

# Escorts Kubota

Refer to important disclosures at the end of this report

## Weak Q2 on cost pressures; medium-term prospects remain robust

**Q2FY23 EBITDA declined by 33% YoY to Rs1.53bn, coming in 22% below our estimates due to increase in vehicle discounts and cost pressures. Management expects margins to normalize over the next few quarters, owing to reduction in discounts, commodity deflation, price increases and cost savings. Revenue grew by 12% YoY to Rs18.8bn, in line with our estimates. Factoring-in the lower-margin assumptions, we reduce FY23-25E EPS by 6-9%. Escorts remains one of our top sector-picks, underpinned by expectations of a Tractor-industry upcycle and robust medium-term prospects. Led by support of new Joint Promoter Kubota, we expect Escorts to clock 20% revenue CAGR in the next 5 years, backed by: 1) enhanced market presence in the domestic tractor market, with expansion of the product portfolio, especially in wet-land applications; 2) improved market positioning in Construction Equipment (CE) on widening of the product portfolio, especially in excavators; 3) increased exports by leveraging Kubota's global distribution network; and 4) commencement of component exports to meet Kubota's global requirements. We reaffirm BUY with TP of Rs2,450/share (Rs2,500 earlier), based on 25x Dec-24E core EPS (Sep-24E earlier) and cash at Rs397/share (0.80x book).**

**Q2 EBITDA notably below estimates:** Revenue grew by 12% YoY to Rs18.8bn, in line with our estimates of Rs18.6bn. EBITDA declined by 33% YoY to Rs1.53bn, standing 22% below our estimates due to lower-than-expected margins in the Agri and CE segments. EBITDA margin contracted by 540bps YoY (-190bps QoQ) to 8.1% (Emkay est.: 10.5%). Gross margin declined by 650bps YoY (-20bps QoQ) due to higher input costs & discounts. Overall, adjusted PAT declined by 20% to Rs1.42bn, below our estimate of Rs1.51bn, due to lower operating profit. **Segmental performance:** 1) Agri segment revenue grew 16% to Rs14.5bn led by volume growth of 12% and realization growth of 3%. EBIT margin contracted by 650bps to 8.4%. 2) CE revenue declined by 3% to Rs2.4bn owing to volume decline of 15% and realization growth of 13%. EBIT margin contracted by 620bps to -2.6%. 3) Railways revenue grew by 7% to Rs1.8bn. EBIT margin contracted by 260bps to 14.6%. **What we liked:** Improvement in domestic tractor market-share to 9.7% vs. 9.3% in Q1FY23 and to 9% in Q2FY22. **What we did not like:** Weak margin performance in the Agri and CE segments.

**Earnings-Call KTAs:** i) Tractor industry growth in FY23 is expected to be a mid-to-high single digit. Expectations of a strong Rabi crop should aid customer sentiment. ii) Discounts in the domestic market increased in festive period, with reduction having commenced in Nov-22. iii) Q2 exports grew by 9%, while industry witnessed a decline. It has derived >20% of exports from sales through the Kubota global network. Exports should further increase, on utilization of the network. 4) FY23 CE volume growth is expected in a single digit. The medium-term revenue growth outlook is positive, owing to government thrust on infra spending. 5) The Railways order book is strong at Rs9bn. Mgmt expects robust double-digit growth in FY23. 6) FY23 capex is expected at Rs2.5bn. **7) Medium-term vision plan to be ready in Nov-22.**

Please see our sector model portfolio (Emkay Alpha Portfolio): [Automobiles & Auto Ancillaries \(Page 7\)](#)

### Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	69,293	71,527	81,429	94,235	105,655
EBITDA	11,292	9,513	8,224	12,156	14,316
EBITDA Margin (%)	16.3	13.3	10.1	12.9	13.6
APAT	8,741	7,656	6,733	9,664	11,292
EPS (Rs)	86.4	58.0	60.9	87.5	102.2
EPS (% chg)	56.0	(32.9)	5.0	43.5	16.8
ROE (%)	19.8	11.6	8.3	11.1	11.7
P/E (x)	23.0	34.3	32.7	22.8	19.5
EV/EBITDA (x)	15.2	22.5	20.5	13.5	11.0
P/BV (x)	3.8	3.3	2.7	2.4	2.2

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
Rs 1,991 as of (November 4, 2022)	Rs 2,450 (▼) 12 months
<b>Rating</b>	<b>Upside</b>
<b>BUY (■)</b>	<b>23.1 %</b>

### Change in Estimates

EPS Chg FY23E/FY24E (%)	(9.4)/ (8.1)
Target Price change (%)	(2.0)
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

EPS Estimates		
	FY23E	FY24E
Emkay	60.9	87.5
Consensus	70.3	92.3
Mean Consensus TP (12M)	Rs 1,895	

### Stock Details

Bloomberg Code	ESCORTS IN
Face Value (Rs)	10
Shares outstanding (mn)	132
52 Week H/L	2,190 / 1,307
M Cap (Rs bn/USD bn)	263 / 3.19
Daily Avg Volume (nos.)	620,974
Daily Avg Turnover (USD mn)	14.9

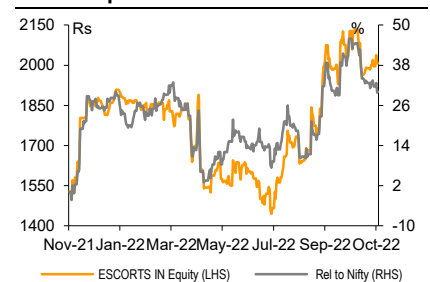
### Shareholding Pattern Sep '22

Promoters	72.9%
FIIs	4.7%
DIIIs	7.7%
Public and Others	14.7%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	(6)	22	27	30
<b>Rel. to Nifty (11)</b>	17	17	17	29

### Relative price trend



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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**Exhibit 1: Key revenue assumptions; expect revenue CAGR of 14% over FY22-25E**

Volume (units)	FY21	FY22	FY23E	FY24E	FY25E	FY22-25E CAGR
Tractors	106,742	94,228	100,927	109,322	118,085	8
YoY (%)	24.1	(11.7)	7.1	8.3	8.0	
Construction Equipment	3,913	4,117	4,446	5,336	6,136	14
YoY (%)	(3.2)	5.2	8.0	20.0	15.0	
<b>Revenue (Rs mn)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>	
Agri Machinery Products	56,673	55,210	61,771	70,224	78,186	12
Growth (%)	27.7	(2.6)	11.9	13.7	11.3	
Railway Equipment	4,790	6,362	7,953	9,543	10,497	18
Growth (%)	0.4	32.8	25.0	20.0	10.0	
Construction Equipment	7,761	9,853	11,705	14,468	16,971	20
Growth (%)	(7.6)	27.0	18.8	23.6	17.3	
Less: Other items	-70	-102	0	0	0	
<b>Revenue</b>	<b>69,293</b>	<b>71,527</b>	<b>81,429</b>	<b>94,235</b>	<b>105,655</b>	<b>14</b>
<b>Growth (%)</b>	<b>20.3</b>	<b>3.2</b>	<b>13.8</b>	<b>15.7</b>	<b>12.1</b>	

Source: Company, Emkay Research

**Exhibit 2: Changes in estimates**

Rs mn	FY23E				FY24E				FY25E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Volumes	97,672	100,927	3.3	7.1	105,839	109,322	3.3	8.3	114,376	118,085	3.2	8.0
Net Sales	79,679	81,429	2.2	13.8	92,432	94,235	2.0	15.7	103,737	105,655	1.8	12.1
EBITDA	9,442	8,224	(12.9)	(13.5)	13,033	12,156	(6.7)	47.8	15,042	14,316	(4.8)	17.8
Margin (%)	11.9	10.1	(175) bps	(320) bps	14.1	12.9	(120) bps	280 bps	14.5	13.6	(95) bps	65 bps
APAT	7,434	6,733	(9.4)	(12.1)	10,516	9,664	(8.1)	43.5	12,067	11,292	(6.4)	16.8
EPS (Rs)	67.3	60.9	(9.4)	5.0	95.2	87.5	(8.1)	43.5	109.2	102.2	(6.4)	16.8

Source: Company, Emkay Research

**Exhibit 3: Actual vs. Estimates (Q2FY23)**

(Rs mn)	Actual	Estimates		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Total Revenue	18,835	18,647	18,246	1.0	3.2	Broadly in line with estimates
EBITDA	1,527	1,960	2,046	(22.1)	(25.4)	Below estimates due to lower-than-expected margins in the Agri and CE segments.
EBITDA Margin (%)	8.1	10.5	11.2	(241) bps	(311) bps	
Adjusted net profit	1,421	1,510	1,625	(5.9)	(12.5)	Below estimates due to lower operating profit.

Source: Bloomberg, Company, Emkay Research

**Exhibit 4: Quarterly performance**

Rs mn	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY (%)	QoQ (%)	FY23 YTD	FY22 YTD	YoY (%)
<b>Revenue</b>	<b>16,788</b>	<b>19,575</b>	<b>18,696</b>	<b>20,149</b>	<b>18,835</b>	<b>12.2</b>	<b>(6.5)</b>	<b>38,983</b>	<b>33,558</b>	<b>16.2</b>
<b>Expenditure</b>	<b>14,522</b>	<b>16,929</b>	<b>16,181</b>	<b>18,133</b>	<b>17,308</b>	<b>19.2</b>	<b>(4.5)</b>	<b>35,441</b>	<b>28,904</b>	<b>22.6</b>
as % of sales	86.5	86.5	86.5	90.0	91.9			90.9	86.1	
Consumption of RM	11,062	13,748	13,107	14,546	13,638	23.3	(6.2)	28,184	22,473	25.4
as % of sales	65.9	70.2	70.1	72.2	72.4			72.3	67.0	
Employee Cost	1,396	1,323	1,192	1,369	1,489	6.6	8.7	2,858	2,767	3.3
as % of sales	8.3	6.8	6.4	6.8	7.9			7.3	8.2	
Other expenditure	2,064	1,857	1,881	2,217	2,182	5.7	(1.6)	4,399	3,665	20.0
as % of sales	12.3	9.5	10.1	11.0	11.6			11.3	10.9	
<b>EBITDA</b>	<b>2,267</b>	<b>2,646</b>	<b>2,515</b>	<b>2,016</b>	<b>1,527</b>	<b>(32.6)</b>	<b>(24.3)</b>	<b>3,543</b>	<b>4,654</b>	<b>(23.9)</b>
<b>EBITDA margin (%)</b>	<b>13.5</b>	<b>13.5</b>	<b>13.5</b>	<b>10.0</b>	<b>8.1</b>			<b>9.1</b>	<b>13.9</b>	
Depreciation	329	325	330	364	365	10.8	0.3	729	643	13.3
<b>EBIT</b>	<b>1,937</b>	<b>2,321</b>	<b>2,185</b>	<b>1,652</b>	<b>1,162</b>	<b>(40.0)</b>	<b>(29.7)</b>	<b>2,814</b>	<b>4,011</b>	<b>(29.8)</b>
Other Income	473	400	538	354	776	63.9	118.8	1,130	890	27.0
Interest	36	33	29	26	23	(36.8)	(12.0)	49	66	(25.8)
<b>PBT</b>	<b>2,374</b>	<b>2,688</b>	<b>2,695</b>	<b>1,981</b>	<b>1,915</b>	<b>(19.4)</b>	<b>(3.3)</b>	<b>3,895</b>	<b>4,836</b>	<b>(19.4)</b>
Total Tax	607	673	673	506	494	(18.7)	(2.5)	1,000	1,217	(17.8)
<b>Adjusted PAT</b>	<b>1,767</b>	<b>2,015</b>	<b>2,022</b>	<b>1,475</b>	<b>1,421</b>	<b>(19.6)</b>	<b>(3.6)</b>	<b>2,896</b>	<b>3,619</b>	<b>(20.0)</b>
Extra ordinary items Loss/(Gain)	0	0	0	0	545			545	0	
<b>Reported PAT</b>	<b>1,767</b>	<b>2,015</b>	<b>2,022</b>	<b>1,475</b>	<b>877</b>	<b>(50.4)</b>	<b>(40.5)</b>	<b>2,351</b>	<b>3,619</b>	<b>(35.0)</b>
<b>Adjusted EPS (Rs)</b>	<b>17.5</b>	<b>19.9</b>	<b>20.0</b>	<b>14.6</b>	<b>14.1</b>	<b>(19.6)</b>	<b>(3.6)</b>	<b>28.6</b>	<b>35.8</b>	<b>(20.0)</b>

Source: Company, Emkay Research

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

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>69,293</b>	<b>71,527</b>	<b>81,429</b>	<b>94,235</b>	<b>105,655</b>
<b>Expenditure</b>	<b>58,001</b>	<b>62,014</b>	<b>73,204</b>	<b>82,079</b>	<b>91,339</b>
<b>EBITDA</b>	<b>11,292</b>	<b>9,513</b>	<b>8,224</b>	<b>12,156</b>	<b>14,316</b>
Depreciation	1,157	1,298	1,489	1,672	1,866
<b>EBIT</b>	<b>10,135</b>	<b>8,216</b>	<b>6,735</b>	<b>10,484</b>	<b>12,450</b>
Other Income	1,546	2,130	2,310	2,456	2,660
Interest expenses	110	127	127	140	154
<b>PBT</b>	<b>11,571</b>	<b>10,219</b>	<b>8,918</b>	<b>12,800</b>	<b>14,956</b>
Tax	2,831	2,563	2,185	3,136	3,664
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>8,741</b>	<b>7,656</b>	<b>6,733</b>	<b>9,664</b>	<b>11,292</b>
<b>Adjusted PAT</b>	<b>8,741</b>	<b>7,656</b>	<b>6,733</b>	<b>9,664</b>	<b>11,292</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	1,348	1,319	1,105	1,105	1,105
Reserves & surplus	52,568	77,462	81,612	90,309	100,472
<b>Net worth</b>	<b>53,916</b>	<b>78,782</b>	<b>82,717</b>	<b>91,414</b>	<b>101,577</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>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net deferred tax liability	230	379	335	271	196
<b>Total Liabilities</b>	<b>54,146</b>	<b>79,161</b>	<b>83,051</b>	<b>91,685</b>	<b>101,773</b>
<b>Net block</b>	<b>17,132</b>	<b>17,496</b>	<b>19,134</b>	<b>21,762</b>	<b>24,396</b>
<b>Investment</b>	<b>23,748</b>	<b>52,161</b>	<b>55,536</b>	<b>60,036</b>	<b>66,536</b>
<b>Current Assets</b>	<b>30,192</b>	<b>23,093</b>	<b>24,185</b>	<b>28,144</b>	<b>31,372</b>
Cash & bank balance	13,165	2,585	837	1,124	1,078
Other Current Assets	2,222	3,066	3,491	4,040	4,529
<b>Current liabilities &amp; Provision</b>	<b>17,887</b>	<b>14,557</b>	<b>16,144</b>	<b>18,797</b>	<b>21,070</b>
<b>Net current assets</b>	<b>12,305</b>	<b>8,537</b>	<b>8,041</b>	<b>9,347</b>	<b>10,301</b>
Misc. exp	317	90	90	90	90
<b>Total Assets</b>	<b>54,146</b>	<b>79,161</b>	<b>83,051</b>	<b>91,685</b>	<b>101,773</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>10,026</b>	<b>8,089</b>	<b>6,608</b>	<b>10,344</b>	<b>12,296</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	2,610	(6,538)	(1,092)	(1,419)	(1,283)
<b>Operating Cashflow</b>	<b>9,645</b>	<b>(1,719)</b>	<b>4,993</b>	<b>7,644</b>	<b>9,414</b>
Capital expenditure	(1,166)	(1,593)	(2,500)	(4,500)	(4,500)
<b>Free Cash Flow</b>	<b>8,479</b>	<b>(3,312)</b>	<b>2,493</b>	<b>3,144</b>	<b>4,914</b>
Investments	(10,632)	(28,413)	(3,375)	(4,500)	(6,500)
Other Investing Cash Flow	451	888	0	0	0
<b>Investing Cashflow</b>	<b>(9,801)</b>	<b>(26,987)</b>	<b>(3,565)</b>	<b>(6,544)</b>	<b>(8,340)</b>
Equity Capital Raised	10,576	(29)	(214)	0	0
Loans Taken / (Repaid)	(112)	0	0	0	0
Dividend paid (incl tax)	(245)	(924)	(673)	(966)	(1,129)
Other Financing Cash Flow	0	19,205	(2,161)	293	163
<b>Financing Cashflow</b>	<b>10,137</b>	<b>18,126</b>	<b>(3,175)</b>	<b>(813)</b>	<b>(1,120)</b>
<b>Net chg in cash</b>	<b>9,980</b>	<b>(10,581)</b>	<b>(1,748)</b>	<b>287</b>	<b>(46)</b>
Opening cash position	3,185	13,165	2,585	837	1,124
<b>Closing cash position</b>	<b>13,165</b>	<b>2,585</b>	<b>837</b>	<b>1,124</b>	<b>1,078</b>

Source: Company, Emkay Research

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**Key Ratios**

<b>Profitability (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EBITDA Margin	16.3	13.3	10.1	12.9	13.6
EBIT Margin	14.6	11.5	8.3	11.1	11.8
Effective Tax Rate	24.5	25.1	24.5	24.5	24.5
Net Margin	12.6	10.7	8.3	10.3	10.7
ROCE	19.6	11.6	8.4	11.1	11.7
ROE	19.8	11.6	8.3	11.1	11.7
RoIC	43.8	31.0	20.4	28.1	29.6

<b>Per Share Data (Rs)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EPS	86.4	58.0	60.9	87.5	102.2
CEPS	97.9	67.9	74.4	102.6	119.1
BVPS	530.0	596.4	747.8	826.5	918.4
DPS	7.5	7.0	6.1	8.7	10.2

<b>Valuations (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
PER	23.0	34.3	32.7	22.8	19.5
P/CEPS	20.3	29.3	26.8	19.4	16.7
P/BV	3.8	3.3	2.7	2.4	2.2
EV / Sales	2.5	3.0	2.1	1.7	1.5
EV / EBITDA	15.2	22.5	20.5	13.5	11.0
Dividend Yield (%)	0.4	0.4	0.3	0.4	0.5

<b>Gearing Ratio (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Net Debt/ Equity	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Net Debt/EBIDTA	(2.6)	(5.1)	(6.3)	(4.6)	(4.3)
Working Cap Cycle (days)	(4.5)	30.4	32.3	31.8	31.9

<b>Growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Revenue	20.3	3.2	13.8	15.7	12.1
EBITDA	67.1	(15.8)	(13.5)	47.8	17.8
EBIT	77.4	(18.9)	(18.0)	55.7	18.8
PAT	80.0	(12.4)	(12.1)	43.5	16.8

<b>Quarterly (Rs mn)</b>	<b>Q2FY22</b>	<b>Q3FY22</b>	<b>Q4FY22</b>	<b>Q1FY23</b>	<b>Q2FY23</b>
Revenue	16,788	19,575	18,696	20,149	18,835
EBITDA	2,267	2,646	2,515	2,016	1,527
<b>EBITDA Margin (%)</b>	<b>13.5</b>	<b>13.5</b>	<b>13.5</b>	<b>10.0</b>	<b>8.1</b>
PAT	1,767	2,015	2,022	1,475	877
<b>EPS (Rs)</b>	<b>17.5</b>	<b>19.9</b>	<b>20.0</b>	<b>14.6</b>	<b>8.7</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Dec-21</b>	<b>Feb-22</b>	<b>Mar-22</b>	<b>Jun-22</b>	<b>Sep-22</b>
Promoters	30.3	28.1	28.1	72.9	72.9
FIs	20.1	15.5	3.6	4.2	4.7
DIs	8.6	8.3	0.4	6.2	7.7
Public and Others	41.1	48.1	67.9	16.7	14.7

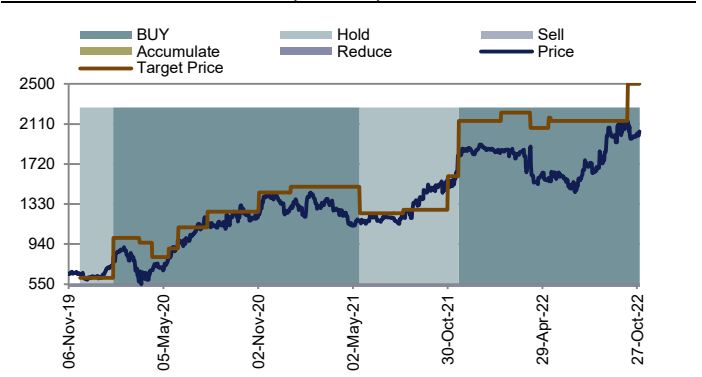
Source: Capitaline

## RECOMMENDATION HISTORY (Rs/share)

Date	Closing Price	TP	Period	Rating	Analyst
09-Oct-22	2,134	2,500	12m	Buy	Raghunandhan NL
02-Aug-22	1,633	2,140	12m	Buy	Raghunandhan NL
10-Jul-22	1,562	2,140	12m	Buy	Raghunandhan NL
15-May-22	1,550	2,140	12m	Buy	Raghunandhan NL
11-May-22	1,586	2,170	12m	Buy	Raghunandhan NL
06-Apr-22	1,889	2,070	12m	Buy	Raghunandhan NL
24-Feb-22	1,795	2,220	12m	Buy	Raghunandhan NL
09-Feb-22	1,856	2,220	12m	Buy	Raghunandhan NL
20-Nov-21	1,803	2,140	12m	Buy	Raghunandhan NL
30-Oct-21	1,569	1,600	12m	Hold	Raghunandhan NL
06-Aug-21	1,200	1,275	12m	Hold	Raghunandhan NL
02-Jul-21	1,203	1,240	12m	Hold	Raghunandhan NL
18-Jun-21	1,170	1,240	12m	Hold	Raghunandhan NL
01-Jun-21	1,163	1,240	12m	Hold	Raghunandhan NL
30-May-21	1,162	1,240	12m	Hold	Raghunandhan NL
15-May-21	1,164	1,240	12m	Hold	Raghunandhan NL
03-Jan-21	1,288	1,500	12m	Buy	Raghunandhan NL
03-Nov-20	1,235	1,442	12m	Buy	Raghunandhan NL
11-Oct-20	1,222	1,256	12m	Buy	Raghunandhan NL
28-Aug-20	1,141	1,256	12m	Buy	Raghunandhan NL
28-Jul-20	1,158	1,256	12m	Buy	Raghunandhan NL
29-Jun-20	1,033	1,103	12m	Buy	Raghunandhan NL
02-Jun-20	960	1,103	12m	Buy	Raghunandhan NL
15-May-20	824	898	12m	Buy	Raghunandhan NL
04-May-20	683	815	12m	Buy	Raghunandhan NL
13-Apr-20	690	815	12m	Buy	Raghunandhan NL
20-Mar-20	675	954	12m	Buy	Raghunandhan NL
27-Feb-20	818	1,000	12m	Buy	Raghunandhan NL
30-Jan-20	818	1,000	12m	Buy	Raghunandhan NL
27-Dec-19	623	613	12m	Hold	Raghunandhan NL
27-Nov-19	648	613	12m	Hold	Raghunandhan NL

Source: Company, Emkay Research

## RECOMMENDATION HISTORY (Rs/share)



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Automobiles & Auto Ancillaries



### Analyst: Raghunandhan NL

#### Contact Details

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+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)
<b>Auto &amp; Auto Ancillaries</b>	<b>5.01</b>	<b>5.01</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>	
Amara Raja Batteries	0.00	0.00	NA	0	0.00	0
Apollo Tyres	0.00	0.02	NA	2	0.49	0
Ashok Leyland	0.20	0.21	8%	2	4.26	0
Atul Auto	0.00	0.02	NA	2	0.47	0
Bajaj Auto	0.46	0.25	-44%	-20	5.07	0
Bharat Forge	0.20	0.12	-42%	-9	2.36	0
Eicher Motors	0.48	0.48	0%	0	9.54	0
Escorts	0.00	0.02	NA	2	0.45	0
Exide Industries	0.00	0.00	NA	0	0.00	0
Hero Motocorp	0.32	0.34	7%	2	6.84	0
Mahindra & Mahindra	1.19	1.21	2%	3	24.25	0
Maruti Suzuki India	1.14	1.16	2%	2	23.21	0
Minda Industries*	0.00	0.02	NA	2	0.46	0
Motherson Sumi Wiring India	0.00	0.02	NA	2	0.44	0
Samvardhana Motherson International	0.00	0.02	NA	2	0.43	0
Suprajit Engineering	0.00	0.02	NA	2	0.47	0
Tata Motors	0.68	0.69	2%	1	13.86	0
Tata Motors DVR*	0.10	0.11	7%	1	2.14	0
TVS Motor	0.24	0.26	9%	2	5.26	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	3-Nov-21	4-May-22	3-Aug-22	3-Oct-22	3-Nov-22
EAP - Auto & Auto Ancillaries	100.0	136.6	127.4	155.9	149.3	159.9
BSE200 Neutral Weighted Portfolio (ETF)	100.0	135.7	126.9	155.5	148.5	159.5

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

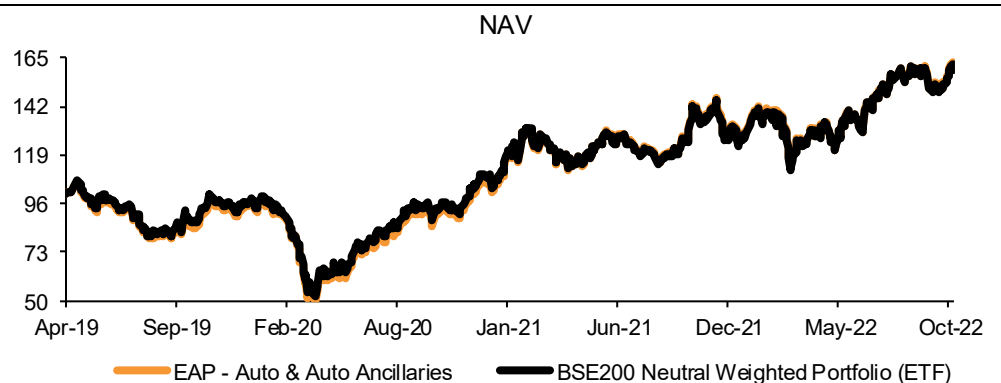
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Auto & Auto Ancillaries	7.1%	2.6%	25.5%	17.0%
BSE200 Neutral Weighted Portfolio (ETF)	7.4%	2.5%	25.7%	17.5%

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: 05 Nov 2022 02:03:21 (SGT)

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