

# Tata Motors

Refer to important disclosures at the end of this report

## JLR: Margin expansion and deleveraging remain focus areas

We attended JLR's Business Analyst Meet. The key takeaways:

- Positive demand outlook:** In Q4FY21, wholesale volume improvement is expected at 10-15% qoq despite the impact of lockdown (38% showrooms are now partially or fully closed). For the next five years, the outlook for SUVs (Land Rover models) and Electric vehicles (new target segments of Land Rover and Jaguar) is stronger. Management expects market share gains for models such as RR and Velar across regions. In next 12-18 months, new RR, RR Sport and Defender would be launched. *Our current estimates factor in 14% volume CAGR for FY21-23E.*
- Going Green:** 1) Jaguar's all-electric cars will be launched in 2025 and later; 2) Land Rover will launch the first electric vehicle by 2024, and five more pure electric variants in five years; 3) all Jaguar and Land Rover nameplates will have an electric version by 2030; 4) the share of BEVs/PHEVs in volumes is expected to increase to 20%/15% in FY26 and 60%/10% in FY30; 5) the focus is also on hydrogen fuel-cell technology – development is underway with prototypes expected in the next 12 months.
- Double-digit EBIT margin targeted for FY26.** Management expects margin to expand from ~4% in H2FY21 to ~10% in FY26, driven by ~300bps benefit from 'Refocus' programme initiatives and ~300bps benefit from the shift to new platforms. *We expect EBIT margin to expand from 3% in FY21E to 6% in FY23E.*
- The new 'Refocus' programme** will consolidate existing cost-reduction initiatives with new cross-functional activities. Margin drivers include better mix, material cost-reduction, headcount rationalization, decline in warranty costs, focus on supply-chain efficiencies, lowering of production capacities by 25%, asset write-offs leading to lower depreciation, and digitization, among others.
- Platform consolidation:** JLR will shift from existing six platforms to three new platforms: 1) Modular Longitudinal Architecture for xEVs for RR/RR Sport - to be introduced in FY22/23; 2) Electrified Modular Architecture for xEVs for Evoque/Discovery Sport - to be introduced in 2024; and 3) Pure BEV-only platform for Jaguar - to be introduced in 2025.
- Scouting for a partner for Jaguar brand, which can lead to scale benefits and value creation. The tie-up with a partner will strengthen Jaguar's position and enable it to compete with stronger peers.**
- Free cash flow:** Expects FCFs to be at breakeven due to the reorganization costs of GBP500mn in FY22. The company expects FCFs to be positive from FY23. Net debt levels should reduce notably from FY23 and JLR should be net-cash positive in FY25. *We expect FCF at GBP353mn in FY22E and GBP1.4bn in FY23E, resulting in net debt-to-equity improvement from 0.4x in FY21E to 0.2x in FY23E.*
- Exceptional costs:** The one-time non-cash write-down of GBP1bn relates to higher previous spending and certain planned products that will not be completed. Asset write-offs would lead to lower depreciation of GBP150mn per annum and will improve EBIT margin by 0.5%. One-time cash restructuring cost is expected at GBP500mn, which includes headcount reduction costs (reduction of 2,000 employees).
- We remain positive on expectations of a sales cycle recovery in JLR/India divisions, strong profitability growth on better scale/cost savings and deleveraging efforts through FCFs/divestments. We have increased our FY22-23 EBITDA forecast by 5-7% due to the reduction in employee and material costs. **We reaffirm Buy on TTMT with a TP of Rs375 (Rs355 earlier), based on an EV/EBITDA of 2x/11x on JLR/standalone estimates on FY23E and the value of other subsidiaries/investments at Rs68/share.** We have assigned a value of Rs13/share for the China JV due to the anticipated turnaround, based on an EV/EBITDA multiple of 4x, resulting in an increase in our TP. Key downside risks: Luxury car demand contraction in target markets, failure of new launches, and adverse currency/commodity prices.

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

### Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	3,019,384	2,610,680	2,498,294	3,269,375	3,662,151
EBITDA	255,702	197,258	298,495	417,930	508,245
EBITDA Margin (%)	8.5	7.6	11.9	12.8	13.9
APAT	17,312	(74,607)	(34,105)	90,359	152,576
EPS (Rs)	5.1	(20.7)	(8.9)	23.6	39.8
EPS (% chg)	(72.5)	NM	NM	NM	68.9
ROE (%)	2.2	(12.1)	(5.9)	16.4	23.5
P/E (x)	63.4	(15.6)	(36.3)	13.7	8.1
EV/EBITDA (x)	6.8	9.6	6.6	4.6	3.4
P/BV (x)	1.8	1.8	2.3	2.2	1.7

Source: Company, Emkay Research

CMP	Target Price
Rs 323 as of (February 28, 2021)	Rs 375 (▲) 12 months
Rating	Upside
BUY (■)	16.2 %

### Change in Estimates

EPS Chg FY22E/FY23E (%)	29.2/28.7
Target Price change (%)	5.7
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY22E	FY23E
Emkay	23.6	39.8
Consensus	15.1	27.0
Mean Consensus TP (12M)	Rs 298	

### Stock Details

Bloomberg Code	TTMT IN
Face Value (Rs)	2
Shares outstanding (mn)	3,320
52 Week H/L	342 / 64
M Cap (Rs bn/USD bn)	1,138 / 15.49
Daily Avg Volume (nos.)	107,044,300
Daily Avg Turnover (US\$ mn)	374.5

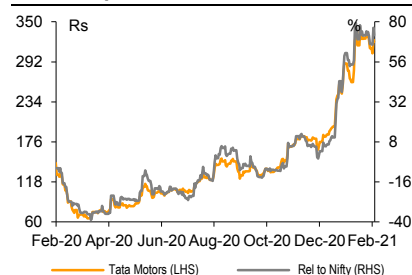
### Shareholding Pattern Dec '20

Promoters	42.4%
FIIIs	15.6%
DIIIs	12.6%
Public and Others	29.4%

### Price Performance

(%)	1M	3M	6M	12M
Absolute	16	86	134	123
Rel. to Nifty	13	66	86	80

### 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:

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## High-Conviction Buy on robust volume and cash-flow prospects

**Exhibit 1: Expect volume CAGR of 14% over FY21-23E; EBIT margin expansion to 6% by FY23E**

JLR	FY19	FY20	FY21E	FY22E	FY23E	FY21-23 Chg
Volume (units; excl CJLR)	507,892	475,952	343,378	421,772	447,203	14% CAGR
yoy (%)	(7)	(6)	(28)	23	6	
Revenue (GBP mn)	24,214	22,984	20,168	24,869	27,391	17% CAGR
yoy (%)	(6)	(5)	(12)	23	10	
EBIT margin (%)	(0.7)	0.6	2.8	4.8	6.2	337 bps

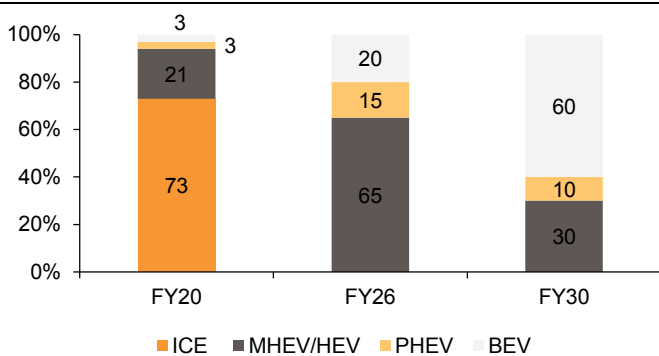
Source: Company, Emkay Research

**Exhibit 2: Management guidance that margin expansion to continue till FY26**

Key metrics	FY21	FY22	FY24	FY26
Revenue	Not guided	Increasing	Increasing	> GBP 30bn
EBIT margin	Positive	>=4%	>=7%	>=10%
Investment	< GBP 2.5bn	GBP 2.5bn	GBP 2.5bn	GBP 3bn
Free cash flow	Near break-even	Break-even (After ~GBP 500mn restructuring cost)	Positive	Positive
Net cash/(debt)	Negative	Negative	0	Positive

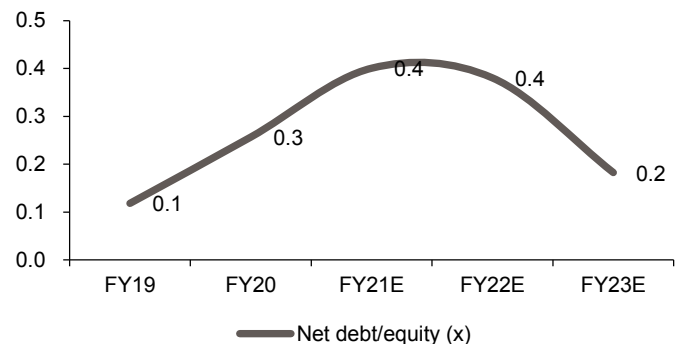
Source: Company

**Exhibit 3: JLR would focus on improving xEV penetration**



Source: Company

**Exhibit 4: Net debt/equity to improve from 0.4x in FY21E to 0.2x in FY23E**



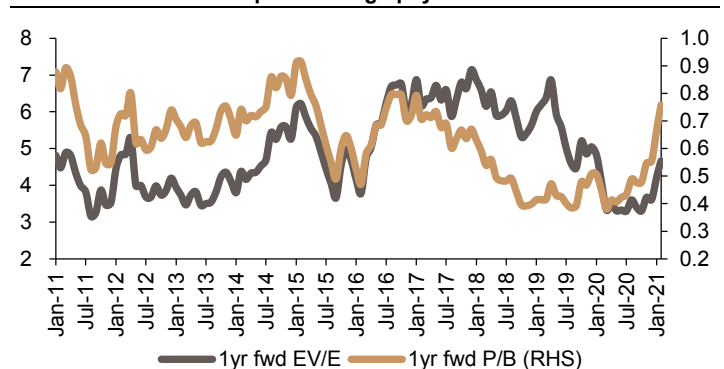
Source: Company, Emkay Research

**Exhibit 5: SOTP of Rs375; implies upside of 16%**

	Basis of valuation	Equity value (Rsmn)	Equity value (Rs/share)	Contribution to SOTP (%)
Standalone	EV/EBITDA 11x	676,350	177	47
JLR	EV/EBITDA 2x	500,317	131	35
JLR China JV	EV/EBITDA 4x	50,845	13	4
Tata Sons	NAV 1x	156,904	41	11
Tata Motors Finance	P/B 1x FY20	23,100	6	2
Tata Technologies	P/E 20x FY20	29,180	8	2
<b>Total</b>		<b>1,436,697</b>	<b>375</b>	<b>100</b>

Source: Company, Emkay Research

**Exhibit 6: Valuations expand during upcycles**

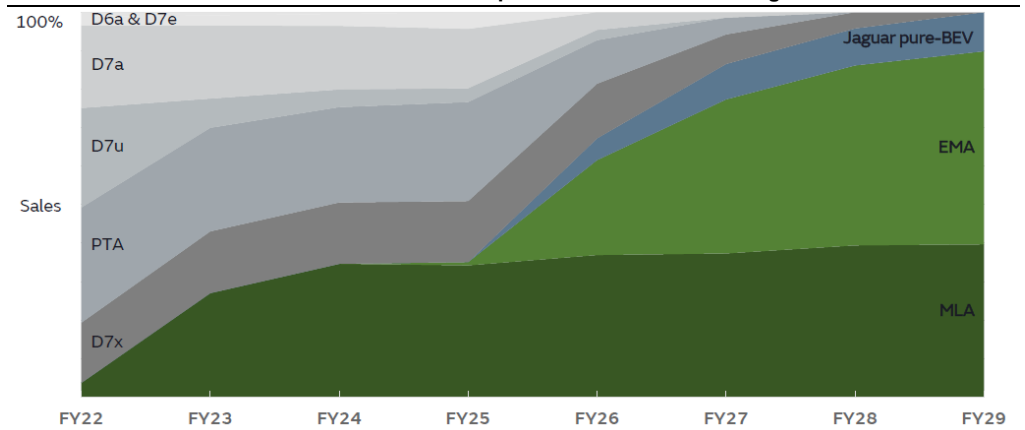


Source: Company, Emkay Research

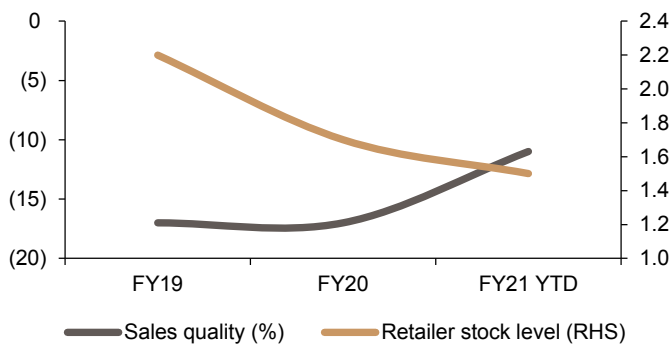
**Exhibit 7: Management targeting higher market share for LR brands**

Models	Profitability	Market share (%)											
		Global		China		UK		Europe		North America		Overseas	
		FY21	FY26	FY21	FY26	FY21	FY26	FY21	FY26	FY21	FY26	FY21	FY26
Range Rover	Strongest	12	18	11	15	45	45	14	27	9	13	10	21
Velar	Strong	7	15	3	12	36	58	11	21	7	8	9	15

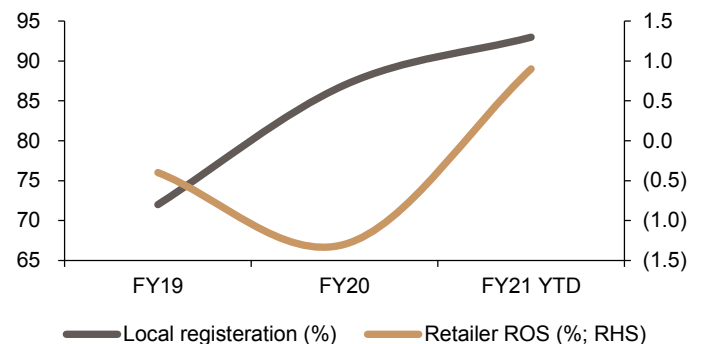
Source: Company

**Exhibit 8: Shift to new architectures to drive EV penetration and cost savings**

Source: Company

**Exhibit 9: Quality of sales improving in China – Discounts/ dealer inventories have reduced....**

Source: Company; Note: Sales quality refers to quantum of discounts (%), Retailer stock levels is in months.

**Exhibit 10: ... and dealer profitability has increased; Also registrations as share of retails has increased**

Source: Company; Note: ROS is return on sales

**Exhibit 11: Key assumptions: Expect volumes to grow at 15% over FY21-23E (Model wise)**

Volumes	FY19	FY20	FY21E	FY22E	FY23E	CAGR % (FY21-23E)
<b>Jaguar</b>	<b>153,755</b>	<b>125,820</b>	<b>64,967</b>	<b>75,436</b>	<b>78,192</b>	<b>10</b>
XE	19,418	12,086	2,878	2,297	1,330	(32)
XF	14,522	6,911	2,653	3,307	3,148	9
New XJ	4,204	2,824	642	706	734	7
F Pace	50,885	45,943	20,257	23,837	24,836	11
XK	0	0	0	0	0	
F- Type	7,701	6,346	5,539	6,093	6,275	6
E-Pace	42,539	36,928	15,207	17,847	18,384	10
I-Pace	14,486	14,782	17,792	21,350	23,485	15
<b>Land Rover</b>	<b>354,137</b>	<b>350,132</b>	<b>278,411</b>	<b>346,336</b>	<b>369,011</b>	<b>15</b>
Defender	5	121	52,568	68,338	75,172	20
Freelander	7	0	2	0	0	
Discover Sport	58,364	52,889	30,428	37,420	38,875	13
Range Rover	57,052	50,965	38,544	47,795	50,663	15
Range Rover Evoque	57,706	83,198	47,153	59,029	62,703	15
Range Rover Sport	82,602	76,339	60,337	74,818	79,307	15
New Discovery	37,636	33,648	16,392	18,031	18,933	7
New Range Rover Velar	60,765	52,972	32,988	40,905	43,359	15
<b>Total volumes (excl CJLR)</b>	<b>507,892</b>	<b>475,952</b>	<b>343,378</b>	<b>421,772</b>	<b>447,203</b>	<b>14</b>
Growth (%)	(6.9)	(6.3)	(27.9)	23	6	
<b>CJLR</b>	<b>57,428</b>	<b>49,450</b>	<b>67,227</b>	<b>83,361</b>	<b>91,698</b>	<b>17</b>
Growth (%)	(35)	(14)	36	24	10	
<b>Total volumes</b>	<b>565,320</b>	<b>525,402</b>	<b>410,605</b>	<b>505,134</b>	<b>538,900</b>	<b>15</b>
Growth (%)	(11)	(7)	(22)	23	7	

Source: Company, Emkay Research

**Exhibit 12: Key assumptions: Expect volumes to grow at 15% over FY21-23E (Region wise)**

JLR Region-wise sales	FY19	FY20	FY21E	FY22E	FY23E	CAGR % (FY21-23E)
UK	118,750	110,067	73,565	95,642	100,857	17
North America	133,237	135,766	94,834	114,842	121,452	13
Europe	124,248	113,270	77,174	94,451	99,654	14
China	40,168	38,312	47,571	54,767	59,611	12
Other	91,489	78,537	50,233	62,070	65,629	14
<b>Total excl China JV</b>	<b>507,892</b>	<b>475,952</b>	<b>343,378</b>	<b>421,772</b>	<b>447,203</b>	<b>14</b>
Growth (%)	(7)	(6)	(28)	23	6	
<b>Total incl China JV</b>	<b>565,320</b>	<b>525,402</b>	<b>410,605</b>	<b>505,134</b>	<b>538,900</b>	<b>15</b>
Growth (%)	(11)	(7)	(22)	23	7	

Source: Company, Emkay Research

**Exhibit 13: JLR: EBITDA margin to expand to 14.1% by FY13E**

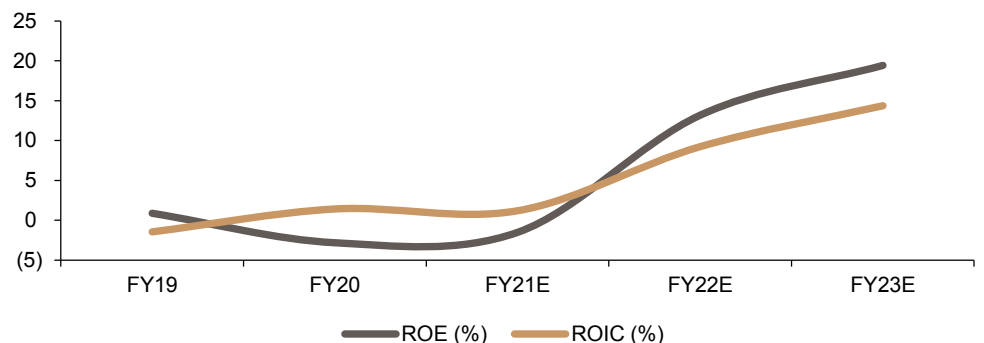
	FY19	FY20	FY21E	FY22E	FY23E
Volume (excl CJLR)	507,892	475,952	343,378	421,772	447,203
y-y growth (%)	(6.9)	(6.3)	(27.9)	22.8	6.0
Realization/unit	47,675	48,291	58,733	58,963	61,250
y-y growth (%)	0.8	1.3	21.6	0.4	3.9
Revenue (GBP mn)	24,214	22,984	20,168	24,869	27,391
y-y growth (%)	(6.1)	(5.1)	(12.3)	23.3	10.1
Adj. EBITDA	2,000	2,052	2,535	3,238	3,856
EBITDA margin (% , RHS)	8.3	8.9	12.6	13.0	14.1
Growth (%)	(31.3)	2.6	23.6	27.7	19.1
Adj. PAT	71	(176)	(92)	751	1,179
y-y growth (%)	(88.8)	(347.9)	(47.5)	(912.9)	57.1

Source: Company, Emkay Research

**Exhibit 14: Change in estimates**

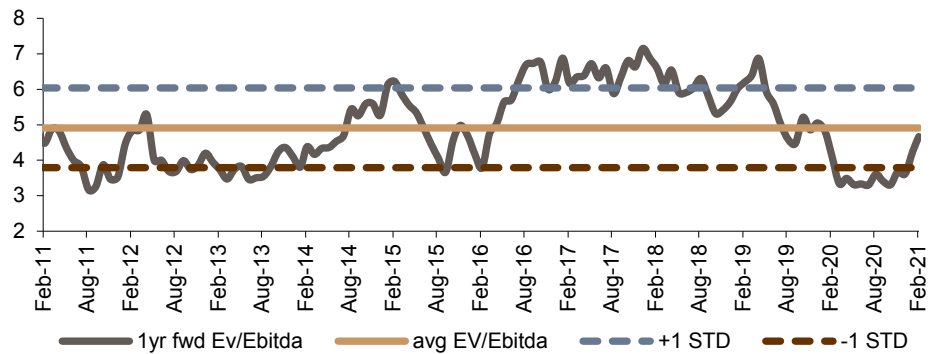
Consolidated	FY21				FY22				FY23			
	Earlier	Revised	% chg	% YoY	Earlier	Revised	% chg	% YoY	Earlier	Revised	% chg	% YoY
JLR Volume (excl China JV)	343,378	343,378	-	(34.6)	420,010	421,772	0.4	22.8	441,730	447,203	1.2	6.0
Standalone Volume	462,330	462,330	-	(2.3)	634,305	634,305	-	37.2	716,482	716,482	-	13.0
Cons. Revenue	2,498,294	2,498,294	-	(4.3)	3,262,519	3,269,375	0.2	30.9	3,668,194	3,662,151	(0.2)	12.0
Cons. EBITDA	289,258	298,495	3.2	51.3	398,592	417,930	4.9	40.0	475,008	508,245	7.0	21.6
Cons. Margin(%)	11.6	11.9	37 bps	439 bps	12.2	12.8	57 bps	84 bps	12.9	13.9	93 bps	110 bps
Cons. PAT	(37,374)	(34,105)	NM	NM	69,960	90,359	29.2	NM	118,532	152,576	28.7	68.9
Cons. EPS	(9.8)	(8.9)	NM	NM	18.3	23.6	29.2	NM	31.0	39.8	28.7	68.9

Source: Company, Emkay Research

**Exhibit 15: ROE/ ROIC to improve to 19%/14% by FY23**

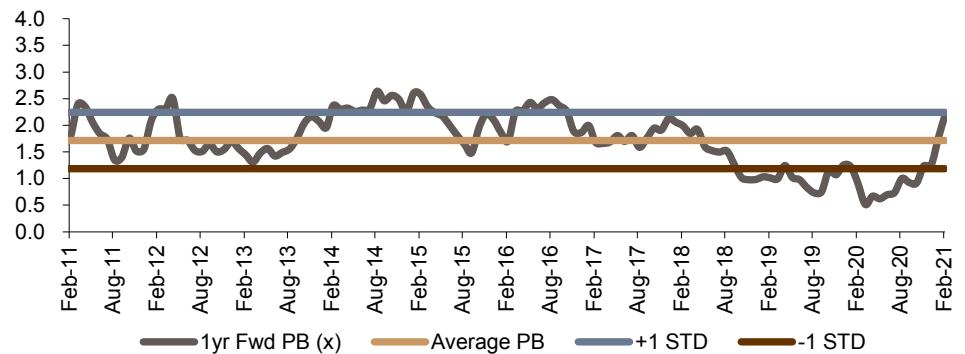
Source: Company, Emkay Research

Exhibit 16: One year forward EV/EBITDA



Source: Company, Emkay Research

Exhibit 17: One year forward P/B



Source: Company, Emkay Research

Exhibit 18: 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
Ashok Leyland	129	155	378	Buy	NM	34.0	19.1	71.7	17.5	11.4	-3.8	15.3	24.1	-0.6	15.7	24.6
Atul Auto	191	275	4	Buy	7768.2	11.7	6.9	73.7	8.4	4.9	0.0	11.3	16.9	0.4	14.1	20.8
Bajaj Auto	3,799	4,370	1,099	Buy	24.0	18.7	15.8	19.2	14.0	11.3	21.7	24.9	25.9	27.8	32.0	33.4
Eicher Motors	2,499	3,300	683	Buy	45.5	23.2	18.4	31.5	16.4	13.1	14.2	23.8	24.5	17.9	28.5	28.6
Escorts	1,311	1,500	177	Buy	16.9	14.8	13.8	11.2	9.5	8.4	18.1	15.9	14.9	24.0	21.2	19.8
Hero Motocorp	3,224	4,000	644	Buy	22.5	16.9	15.1	14.8	10.9	9.4	19.7	24.0	24.2	25.3	30.8	31.1
Mahindra & Mahindra	806	1,020	1,003	Buy	23.7	17.6	15.9	13.9	10.6	9.4	12.2	15.3	15.1	14.9	18.6	18.5
Maruti Suzuki	6,866	9,000	2,074	Buy	44.2	23.7	18.7	30.2	15.0	11.5	9.4	16.2	18.5	12.1	20.6	23.6
<b>Tata Motors</b>	<b>323</b>	<b>375</b>	<b>1,138</b>	<b>Buy</b>	<b>NM</b>	<b>13.7</b>	<b>8.1</b>	<b>6.3</b>	<b>4.4</b>	<b>3.2</b>	<b>-5.9</b>	<b>16.4</b>	<b>23.5</b>	<b>4.9</b>	<b>10.5</b>	<b>14.6</b>
TVS Motor	595	570	283	Hold	56.8	32.2	24.0	23.4	16.2	13.0	13.2	20.8	24.2	13.8	21.2	25.9
Amara Raja Batteries	882	860	151	Hold	23.9	18.6	15.4	13.3	10.4	8.6	16.2	18.5	19.6	21.5	24.4	25.9
Apollo Tyres	232	306	147	Buy	17.0	15.6	12.1	7.4	6.6	5.3	8.1	8.0	9.6	8.1	9.0	10.7
Exide Industries	203	204	172	Hold	24.8	19.7	16.9	12.8	10.5	9.0	10.6	12.4	13.4	14.3	16.7	17.9
Motherson Sumi	214	240	676	Buy	63.5	21.7	17.8	16.6	9.8	8.1	9.3	24.4	25.0	6.3	15.4	17.9
Bharat Forge	610	760	284	Buy	92.3	33.3	22.2	42.0	20.4	14.5	5.7	14.6	19.4	5.5	13.7	18.7

Source: Company, Emkay Research

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>3,019,384</b>	<b>2,610,680</b>	<b>2,498,294</b>	<b>3,269,375</b>	<b>3,662,151</b>
<b>Expenditure</b>	<b>2,763,682</b>	<b>2,413,422</b>	<b>2,199,799</b>	<b>2,851,445</b>	<b>3,153,906</b>
<b>EBITDA</b>	<b>255,702</b>	<b>197,258</b>	<b>298,495</b>	<b>417,930</b>	<b>508,245</b>
Depreciation	235,906	214,254	231,715	245,585	260,270
<b>EBIT</b>	<b>19,796</b>	<b>(16,996)</b>	<b>66,780</b>	<b>172,346</b>	<b>247,974</b>
Other Income	29,653	29,732	25,272	26,535	27,862
Interest expenses	57,586	72,433	82,448	86,169	79,495
<b>PBT</b>	<b>(8,137)</b>	<b>(59,698)</b>	<b>9,603</b>	<b>112,712</b>	<b>196,341</b>
Tax	(24,375)	3,953	37,091	23,919	49,177
Extraordinary Items	(305,575)	(46,102)	(140,113)	0	0
Minority Int./Income from Assoc.	1,075	(10,956)	(6,617)	1,566	5,412
<b>Reported Net Income</b>	<b>(288,262)</b>	<b>(120,708)</b>	<b>(174,218)</b>	<b>90,359</b>	<b>152,576</b>
<b>Adjusted PAT</b>	<b>17,312</b>	<b>(74,607)</b>	<b>(34,105)</b>	<b>90,359</b>	<b>152,576</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	6,792	7,195	7,658	7,658	7,658
Reserves & surplus	595,003	623,590	523,934	565,293	717,869
<b>Net worth</b>	<b>601,796</b>	<b>630,785</b>	<b>531,592</b>	<b>572,951</b>	<b>725,527</b>
<b>Minority Interest</b>	<b>5,231</b>	<b>8,136</b>	<b>9,092</b>	<b>10,048</b>	<b>11,004</b>
<b>Loan Funds</b>	<b>1,060,019</b>	<b>1,188,105</b>	<b>1,429,307</b>	<b>1,306,209</b>	<b>1,217,448</b>
Net deferred tax liability	(36,601)	(35,160)	(35,064)	(33,937)	(31,974)
<b>Total Liabilities</b>	<b>1,630,444</b>	<b>1,791,866</b>	<b>1,934,926</b>	<b>1,855,271</b>	<b>1,922,006</b>
<b>Net block</b>	<b>1,112,345</b>	<b>1,208,318</b>	<b>1,301,397</b>	<b>1,279,771</b>	<b>1,248,251</b>
<b>Investment</b>	<b>157,707</b>	<b>163,085</b>	<b>153,085</b>	<b>143,085</b>	<b>133,085</b>
<b>Current Assets</b>	<b>1,431,544</b>	<b>1,439,008</b>	<b>1,518,376</b>	<b>1,785,323</b>	<b>2,061,693</b>
Cash & bank balance	326,488	337,270	591,204	536,156	642,387
Other Current Assets	102,380	110,458	84,711	110,857	124,175
<b>Current liabilities &amp; Provision</b>	<b>1,389,990</b>	<b>1,374,768</b>	<b>1,193,266</b>	<b>1,513,034</b>	<b>1,681,148</b>
<b>Net current assets</b>	<b>41,554</b>	<b>64,240</b>	<b>325,110</b>	<b>272,289</b>	<b>380,545</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>1,630,444</b>	<b>1,791,866</b>	<b>1,934,926</b>	<b>1,855,271</b>	<b>1,922,006</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>(341,270)</b>	<b>(145,531)</b>	<b>(112,443)</b>	<b>39,699</b>	<b>174,848</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(72,123)	50,654	(6,936)	(2,227)	(2,025)
<b>Operating Cashflow</b>	<b>159,254</b>	<b>236,598</b>	<b>255,790</b>	<b>346,433</b>	<b>465,374</b>
Capital expenditure	(352,363)	(295,306)	(221,905)	(228,750)	(228,750)
<b>Free Cash Flow</b>	<b>(193,109)</b>	<b>(58,708)</b>	<b>33,884</b>	<b>117,683</b>	<b>236,624</b>
Investments	145,324	(63,877)	10,000	10,000	10,000
Other Investing Cash Flow	9,928	17,481	0	0	0
<b>Investing Cashflow</b>	<b>(167,458)</b>	<b>(311,971)</b>	<b>(186,634)</b>	<b>(192,215)</b>	<b>(190,888)</b>
Equity Capital Raised	0	38,888	26,025	0	0
Loans Taken / (Repaid)	159,302	84,217	241,201	(123,098)	(88,761)
Dividend paid (incl tax)	(947)	(568)	0	0	0
Other Financing Cash Flow	(99,751)	38,802	0	0	0
<b>Financing Cashflow</b>	<b>(11,447)</b>	<b>86,154</b>	<b>184,778</b>	<b>(209,267)</b>	<b>(168,256)</b>
<b>Net chg in cash</b>	<b>(19,651)</b>	<b>10,782</b>	<b>253,934</b>	<b>(55,048)</b>	<b>106,231</b>
Opening cash position	346,139	326,488	337,270	591,204	536,156
<b>Closing cash position</b>	<b>326,488</b>	<b>337,270</b>	<b>591,204</b>	<b>536,156</b>	<b>642,387</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	8.5	7.6	11.9	12.8	13.9
EBIT Margin	0.7	(0.7)	2.7	5.3	6.8
Effective Tax Rate	299.6	(6.6)	386.2	21.2	25.0
Net Margin	0.5	(2.4)	(1.1)	2.7	4.0
ROCE	2.8	0.7	4.9	10.5	14.6
ROE	2.2	(12.1)	(5.9)	16.4	23.5
RoIC	2.3	(1.9)	6.8	16.8	24.8

<b>Per Share Data (Rs)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EPS	5.1	(20.7)	(8.9)	23.6	39.8
CEPS	74.6	38.8	51.6	87.7	107.8
BVPS	177.2	175.3	138.8	149.6	189.5
DPS	0.0	0.0	0.0	0.0	0.0

<b>Valuations (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
PER	63.4	(15.6)	(36.3)	13.7	8.1
P/CEPS	4.3	8.3	6.3	3.7	3.0
P/BV	1.8	1.8	2.3	2.2	1.7
EV / Sales	0.6	0.7	0.8	0.6	0.5
EV / EBITDA	6.8	9.6	6.6	4.6	3.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

<b>Gearing Ratio (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Net Debt/ Equity	1.1	1.2	1.4	1.2	0.7
Net Debt/EBIDTA	2.5	3.7	2.5	1.6	1.0
Working Cap Cycle (days)	(34.4)	(38.2)	(38.9)	(29.5)	(26.1)

<b>Growth (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Revenue	3.6	(13.5)	(4.3)	30.9	12.0
EBITDA	(16.8)	(22.9)	51.3	40.0	21.6
EBIT	(78.5)	NM	NM	158.1	43.9
PAT	NM	NM	NM	NM	68.9

<b>Quarterly (Rs mn)</b>	<b>Q3FY20</b>	<b>Q4FY20</b>	<b>Q1FY21</b>	<b>Q2FY21</b>	<b>Q3FY21</b>
Revenue	716,761	624,930	319,831	535,300	756,538
EBITDA	71,965	23,733	6,356	56,653	115,096
<b>EBITDA Margin (%)</b>	<b>10.0</b>	<b>3.8</b>	<b>2.0</b>	<b>10.6</b>	<b>15.2</b>
PAT	15,422	(54,112)	(84,884)	(7,523)	27,060
<b>EPS (Rs)</b>	<b>4.3</b>	<b>(15.0)</b>	<b>(23.6)</b>	<b>(2.1)</b>	<b>7.5</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Dec-19</b>	<b>Mar-20</b>	<b>Jun-20</b>	<b>Sep-20</b>	<b>Dec-20</b>
Promoters	42.4	42.4	42.4	42.4	42.4
FIIIs	18.3	16.8	15.6	15.8	15.6
DIIs	14.9	13.4	13.2	13.1	12.6
Public and Others	24.4	27.4	28.8	28.7	29.4

Source: Capitaline

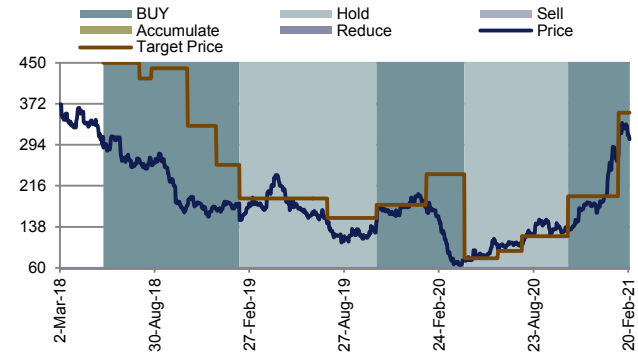


## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
23-Feb-21	324	355	12m	Buy	Raghunandhan NL
1-Feb-21	280	355	12m	Buy	Raghunandhan NL
28-Oct-20	135	196	12m	Buy	Raghunandhan NL
11-Oct-20	138	120	12m	Hold	Raghunandhan NL
28-Sep-20	133	120	12m	Hold	Raghunandhan NL
1-Aug-20	105	120	12m	Hold	Raghunandhan NL
29-Jun-20	99	92	12m	Hold	Raghunandhan NL
16-Jun-20	95	92	12m	Hold	Raghunandhan NL
4-May-20	84	78	12m	Hold	Raghunandhan NL
13-Apr-20	74	78	12m	Hold	Raghunandhan NL
27-Feb-20	145	238	12m	Buy	Raghunandhan NL
14-Feb-20	169	238	12m	Buy	Raghunandhan NL
9-Feb-20	174	238	12m	Buy	Raghunandhan NL
31-Jan-20	177	238	12m	Buy	Raghunandhan NL
30-Jan-20	186	180	12m	Buy	Raghunandhan NL
27-Dec-19	176	180	12m	Buy	Raghunandhan NL
27-Nov-19	166	180	12m	Buy	Raghunandhan NL
1-Nov-19	175	180	12m	Buy	Raghunandhan NL
30-Oct-19	172	180	12m	Buy	Raghunandhan NL
28-Oct-19	148	180	12m	Buy	Raghunandhan NL
1-Oct-19	115	155	12m	Hold	Raghunandhan NL
26-Sep-19	125	155	12m	Hold	Raghunandhan NL
3-Sep-19	113	155	12m	Hold	Raghunandhan NL
28-Aug-19	116	155	12m	Hold	Raghunandhan NL
26-Jul-19	147	155	12m	Hold	Raghunandhan NL
1-Jul-19	168	192	12m	Hold	Raghunandhan NL
27-Jun-19	166	192	12m	Hold	Raghunandhan NL
3-Jun-19	175	192	12m	Hold	Raghunandhan NL
29-May-19	176	192	12m	Hold	Raghunandhan NL
28-May-19	180	192	12m	Hold	Raghunandhan NL
21-May-19	177	192	12m	Hold	Raghunandhan NL
2-May-19	207	192	12m	Hold	Raghunandhan NL
8-Feb-19	151	192	12m	Hold	Raghunandhan NL
4-Feb-19	180	256	12m	Buy	Raghunandhan NL
26-Dec-18	171	256	12m	Buy	Raghunandhan NL
1-Nov-18	179	330	12m	Buy	Raghunandhan NL
24-Aug-18	256	440	12m	Buy	Raghunandhan NL
1-Aug-18	265	420	12m	Buy	Raghunandhan NL
6-Jul-18	271	450	12m	Buy	Raghunandhan NL
24-May-18	289	450	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

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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)
<b>Auto &amp; Auto Ancillaries</b>	<b>5.44</b>	<b>5.44</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>
Amara Raja Batteries	0.09	0.00	-100%	-9	0.00
Apollo Tyres	0.00	0.00	NA	0	0.00
Ashok Leyland	0.22	0.32	45%	10	5.81
Atul Auto	0.00	0.00	NA	0	0.00
Bajaj Auto	0.61	0.61	0%	0	11.14
Bharat Forge	0.18	0.18	0%	0	3.39
Eicher Motors	0.42	0.42	0%	0	7.72
Escorts	0.00	0.00	NA	0	0.00
Exide Industries	0.11	0.00	-100%	-11	0.00
Hero Motocorp	0.53	0.53	0%	0	9.69
Mahindra & Mahindra	0.97	0.97	0%	0	17.87
Maruti Suzuki India	1.09	1.09	0%	0	20.00
Motherson Sumi	0.31	0.31	0%	0	5.69
Tata Motors	0.69	0.75	8%	6	13.79
Tata Motors DVR*	0.07	0.13	71%	5	2.33
TVS Motor	0.14	0.14	-1%	0	2.57
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.00</b>

Source: Emkay Research

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

### Sector portfolio NAV

	Base					Latest
	1-Apr-19	27-Feb-20	27-Aug-20	26-Nov-20	25-Jan-21	25-Feb-21
EAP - Auto & Auto Ancillaries	100.0	83.0	94.7	101.4	123.2	125.3
BSE200 Neutral Weighted Portfolio (ETF)	100.0	83.9	96.8	103.7	123.9	125.9

\*Performance measurement base date 1<sup>st</sup> April 2019

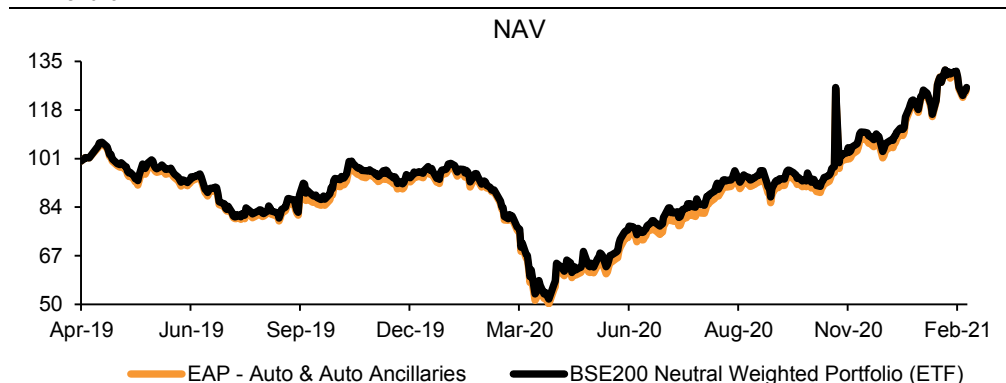
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Auto & Auto Ancillaries	1.7%	23.6%	32.3%	51.0%
BSE200 Neutral Weighted Portfolio (ETF)	1.6%	21.4%	30.1%	50.1%

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”

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

Completed Date: 01 Mar 2021 12:25:58 (SGT)

Dissemination Date: 01 Mar 2021 12:26:58 (SGT)

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