

Bajaj Auto

Refer to important disclosures at the end of this report

EBITDA above estimates; Domestic 2W turnaround expectations remain intact

- BJAUT's Q4 EBITDA declined 10% yoy to Rs13.7bn (est.: Rs11.4bn), but came in above estimates on better sales mix within motorcycles, deferral of material cost increases, one-time actuarial gains in staff costs and government incentives. Revenue fell by 7% to Rs79.7bn (est.: Rs76.4bn), above estimates due to better mix and government incentives.
- We continue to expect a turnaround in the domestic 2W industry in FY23, with 11% growth. Our channel checks indicate that Q1FY23 volumes will see support from festive/marriage season demand as well as a recovery in student demand.
- We expect an 11% CAGR in total volumes over FY22-24E, driven by a recovery in domestic 2W/3W volumes (13%/26% CAGR). BJAUT is focusing on EVs, with multiple launches in 2Ws/3Ws planned for domestic/overseas markets, R&D collaborations with KTM/Huqsvarna and new capacities under the PLI scheme.
- Our FY23E/24E EPS estimates are broadly unchanged at Rs195.5/229.6, and we introduce FY25E EPS of Rs253.9. Maintain Buy with a TP of Rs4,350 (Rs4,250 earlier), based on 17x Jun'24E Core EPS (17x Mar'24E EPS earlier), value of investments at Rs224/share and cash reserves of Rs725/share.

- **EBITDA beat of 20%:** Revenue declined by 7% yoy to Rs79.7bn (est.: Rs76.4bn), but was 4% above estimates, thanks to better-than-expected realizations and other operating income. Volume declined by 17% and realization grew by 7% due to better mix. Other operating income grew by 35% yoy to Rs2.5bn. It includes an Rs305mn incentive for FY22 under Maharashtra state government production incentive scheme. EBITDA declined by 10% yoy to Rs13.7bn. (est.: Rs11.4bn), but came in notably above estimates due to better-than-expected revenues/gross profit and lower employee expenses. EBITDA margin contracted by 60bps yoy to 17.1%. On a sequential basis, margin has expanded by 190bps. The company has indicated that this improvement was driven by the positive impact of price increases, deferral of material cost increase, improved forex realization, one-time actuarial gains in staff costs and favorable sales mix. Consequently, adjusted PAT declined by 8% to Rs12.3bn (est.: Rs10.2bn).
- **Retain Buy** with a TP of Rs4,350, based on 17x Jun'24E Core EPS, value of investments at Rs224/sh and cash reserves of Rs725/sh. Our target P/E multiple is derived from a 2-stage DCF model. Key risks: lower-than-expected demand in key geographies, rise in competitive intensity, further increase in commodity prices and adverse currency rates.

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

Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	277,411	331,447	385,461	440,637	489,704
EBITDA	49,285	52,586	64,978	78,182	87,751
EBITDA Margin (%)	17.8	15.9	16.9	17.7	17.9
APAT	45,546	47,761	56,576	66,447	73,467
EPS (Rs)	157.4	165.1	195.5	229.6	253.9
EPS (% chg)	(10.7)	4.9	18.5	17.4	10.6
ROE (%)	20.2	18.4	21.0	24.1	26.0
P/E (x)	24.4	23.2	19.6	16.7	15.1
EV/EBITDA (x)	18.3	17.0	13.8	11.6	10.3
P/BV (x)	4.4	4.2	4.1	4.0	3.9

Source: Company, Emkay Research

CMP	Target Price
Rs 3,834 as of (April 28, 2022)	Rs 4,350 (▲) 12 months
Rating	Upside
BUY (■)	13.4 %

Change in Estimates

EPS Chg FY23E/FY24E (%)	(0)/ (0)
Target Price change (%)	2
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	195.5	229.6
Consensus	196.2	226.5
Mean Consensus TP (12M)	Rs 4,057	

Stock Details

Bloomberg Code	BJAUT IN
Face Value (Rs)	10
Shares outstanding (mn)	289
52 Week H/L	4,348 / 3,027
M Cap (Rs bn/USD bn)	1,110 / 14.51
Daily Avg Volume (nos.)	401,102
Daily Avg Turnover (US\$ mn)	18.8

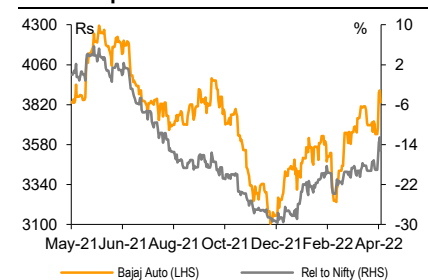
Shareholding Pattern Mar '22

Promoters	53.8%
FIIs	10.5%
DIIIs	13.2%
Public and Others	22.6%

Price Performance

(%)	1M	3M	6M	12M
Absolute	4	10	4	(1)
Rel. to Nifty	4	9	7	(15)

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:

Raghuandhan N L

raghuandhan.nl@emkayglobal.com
+91 22 6624 2428

Mumuksh Mandlesha

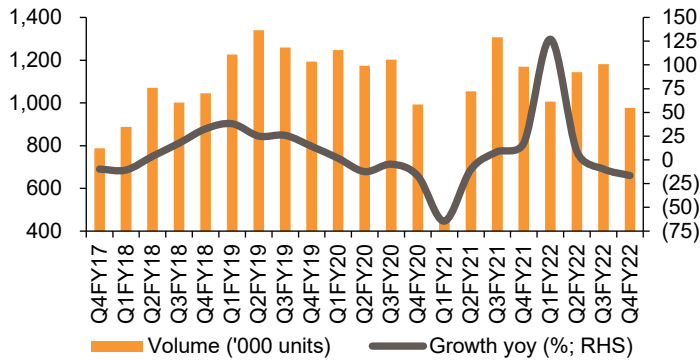
mumuksh.mandlesha@emkayglobal.com
+91 22 6612 1334

Bhargava Perni

bhargava.perni@emkayglobal.com
+91 22 6624 2429

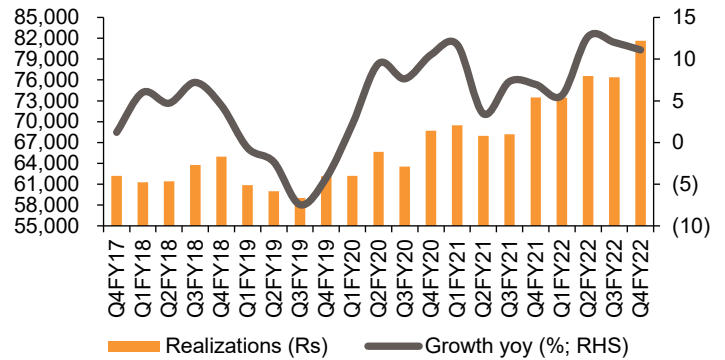
Story in Charts

Exhibit 1: Q4 volume declined by 17% yoy to 976,651 units; Expect volume CAGR of 11% over FY22-24E



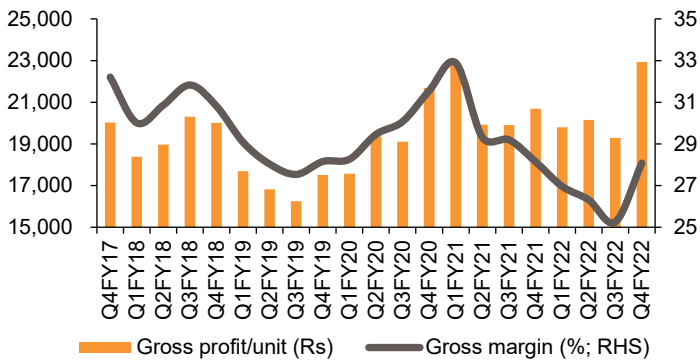
Source: Company, Emkay Research

Exhibit 2: Revenue/unit grew by 11% to Rs81,655, above estimates due to better mix and government incentives



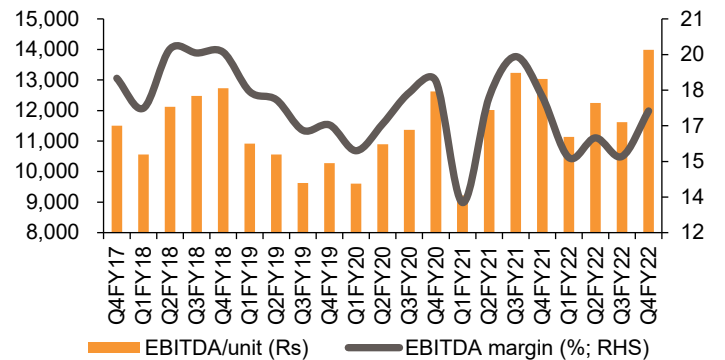
Source: Company, Emkay Research

Exhibit 3: Gross margin improved sequentially by 280bps, led by price hikes, deferral of material cost increase and favourable sales mix



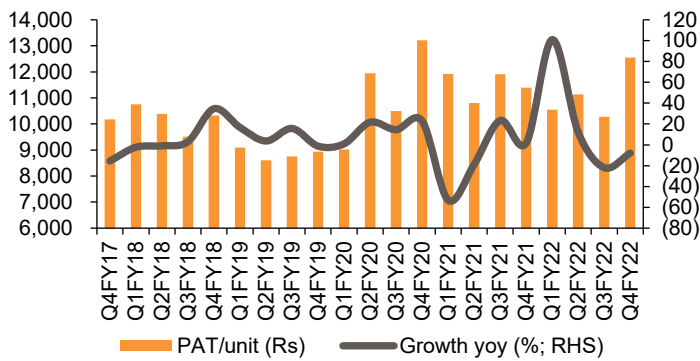
Source: Bloomberg, Emkay Research

Exhibit 4: EBITDA margin at 17.1%, above estimates due to better gross margin and one-time actuarial gains in staff costs



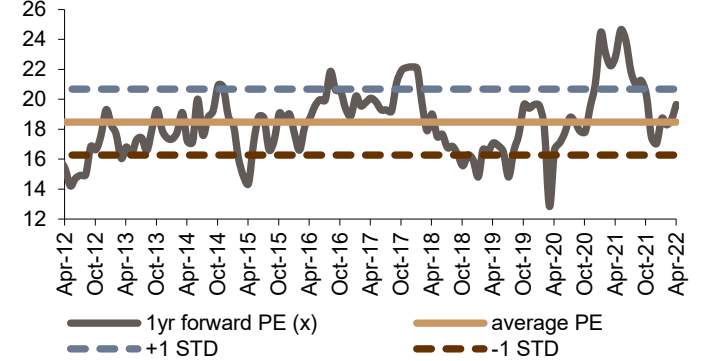
Source: Company, Emkay Research

Exhibit 5: PAT/unit declined 8%; Expect earnings CAGR of 18% over FY22-24E



Source: Company, Emkay Research

Exhibit 6: One-year forward P/E (average at 18x, +1 sd at 21x, -1 sd at 16x)



Source: Company, Emkay Research

Earnings call highlights

Outlook

- **FY23 outlook:** **1) Exports:** Management expects double-digit growth in retail sales. Since the share of Sri Lanka/Nepal markets in exports is small, no major negative impact is expected due to weak economic conditions in these countries. The company is in discussions with the Egyptian government for the re-commencement of exports, and hopes for a solution in six months. **2) Domestic 3Ws:** Expects strong double-digit growth, owing to improving demand and increasing share of CNG vehicles, **3) Domestic 2Ws:** Expects strong growth in volumes, and the company's focus will be profitable categories. Seeing strong demand due to the marriage season in Q1FY23. Student demand could see a recovery this year. **4) Spares:** Expects strong growth with digitization initiatives and shift in strategy leading to enhanced distributor engagement.
- **Margin pressures in Q1FY23:** The commodity inflation impact is expected at 350-400bps for Q1FY23. To partially offset it, BJAUT has taken price hikes of 150-200bps. In addition, the USD-INR realization expected to be better at Rs75.5-76/USD in comparison with Rs75.5 in Q4FY22.
- Production incentives from the Maharashtra state government stood at Rs0.3bn in FY22, and these incentives should continue till FY24. Incentives are being provided for vehicles manufactured in Waluj plant and sold in the state of Maharashtra.

Electric Vehicles

- **EVs:** 1) E-3W launch expected in June. The ramp-up of vehicle availability across cities is expected to be gradual, 2) E-2W availability has been expanded to 20 cities, and further expansion to 100 cities is expected as supplies improve. The order book stands at over 15,000 units, 3) The company is working on a range of products across low/high-speed categories targeted at private/commercial segments, 4) It is working on both fixed and swappable battery options, 4) TCO (total cost of ownership) is broadly similar for E-3Ws and CNG vehicles.

Q4FY22 and FY22 highlights

- **Exports:** In FY22, the company gained about 2% market share in global markets, including Latin America, Africa, ASEAN, South East Asia and Middle East. In revenue terms, 85% contribution is from countries where Bajaj has No1/2 position. FY22 revenue was over \$2bn, and Q4FY22 revenue stood at \$500mn (INR revenue at Rs40bn).
- **Exports mix:** Africa 50-55%, Latin America 20%, Asia/Middle East 25-30%.
- **Supply issues** have mainly impacted domestic dispatches and to a small extent exports were hit. These issues are expected to continue for Q1FY23 as well, and a 15-20% hit is expected.
- **Premiumization:** The company has been working toward increasing the share of high-margin models in its portfolio. The share of Pulsar/Dominar in the overall mix has increased. Even in the entry-level segment, the share of top-end variants has gone up.
- **Domestic 3Ws:** The company has gained share due to the increasing share of CNG vehicles and adequate finance availability for its products.
- **Q4 Financing ratio** stood at 55% in domestic 2Ws; within this, Bajaj Finance's share is 75%.
- **Spares** stood at Rs9.8bn. Of this, 80% of revenue is from the domestic market.

Exhibit 7: Key revenue assumptions; Expect revenue CAGR of 15% over FY22-24E

Volumes (units)	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E	CAGR (%) FY22-24E
Domestic Motorcycles	2,541,320	2,078,348	1,809,375	1,641,084	1,803,315	2,079,522	2,225,089	13
Growth (%)	28.7	(18.2)	(12.9)	(9.3)	9.9	15.3	7.0	
Export Motorcycles	1,695,553	1,869,220	1,796,518	2,195,772	2,404,299	2,596,643	2,804,374	9
Growth (%)	21.6	10.2	(3.9)	22.2	9.5	8.0	8.0	
Domestic 3Ws/Quadricycles	399,453	365,759	109,292	160,723	207,861	253,564	291,580	26
Growth (%)	8.1	(8.4)	(70.1)	47.1	29.3	22.0	15.0	
Export 3Ws/Quadricycles	383,177	301,885	257,729	310,854	338,350	365,418	394,652	8
Growth (%)	43.1	(21.2)	(14.6)	20.6	8.8	8.0	8.0	
Total volumes	5,019,503	4,615,212	3,972,914	4,308,433	4,753,825	5,295,147	5,715,694	11
Growth (%)	25.3	(8.1)	(13.9)	8.4	10.3	11.4	7.9	
Realizations (Rs/unit)	60,479	64,826	69,826	76,930	81,084	83,215	85,677	4
Growth (%)	(3.9)	7.2	7.7	10.2	5.4	2.6	3.0	
Revenues (Rs mn)	303,576	299,187	277,411	331,447	385,461	440,637	489,704	15
Growth (%)	20.4	(1.4)	(7.3)	19.5	16.3	14.3	11.1	

Source: Company, Emkay Research

Exhibit 8: Changes in estimates

Rs mn	FY23E				FY24E				FY25E	
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Introducing	% YoY
Volumes (Units)	4,729,482	4,753,825	0.5	10.3	5,287,607	5,295,147	0.1	11.4	5,715,694	7.9
Revenues	379,739	385,461	1.5	16.3	434,476	440,637	1.4	14.3	489,704	11.1
EBITDA	64,418	64,978	0.9	23.6	77,509	78,182	0.9	20.3	87,751	12.2
Margin (%)	17.0	16.9	-11 bps	99 bps	17.8	17.7	-10 bps	89 bps	17.9	18 bps
Net Profit	56,799	56,576	(0.4)	18.5	66,622	66,447	(0.3)	17.4	73,467	10.6
EPS	196.3	195.5	(0.4)	18.5	230.2	229.6	(0.3)	17.4	253.9	10.6

Source: Emkay Research

Exhibit 9: SOTP at Rs4,350

	Basis of Valuation	Equity Value (Rsmn)
Core business	17x Jun'24E EPS	983,329
Investment in Pierer Mobility/KTM	20% holding discount to Mcap	64,735
Cash reserves		209,691
Total Equity value		1,257,755
Total Equity value/ share		4,347
Target Price (Rounded off)		4,350

Source: Emkay Research

Exhibit 10: Actual vs. Estimates (Q4FY22)

(Rs mn)	Actual	Estimates		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Total Revenue	79,748	76,388	76,970	4.4	3.6	Above estimates due to better mix and government incentives
EBITDA	13,656	11,424	11,316	19.5	20.7	Above estimates owing to better-than-expected revenues/gross profit and lower employee expenses
EBITDA Margin (%)	17.1	15.0	14.7	217 bps	242 bps	
Adjusted net profit	12,262	10,244	10,372	19.7	18.2	Above estimates on account of higher operating profit

Source: Bloomberg, Company, Emkay Research

Exhibit 11: Quarterly performance

Rs mn	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY (%)	QoQ (%)	FY22	FY21	YoY (%)
Revenue	85,961	73,860	87,622	90,217	79,748	(7.2)	(11.6)	331,447	277,411	19.5
Expenditure	70,720	62,663	73,611	76,495	66,092	(6.5)	(13.6)	278,861	228,126	22.2
as % of sales	82.3	84.8	84.0	84.8	82.9			84.1	82.2	
Consumption of RM	61,767	53,944	64,565	67,433	57,357	(7.1)	(14.9)	243,298	196,097	24.1
as % of sales	71.9	73.0	73.7	74.7	71.9			73.4	70.7	
Employee Cost	3,070	3,615	3,516	3,399	3,059	(0.4)	(10.0)	13,588	12,860	5.7
as % of sales	3.6	4.9	4.0	3.8	3.8			4.1	4.6	
Other expenditure	5,884	5,103	5,530	5,664	5,677	(3.5)	0.2	21,975	19,170	14.6
as % of sales	6.8	6.9	6.3	6.3	7.1			6.6	6.9	
EBITDA	15,241	11,198	14,011	13,721	13,656	(10.4)	(0.5)	52,586	49,285	6.7
Depreciation	662	641	656	698	697	5.3	(0.2)	2,692	2,593	3.8
EBIT	14,579	10,557	13,355	13,023	12,959	(11.1)	(0.5)	49,895	46,692	6.9
Other Income	2,836	3,293	3,183	2,728	2,889	1.9	5.9	12,092	12,765	(5.3)
Interest	20	23	17	18	29	41.2	60.9	87	67	30.0
PBT	17,395	13,827	16,521	15,733	15,819	(9.1)	0.5	61,901	59,390	4.2
Total Tax	4,074	3,215	3,776	3,591	3,557	(12.7)	(0.9)	14,139	13,844	2.1
Adjusted PAT	13,321	10,612	12,746	12,142	12,262	(7.9)	1.0	47,761	45,546	4.9
Extra ordinary items Loss/(Gain)	0	0	0	0	(2,428)			(2,428)	0	
Reported PAT	13,321	10,612	12,746	12,142	14,690	10.3	21.0	50,189	45,546	10.2
Adjusted EPS	46.0	36.7	44.0	42.0	42.4	(7.9)	1.0	165.1	157.4	4.9

Margins (%)						(bps)	(bps)			(bps)
EBITDA	17.7	15.2	16.0	15.2	17.1	(61)	191	15.9	17.8	(190)
EBIT	17.0	14.3	15.2	14.4	16.3	(71)	181	15.1	16.8	(178)
EBT	20.2	18.7	18.9	17.4	19.8	(40)	240	18.7	21.4	(273)
PAT	15.5	14.4	14.5	13.5	15.4	(12)	192	14.4	16.4	(201)
Effective Tax rate	23.4	23.3	22.9	22.8	22.5	(93)	(34)	22.8	23.3	(47)

Source: Company, Emkay Research

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	277,411	331,447	385,461	440,637	489,704
Expenditure	228,126	278,861	320,483	362,455	401,953
EBITDA	49,285	52,586	64,978	78,182	87,751
Depreciation	2,593	2,692	3,015	3,368	3,788
EBIT	46,692	49,895	61,963	74,814	83,963
Other Income	12,765	12,092	12,088	12,149	12,187
Interest expenses	67	87	95	105	115
PBT	59,390	61,901	73,955	86,858	96,035
Tax	13,844	14,139	17,379	20,412	22,568
Extraordinary Items	0	2,428	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	45,546	50,189	56,576	66,447	73,467
Adjusted PAT	45,546	47,761	56,576	66,447	73,467

Balance Sheet

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	2,894	2,894	2,894	2,894	2,894
Reserves & surplus	249,129	263,794	269,452	276,097	283,443
Net worth	252,023	266,688	272,346	278,990	286,337
Minority Interest	0	0	0	0	0
Loan Funds	1,215	1,228	1,228	1,228	1,228
Net deferred tax liability	5,221	4,033	3,664	3,229	2,749
Total Liabilities	258,459	271,949	277,237	283,447	290,314
Net block	16,126	17,829	22,354	28,679	34,891
Investment	226,833	238,699	240,199	240,699	241,199
Current Assets	72,183	61,923	69,821	73,346	77,588
Cash & bank balance	5,274	5,883	2,942	850	91
Other Current Assets	14,032	16,859	16,965	17,001	17,036
Current liabilities & Provision	56,843	47,270	56,365	60,812	64,900
Net current assets	15,340	14,653	13,456	12,534	12,688
Misc. exp	0	0	0	0	0
Total Assets	258,459	271,949	277,237	283,447	290,314

Cash Flow

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
PBT (Ex-Other income) (NI+Dep)	46,625	52,961	61,867	74,709	83,848
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(5,105)	6,009	(2,406)	(1,903)	(1,659)
Operating Cashflow	18,374	29,983	35,078	47,281	57,471
Capital expenditure	(2,509)	(5,176)	(8,000)	(10,000)	(10,000)
Free Cash Flow	15,865	24,807	27,078	37,281	47,471
Investments	(26,808)	1,787	(1,500)	(500)	(500)
Other Investing Cash Flow	663	2,430	0	0	0
Investing Cashflow	(15,889)	11,133	2,588	1,649	1,687
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(53)	0	0	0	0
Dividend paid (incl tax)	(87)	(40,490)	(50,918)	(59,802)	(66,120)
Other Financing Cash Flow	(99)	57	10,406	8,884	6,318
Financing Cashflow	(294)	(40,506)	(40,607)	(51,023)	(59,917)
Net chg in cash	2,191	610	(2,941)	(2,092)	(759)
Opening cash position	3,083	5,274	5,883	2,942	850
Closing cash position	5,274	5,883	2,942	850	91

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 04/29/2022 05:53 PM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

Key Ratios

Profitability (%)	FY21	FY22	FY23E	FY24E	FY25E
EBITDA Margin	17.8	15.9	16.9	17.7	17.9
EBIT Margin	16.8	15.1	16.1	17.0	17.1
Effective Tax Rate	23.3	22.8	23.5	23.5	23.5
Net Margin	16.4	14.4	14.7	15.1	15.0
ROCE (post-tax)	15.2	14.1	17.0	20.0	22.0
ROE	20.2	18.4	21.0	24.1	26.0
RoIC (post-tax)	156.8	139.6	151.5	147.9	138.7

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	157.4	165.1	195.5	229.6	253.9
CEPS	166.4	174.4	205.9	241.3	267.0
BVPS	870.9	921.6	941.2	964.1	989.5
DPS	140.0	140.0	176.0	206.7	228.5

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	24.4	23.2	19.6	16.7	15.1
P/CEPS	23.4	22.4	18.9	16.2	14.6
P/BV	4.4	4.2	4.1	4.0	3.9
EV / Sales	3.3	2.7	2.3	2.1	1.9
EV / EBITDA	18.3	17.0	13.8	11.6	10.3
Dividend Yield (%)	3.7	3.7	4.6	5.4	6.0

Gearing Ratio (x)	FY21	FY22	FY23E	FY24E	FY25E
Net Debt/ Equity	(0.8)	(0.8)	(0.8)	(0.7)	(0.7)
Net Debt/EBITDA	(4.2)	(4.1)	(3.2)	(2.6)	(2.3)
Working Cap Cycle (days)	13.2	9.7	10.0	9.7	9.4

Growth (%)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	(7.3)	19.5	16.3	14.3	11.1
EBITDA	(3.3)	6.7	23.6	20.3	12.2
EBIT	(3.7)	6.9	24.2	20.7	12.2
PAT	(10.7)	10.2	12.7	17.4	10.6

Quarterly (Rs mn)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Revenue	85,961	73,860	87,622	90,217	79,748
EBITDA	15,241	11,198	14,011	13,721	13,656
EBITDA Margin (%)	17.7	15.2	16.0	15.2	17.1
PAT	13,321	10,612	12,746	12,142	12,262
EPS (Rs)	46.0	36.7	44.0	42.0	42.4

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Promoters	53.7	53.7	53.7	53.7	53.8
FIs	12.0	11.8	11.2	10.2	10.5
DIs	12.3	12.7	12.8	13.2	13.2
Public and Others	22.0	21.8	22.3	22.8	22.6

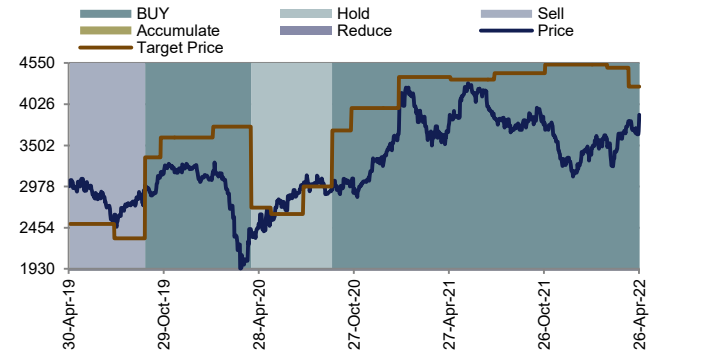
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
6-Apr-22	3,802	4,250	12m	Buy	Raghunandhan NL
24-Feb-22	3,479	4,490	12m	Buy	Raghunandhan NL
28-Oct-21	3,701	4,530	12m	Buy	Raghunandhan NL
23-Jul-21	3,842	4,420	12m	Buy	Raghunandhan NL
2-Jul-21	4,175	4,340	12m	Buy	Raghunandhan NL
18-Jun-21	4,167	4,340	12m	Buy	Raghunandhan NL
1-Jun-21	4,239	4,340	12m	Buy	Raghunandhan NL
30-May-21	4,200	4,340	12m	Buy	Raghunandhan NL
30-Apr-21	3,834	4,340	12m	Buy	Raghunandhan NL
21-Jan-21	3,703	4,370	12m	Buy	Raghunandhan NL
22-Oct-20	3,006	3,976	12m	Buy	Raghunandhan NL
11-Oct-20	3,060	3,691	12m	Buy	Raghunandhan NL
29-Sep-20	2,898	3,691	12m	Buy	Raghunandhan NL
15-Sep-20	2,937	3,691	12m	Buy	Raghunandhan NL
28-Aug-20	3,014	2,978	12m	Hold	Raghunandhan NL
22-Jul-20	2,985	2,978	12m	Hold	Raghunandhan NL
29-Jun-20	2,860	2,629	12m	Hold	Raghunandhan NL
21-May-20	2,640	2,629	12m	Hold	Raghunandhan NL
4-May-20	2,442	2,708	12m	Hold	Raghunandhan NL
13-Apr-20	2,398	2,708	12m	Hold	Raghunandhan NL
27-Feb-20	2,937	3,740	12m	Buy	Raghunandhan NL
31-Jan-20	3,180	3,740	12m	Buy	Raghunandhan NL
30-Jan-20	3,146	3,600	12m	Buy	Raghunandhan NL
27-Dec-19	3,242	3,600	12m	Buy	Raghunandhan NL
27-Nov-19	3,212	3,600	12m	Buy	Raghunandhan NL
1-Nov-19	3,233	3,600	12m	Buy	Raghunandhan NL
30-Oct-19	3,223	3,600	12m	Buy	Raghunandhan NL
23-Oct-19	3,163	3,600	12m	Buy	Raghunandhan NL
1-Oct-19	2,910	3,350	12m	Buy	Raghunandhan NL
26-Sep-19	2,970	3,350	12m	Buy	Raghunandhan NL
23-Sep-19	2,995	3,350	12m	Buy	Raghunandhan NL
3-Sep-19	2,764	2,320	12m	Sell	Raghunandhan NL
28-Aug-19	2,767	2,320	12m	Sell	Raghunandhan NL
26-Jul-19	2,619	2,320	12m	Sell	Raghunandhan NL
1-Jul-19	2,912	2,500	12m	Sell	Raghunandhan NL
27-Jun-19	2,866	2,500	12m	Sell	Raghunandhan NL
3-Jun-19	3,035	2,500	12m	Sell	Raghunandhan NL
29-May-19	2,926	2,500	12m	Sell	Raghunandhan NL
17-May-19	3,040	2,500	12m	Sell	Raghunandhan NL
2-May-19	3,031	2,500	12m	Sell	Raghunandhan NL

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Automobiles & Auto Ancillaries



Analyst: Raghunandhan NL

Contact Details

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

Sector

Automobiles and Ancillaries

Analyst bio

Raghu holds an MBA and comes with total 13 years of research experience. His team currently covers 17 stocks in the Indian Automobiles and Ancillaries space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight based on Current NAV	Change vs last published EAP (bps)
Auto & Auto Ancillaries	4.47	4.47	0%	0	100.00	
Amara Raja Batteries	0.00	0.00	NA	0	0.00	0
Apollo Tyres	0.00	0.00	NA	0	0.00	0
Ashok Leyland	0.18	0.20	11%	2	4.50	0
Atul Auto	0.00	0.00	NA	0	0.00	0
Bajaj Auto	0.50	0.52	4%	2	11.72	0
Bharat Forge	0.18	0.20	9%	2	4.42	0
Eicher Motors	0.37	0.37	0%	0	8.24	0
Escorts	0.00	0.00	NA	0	0.00	0
Exide Industries	0.00	0.00	NA	0	0.00	0
Hero Motocorp	0.32	0.32	0%	0	7.23	0
Mahindra & Mahindra	0.88	0.72	-18%	-16	16.20	0
Maruti Suzuki India	1.03	1.05	2%	2	23.44	0
Motherson Sumi	0.00	0.00	NA	0	0.00	0
Motherson Sumi Wiring India	0.00	0.02	NA	2	0.52	0
Tata Motors	0.75	0.77	3%	2	17.26	0
Tata Motors DVR*	0.10	0.12	17%	2	2.65	0
TVS Motor	0.15	0.17	12%	2	3.81	0
Cash	0.00	0.00	NA	0	0.0	0

Source: Emkay Research

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

Sector portfolio NAV

	Base					Latest
	1-Apr-19	27-Apr-21	27-Oct-21	27-Jan-22	28-Mar-22	27-Apr-22
EAP - Auto & Auto Ancillaries	100.0	115.9	136.9	139.0	124.9	133.8
BSE200 Neutral Weighted Portfolio (ETF)	100.0	116.2	136.0	138.0	124.0	133.3

*Performance measurement base date 1st April 2019

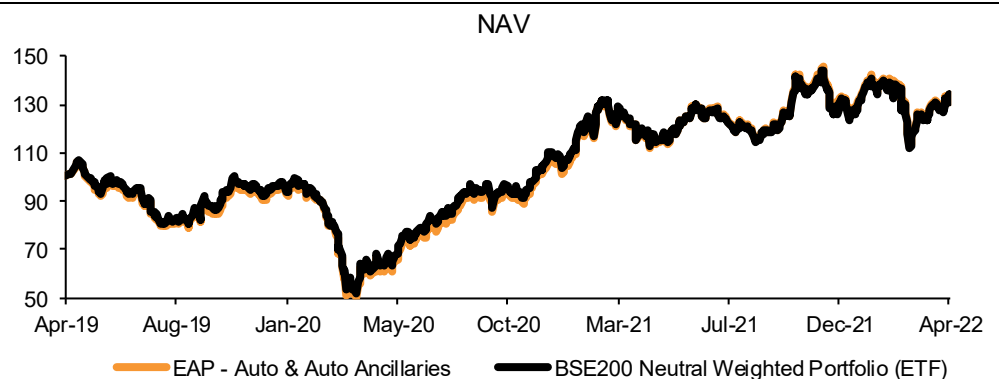
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Auto & Auto Ancillaries	7.1%	-3.8%	-2.3%	15.4%
BSE200 Neutral Weighted Portfolio (ETF)	7.5%	-3.4%	-1.9%	14.7%

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: 28 Apr 2022 20:27:57 (SGT)

Dissemination Date: 28 Apr 2022 20:28:57 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.
- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

Disclaimer for U.S. persons only: This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of April 28, 2022
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
- Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of April 28, 2022.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the April 28, 2022
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the April 28, 2022

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

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

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com