,157	38,385	6,509	28,366
EBITDA	2,286	2,252	1,830	(3,332)	804
<b>EBITDA Margin (%)</b>	<b>5.8</b>	<b>5.6</b>	<b>4.8</b>	<b>(51.2)</b>	<b>2.8</b>
PAT	875	294	114	(3,871)	(1,450)
<b>EPS (Rs)</b>	<b>0.3</b>	<b>0.1</b>	<b>0.0</b>	<b>(1.3)</b>	<b>(0.5)</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Sep-19</b>	<b>Dec-19</b>	<b>Mar-20</b>	<b>Jun-20</b>	<b>Sep-20</b>
Promoters	51.1	51.1	51.1	51.1	51.1
FII	17.1	19.2	16.8	15.5	14.5
DII	13.0	12.3	14.9	13.9	17.4
Public and Others	18.9	17.3	17.2	19.5	17.0

Source: Capitaline

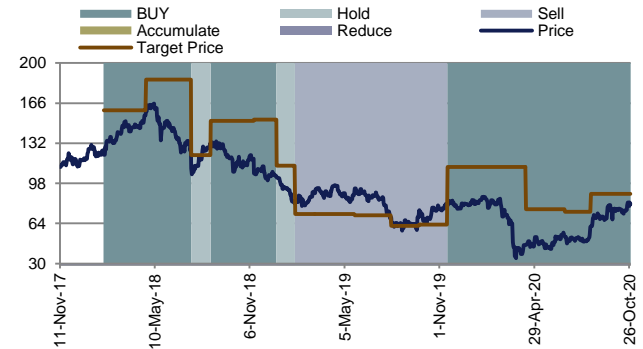


## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
11-Oct-20	76	89	12m	Buy	Raghunandhan NL
28-Sep-20	77	89	12m	Buy	Raghunandhan NL
28-Aug-20	71	89	12m	Buy	Raghunandhan NL
14-Aug-20	62	89	12m	Buy	Raghunandhan NL
29-Jun-20	49	74	12m	Buy	Raghunandhan NL
26-Jun-20	52	74	12m	Buy	Raghunandhan NL
4-May-20	49	76	12m	Buy	Raghunandhan NL
13-Apr-20	46	76	12m	Buy	Raghunandhan NL
27-Feb-20	76	112	12m	Buy	Raghunandhan NL
17-Feb-20	82	112	12m	Buy	Raghunandhan NL
30-Jan-20	83	112	12m	Buy	Raghunandhan NL
27-Dec-19	80	112	12m	Buy	Raghunandhan NL
18-Dec-19	80	112	12m	Buy	Raghunandhan NL
27-Nov-19	82	112	12m	Buy	Raghunandhan NL
16-Nov-19	80	112	12m	Buy	Raghunandhan NL
1-Nov-19	76	63	12m	Sell	Raghunandhan NL
30-Oct-19	78	63	12m	Sell	Raghunandhan NL
1-Oct-19	66	63	12m	Sell	Raghunandhan NL
26-Sep-19	74	63	12m	Sell	Raghunandhan NL
23-Sep-19	75	63	12m	Sell	Raghunandhan NL
3-Sep-19	65	62	12m	Sell	Raghunandhan NL
28-Aug-19	67	62	12m	Sell	Raghunandhan NL
1-Aug-19	69	62	12m	Sell	Raghunandhan NL
11-Jul-19	85	71	12m	Sell	Raghunandhan NL
1-Jul-19	87	71	12m	Sell	Raghunandhan NL
27-Jun-19	88	71	12m	Sell	Raghunandhan NL
14-Jun-19	88	71	12m	Sell	Raghunandhan NL
3-Jun-19	92	71	12m	Sell	Raghunandhan NL
29-May-19	90	71	12m	Sell	Raghunandhan NL
24-May-19	94	71	12m	Sell	Raghunandhan NL
2-May-19	90	72	12m	Sell	Raghunandhan NL
28-Mar-19	89	72	12m	Sell	Raghunandhan NL
18-Mar-19	92	72	12m	Sell	Raghunandhan NL
15-Feb-19	80	72	12m	Sell	Raghunandhan NL
4-Feb-19	82	72	12m	Sell	Raghunandhan NL
31-Jan-19	81	72	12m	Sell	Raghunandhan NL
27-Dec-18	103	113	12m	Hold	Raghunandhan NL
14-Nov-18	107	152	12m	Buy	Raghunandhan NL
24-Aug-18	129	151	12m	Buy	Raghunandhan NL
18-Jul-18	111	122	12m	Hold	Raghunandhan NL
6-Jul-18	132	186	12m	Buy	Raghunandhan NL
22-May-18	141	186	12m	Buy	Raghunandhan NL
23-Apr-18	159	186	12m	Buy	Raghunandhan NL
2-Feb-18	122	160	12m	Buy	Raghunandhan NL

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research



## Emkay Alpha Portfolio – Automobiles & Auto Ancillaries



### Analyst: Raghunandhan NI

#### Contact Details

raghunandhan.ni@emkayglobal.com  
+91 22 6624 2428

#### 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)
<b>Auto &amp; Auto Ancillaries</b>	<b>5.20</b>	<b>5.20</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>
Amara Raja Batteries	0.10	0.00	-100%	-10	0.00
Apollo Tyres	0.07	0.07	0%	0	1.42
Ashok Leyland	0.18	0.39	123%	22	7.57
Atul Auto	0.00	0.00	NA	0	0.00
Bajaj Auto	0.57	0.57	0%	0	11.04
Bharat Forge	0.18	0.23	32%	6	4.51
Eicher Motors	0.44	0.44	0%	0	8.45
Escorts	0.00	0.00	NA	0	0.00
Exide Industries	0.11	0.00	-100%	-11	0.00
Hero Motocorp	0.57	0.56	0%	0	10.87
Mahindra & Mahindra	0.87	0.87	0%	0	16.68
Maruti Suzuki India	1.36	1.36	0%	0	26.12
Motherson Sumi	0.21	0.21	0%	0	3.99
Tata Motors	0.36	0.36	0%	0	6.96
Tata Motors DVR*	0.04	0.04	0%	0	0.78
TVS Motor	0.14	0.08	-41%	-6	1.61
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

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

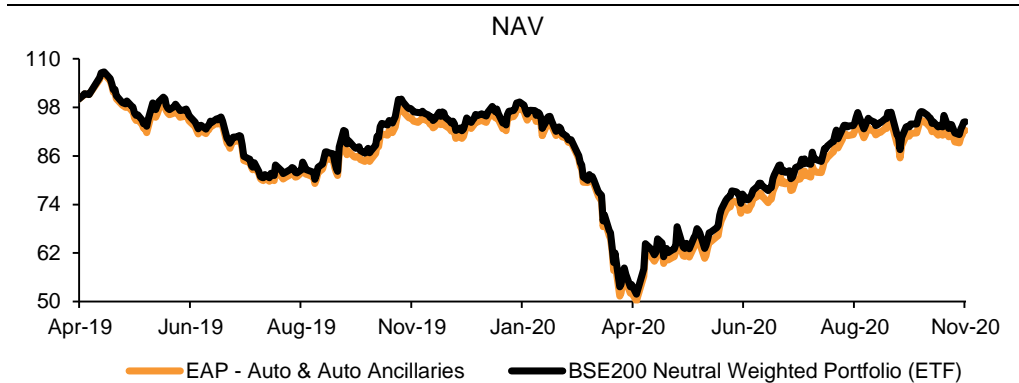
#### Sector portfolio NAV

	Base 1-Apr-19	7-Feb-20	8-May-20	7-Aug-20	7-Oct-20	Latest 6-Nov-20
EAP - Auto & Auto Ancillaries	100.0	93.5	61.0	85.6	94.5	92.3
BSE200 Neutral Weighted Portfolio (ETF)	100.0	94.7	63.0	88.4	96.7	94.5

\*Performance measurement base date 1<sup>st</sup> 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: 09 Nov 2020 21:14:43 (SGT)

Dissemination Date: 09 Nov 2020 21:15:43 (SGT)

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7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: [www.emkayglobal.com](http://www.emkayglobal.com)