

Mahindra & Mahindra

Refer to important disclosures at the end of this report

Strong operational performance

- Q3 OPM of M&M, including MVML, improved 220bps to 17%. Excluding one-time investment promotion benefit of Rs900mn, margin stood at 16.4%, topping est. of 15.7% on better performance in the Tractor segment, due to lower sales spends and cost savings.
- We expect FY21-23 revenue CAGR of 19%, driven by robust growth in the Auto segment (29% CAGR) and single-digit growth in the Farm segment (5% CAGR). The Auto segment's performance should be driven by the cyclical upturn as well as new products.
- Major capital allocation exercises are mostly completed. With the exit from Ssangyong, management expects losses from international subsidiaries to reduce to Rs3bn in FY22 from Rs30bn in FY21 and turn to profit in FY23. It also expects investments in subsidiaries to be lower than that of prior years.
- We raise FY21-23E EPS by 17-26%, driven by a change in volume and margin assumptions. Reaffirm Buy with an SOTP based TP of Rs1,020 (Rs824 earlier), based on 16x core P/E and value of investments at Rs348/share.

EBITDA margin above estimates: Revenue grew 16% yoy to Rs140.6bn (est.: Rs140.3bn), in line with estimates. Automotive revenues grew 12% to Rs83.1bn on 21% growth in realization despite an 8% decline in volumes. Farm equipment revenues grew 23% to Rs52.8bn, driven by 20% volume growth and 3% realization growth. EBITDA margin expanded 220bps yoy to 17%. Excluding one-time investment promotion benefit of Rs900mn, margins stood at 16.4%, above forecast of 15.7%, on better performance in the Tractor segment. Farm equipment (Tractor) EBIT margin expanded 400bps to 23.4%, while Automotive EBIT margins (adjusted for one-off) contracted 100bps to 6.4%. Overall, adjusted PAT, ex. one-offs and dividends, grew 33% to Rs13 bn (est.: Rs11bn), above estimates due to higher operating profit. Reported financials included an Rs12bn exceptional item for the impairment of Ssangyong's debt/equity investments. Ssangyong has filed an application with a Korean bankruptcy court and is working for selling/liquidating its assets and has now ceased to be a unit of MM.

Maintain Buy: We expect robust revenues/earnings CAGRs of 19%/22% for FY20-23E, with average post-tax ROIC of 24% and FCF of Rs27bn/year. We remain positive on expectations of healthy demand prospects and stringent capital allocation efforts. Reiterate Buy with an SOTP-based TP of Rs1,020 (Rs824 earlier), based on 16x core P/E (17x core P/E earlier) and value of investments at Rs348/share (Rs249 earlier). We slightly reduce the valuation multiple as the sales cycle is nearing a peak in the Tractors segment. **Key risks:** 1) further delay in economic recovery; 2) weak monsoon in 2021; 3) failure of new products; 4) increase in competitive intensity; and 5) further increase in input prices.

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

Financial Snapshot (Standalone + MVML)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	528,482	448,655	447,416	576,932	633,551
EBITDA	75,301	63,506	70,344	89,016	96,836
EBITDA Margin (%)	14.2	14.2	15.7	15.4	15.3
APAT	54,300	35,770	42,336	56,991	63,045
EPS (Rs)	43.7	28.8	34.1	45.8	50.7
EPS (% chg)	25.7	(34.1)	18.4	34.6	10.6
ROE (%)	16.6	10.3	12.2	15.3	15.1
P/E (x)	19.8	30.1	25.4	18.9	17.1
EV/EBITDA (x)	13.7	16.4	15.0	11.5	10.1
P/BV (x)	3.1	3.1	3.1	2.7	2.4

Source: Company, Emkay Research

CMP Rs 866 as of (February 6, 2021)	Target Price Rs 1,020 (▲) 12 months
Rating BUY (■)	Upside 17.9 %

Change in Estimates

EPS Chg FY22E/FY23E (%)	20/17.3
Target Price change (%)	23.8
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

EPS Estimates		
	FY22E	FY23E
Emkay	45.8	50.7
Consensus	36.8	43.9
Mean Consensus TP (12M)	Rs 827	

Stock Details

Bloomberg Code	MM IN
Face Value (Rs)	5
Shares outstanding (mn)	1,243
52 Week H/L	894 / 245
M Cap (Rs bn/USD bn)	1,076 / 14.75
Daily Avg Volume (nos.)	6,743,340
Daily Avg Turnover (US\$ mn)	68.3

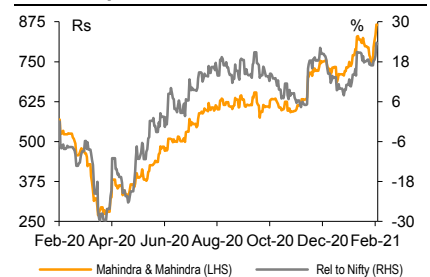
Shareholding Pattern Dec '20

Promoters	18.9%
FII's	36.8%
DII's	27.4%
Public and Others	16.9%

Price Performance

(%)	1M	3M	6M	12M
Absolute	17	44	41	48
Rel. to Nifty	11	17	5	20

Relative price chart



Source: Bloomberg

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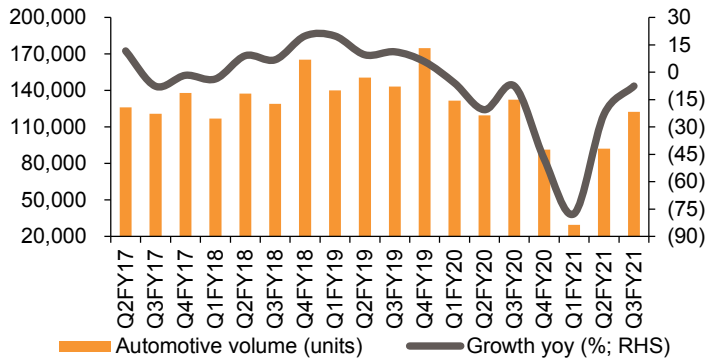
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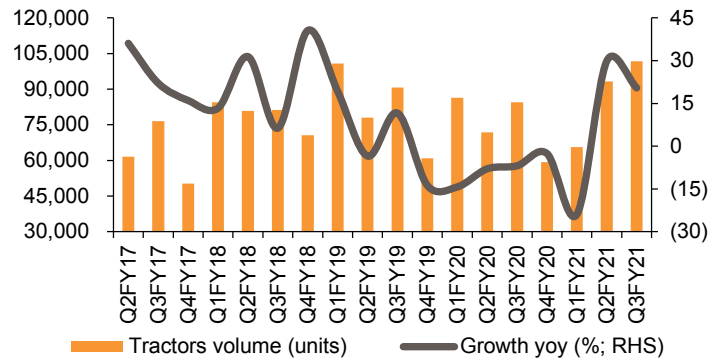
Story in Charts

Exhibit 1: Automotive volumes down 8% yoy to 122,277 units, impacted by production constraints, despite strong demand



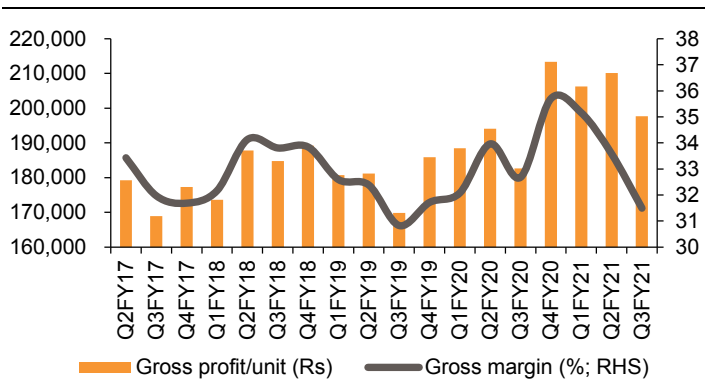
Source: Company, Emkay Research

Exhibit 2: Tractors volumes rise 20% to 101,701 units



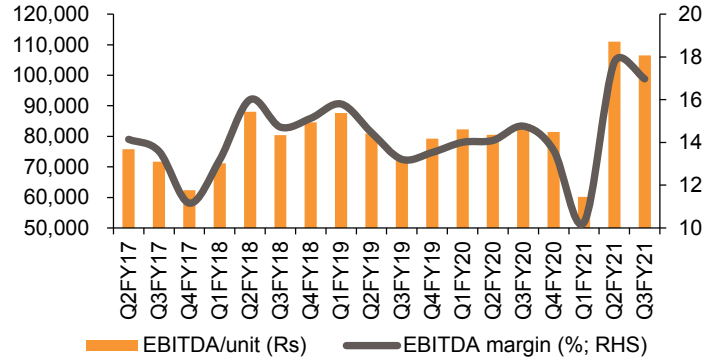
Source: Company, Emkay Research

Exhibit 3: Gross margin stood at 31.5%, above estimates



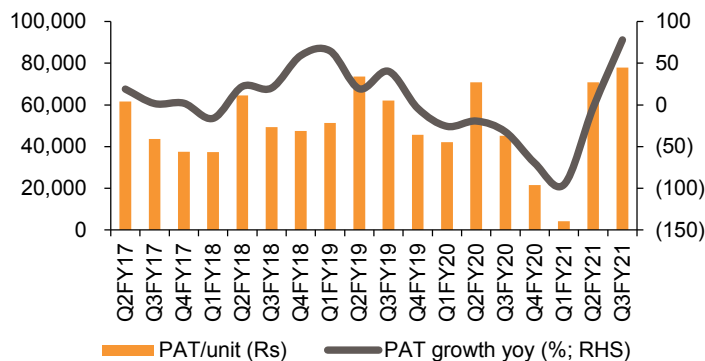
Source: Company, Emkay Research

Exhibit 4: Reported OPM at 17%. Adjusted OPM at 16.4%, surpassing estimates of 15.7%



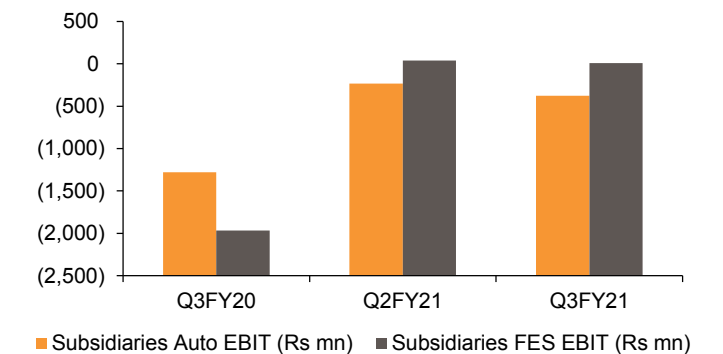
Source: Company, Emkay Research

Exhibit 5: PAT grew 78% on higher operating profit and other income



Source: Company, Emkay Research

Exhibit 6: Auto subsidiaries losses reduced, while FES subsidiaries continue to remain positive



Note: Continuing operations. Source: Company, Emkay Research

Earnings call highlights

- Tractor industry growth expected to be robust at around 20% in FY21. MM has lost share in FY21 mainly due to production constraints. FY22 performance would depend on how monsoons pan out; however, the high base would limit the quantum of growth. The South region is expected to outpace others due to a favorable base.
- Thar UV order bookings stands at over 39,000 units. Of this, 45% of bookings are for the automatic variant. Thar production should be ramped up to 4,000 units by Apr-May'21. XUV300 order bookings are strong, with 2-2.5 months of waiting period.
- EVs remain a focus area: 1) last mile transport is doing well with products such as Treo Zor while Atom launch is expected in FY22; 2) XUV300 electric version will be launched in FY22; and 3) MM is working on a range new platforms for SUVs – Born Electric platforms, with the support of its Detroit technical center.
- Supply-chain issues relating to semi-conductor and steel availability are expected to impact near-term production levels. The company will try to maintain current levels of production, but is unlikely increase production despite strong demand. Dealer inventory levels remain low.
- Commodity price increases remain a concern and MM is trying to partially offset through price increases and cost control.
- In Q3, results included a one-time investment promotion subsidy of Rs900mn. There was also an exceptional item of Rs300mn relating to insurance claim benefit.
- In Q3, farm subsidiaries have registered a marginal EBIT on better performance across entities Magna, Sampo, Erkunt and Mitsubishi.
- Ssangyong has filed an application before a Korean bankruptcy court for the commencement of rehabilitation proceedings and is now preparing plans to submit a pre-packaged rehabilitation plan with equity investment from an investor and debt from local lenders. There is no increase in MM's exposure vs. Q2. The company has taken write-offs of Rs12bn in Q3, pertaining to Ssangyong.
- International subsidiaries' losses in FY21 are expected at Rs30bn (mainly due to Ssangyong). These losses should reduce to Rs3bn in FY22 and should turn to a profit in FY23.
- Capital allocation exercises are mostly completed. Entities classified in category A (clear roadmap for 18% ROE) include Magna and Peugeot. Entities classified in Category B (quantifiable strategic impact) include Mitsubishi and Sampo. Entities under Category A/B include MANA and Pininfarina. Entities yet to be classified include Erkunt and Hisarlar.
- Cumulative capex over FY22/23/24 is expected at Rs90bn. Investments in subsidiaries will likely to be lower than earlier years.

Exhibit 7: Revenue assumptions

	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Volumes (units)							
Domestic tractors	248,409	304,019	316,742	291,901	342,489	366,718	366,669
YoY %	22.9	22.4	4.2	(7.8)	17.3	7.1	(0.0)
Domestic PVs	236,133	248,859	254,351	186,942	160,073	253,351	289,131
YoY %	(0.1)	5.4	2.2	(26.5)	(14.4)	58.3	14.1
Domestic CVs	180,747	216,803	248,601	199,131	162,437	191,985	213,015
YoY %	8.4	19.9	14.7	(19.9)	(18.4)	18.2	11.0
Domestic 3Ws	52,306	54,625	66,140	58,145	19,059	47,639	57,251
YoY %	(4.9)	4.4	21.1	(12.1)	(67.2)	150.0	20.2
Total Domestic	717,595	824,306	885,834	736,119	684,058	859,693	926,067
YoY %	8.7	14.9	7.5	(16.9)	(7.1)	25.7	7.7
Exports	51,824	43,826	52,149	36,937	29,704	36,288	40,252
YoY %	8.9	(15.4)	19.0	(29.2)	(19.6)	22.2	10.9
Total Sales	769,419	868,132	937,983	773,056	713,762	895,981	966,319
YoY %	8.7	12.8	8.0	(17.6)	(7.7)	25.5	7.9
Realizations (Rs/unit)							
	537,781	548,043	563,424	580,366	626,842	643,911	655,634
YoY %	(2.2)	1.9	2.8	3.0	8.0	2.7	1.8
Revenues (Rs mn)							
	413,779	475,774	528,482	448,655	447,416	576,932	633,551
YoY %	6.4	15.0	11.1	(15.1)	(0.3)	28.9	9.8

Source: Company, Emkay Research

Exhibit 8: MM+MVML Actual vs. Estimates (Q3FY21)

(Rs mn)	Actual	Estimate		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Total Revenue	140,565	140,342	138,495	0.2	1.5	In line with our estimates
EBITDA	23,856	21,964	22,397	8.6	6.5	
EBITDA Margin (%)	17.0	15.7	16.2	132 bps	80 bps	Excluding investment promotion benefit, margin stood at 16.4%. Beat due to better margin in Tractor segment owing to lower marketing spends and cost reduction efforts
Adjusted Net Profit	17,448	14,401	14,102	21.2	23.7	Above estimates due to strong operating margin and higher other income

Source: Bloomberg, Company, Emkay Research

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

Rs mn	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	YoY (%)	QoQ (%)	FY21 YTD	FY20 YTD	YoY (%)
Revenue	121,203	90,047	55,894	115,903	140,565	16.0	21.3	312,363	358,608	(12.9)
Expenditure	103,315	77,773	50,163	95,330	116,709	13.0	22.4	262,202	307,377	(14.7)
as % of sales	85.2	86.4	89.7	82.2	83.0			83.9	85.7	
Consumption of RM	81,591	57,898	36,240	76,979	96,292	18.0	25.1	209,511	240,770	(13.0)
as % of sales	67.3	64.3	64.8	66.4	68.5			67.1	67.1	
Employee Cost	8,300	7,127	7,704	7,920	8,841	6.5	11.6	24,465	25,110	(2.6)
as % of sales	6.8	7.9	13.8	6.8	6.3			7.8	7.0	
Other expenditure	13,425	12,748	6,219	10,432	11,576	(13.8)	11.0	28,226	41,497	(32.0)
as % of sales	11.1	14.2	11.1	9.0	8.2			9.0	11.6	
EBITDA	17,888	12,275	5,732	20,573	23,856	33.4	16.0	50,161	51,231	(2.1)
Depreciation	5,900	6,172	5,813	5,870	6,043	2.4	2.9	17,725	17,459	1.5
EBIT	11,988	6,103	(81)	14,703	17,814	48.6		32,436	33,772	(4.0)
Other Income	2,092	3,155	1,338	3,839	5,618	168.6	46.4	10,795	12,236	(11.8)
Interest	254	359	768	1,179	1,039	309.7	(11.8)	2,986	886	236.9
PBT	13,826	8,899	488	17,364	22,393	62.0	29.0	40,245	45,122	(10.8)
Total Tax	4,019	5,669	99	4,252	4,944	23.0	16.3	9,295	12,587	(26.2)
Adjusted PAT	9,808	3,230	389	13,112	17,448	77.9	33.1	30,950	32,536	(4.9)
Extra ordinary items	(6,006)	(35,780)	288	(11,495)	(12,140)			(23,346)	7,414	
Reported PAT	3,802	(32,550)	678	1,618	5,309	39.6	228.2	7,604	39,950	(81.0)

Margins (%)						(bps)	(bps)				(bps)
EBIDTA	14.8	13.6	10.3	17.8	17.0	221	(78)	16.1	14.3	177	
EBIT	9.9	6.8	(0.1)	12.7	12.7	278	(1)	10.4	9.4	97	
EBT	11.4	9.9	0.9	15.0	15.9	452	95	12.9	12.6	30	
PAT	8.1	3.6	0.7	11.3	12.4	432	110	9.9	9.1	84	
Effective Tax rate	29.1	63.7	20.2	24.5	22.1	(699)	(240)	23.1	27.9	(480)	

Source: Company, Emkay Research

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

Segmental details (Rs mn)	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	YoY (%)	QoQ (%)
Farm Equipment							
Tractor (Units)	84,455	59,290	65,657	93,246	101,701	20.4	9.1
Net Sales (Rs mn)	42,778	31,110	33,408	48,354	52,815	23.5	9.2
Avg realisations	506,519	524,709	508,832	518,561	519,320	2.5	0.1
EBIT (Rs mn)	8,309	5,488	6,823	11,795	12,359	48.8	4.8
Margins %	19.4	17.6	20.4	24.4	23.4	398 bps	(99) bps
Capital Employed (Rs mn)	38,935	37,645	25,304	22,547	18,323	(52.9)	(18.7)
ROCE %	85.4	58.3	107.9	209.3	269.8	18,445 bps	6,055 bps
Automotive (Incl. MVML)							
Net Sales (Rs mn)	74,238	55,058	20,395	63,565	83,111	12.0	30.7
Avg realisations (Rs)	560,878	602,563	687,818	690,748	679,691	21.2	(1.6)
Results (Rs mn)	5,417	2,253	-5,837	4,117	6,141	13.4	49.2
Margins %	7.3	4.1	-28.6	6.5	7.4	9 bps	91 bps
Capital Employed (Rs mn)	108,223	122,460	133,988	112,243	113,291	4.7	0.9
ROCE %	20.0	7.4	(17.4)	14.7	21.7	166 bps	701 bps

Source: Company, Emkay Research

Exhibit 11: Changes in estimates

Rs mn	FY21E				FY22E				FY23E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Volume (units)	684,390	713,762	4.3	(7.7)	803,536	895,981	11.5	25.5	858,830	966,319	12.5	7.9
Revenue	418,747	447,416	6.8	(0.3)	502,643	576,932	14.8	28.9	544,126	633,551	16.4	9.8
EBIDTA	63,271	70,344	11.2	10.8	76,895	89,016	15.8	26.5	85,010	96,836	13.9	8.8
EBIDTA margin (%)	15.1	15.7	61 bps	157 bps	15.3	15.4	13 bps	(29) bps	15.6	15.3	(34) bps	(14) bps
Adj. PAT	33,570	42,336	26.1	18.4	47,477	56,991	20.0	34.6	53,725	63,045	17.3	10.6
EPS	27.0	34.1	26.1	18.4	38.2	45.8	20.0	34.6	43.2	50.7	17.3	10.6

Source: Company, Emkay Research

Exhibit 12: SOTP valuation

(Rsbn)	Basis of Valuation	FY23E PAT	P/E (x)	Equity value	M&M stake (%)	Pro-rata value	Hold-co discount (%)	Contr. To SOTP	SOTP (Rs/share)	SOTP breakdown (%)
M&M + MVML	P/E	52.2	16.0	836		836		836	672	66
Tech Mahindra	TP (Emkay)			1,131	26.0	294	20	235	189	19
M&M Financial Services	TP (Emkay)			178	52.2	93	20	74	60	6
Other Subs/investments	Current m-cap/ investment value							123	99	10
Total						1,223		1,268	1,020	100

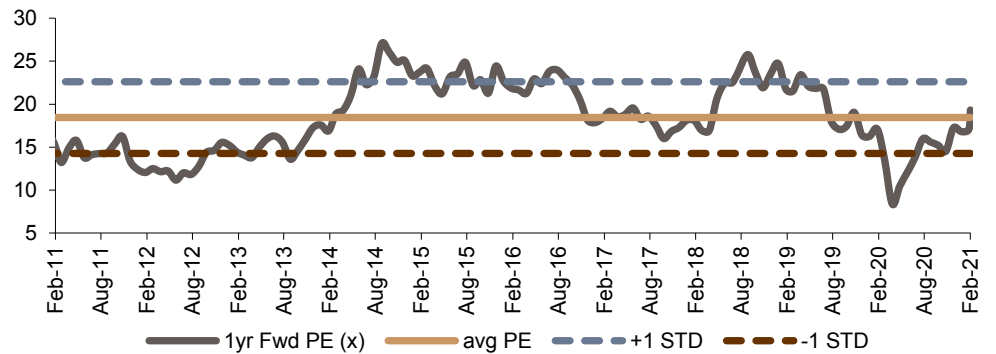
Source: Company, Emkay Research; Note: Holdco discount calculated based on factors such as management control, size of free float, listed/unlisted, etc.

Exhibit 13: SOTP valuation

Components	New SOTP (Rs/share)	Earlier SOTP (Rs/share)	(Change%)
M&M + MVML	672	575	17
Tech Mahindra	189	138	37
M&M Financial Services	60	65	-8
Other Subs/investments	99	46	115
Total	1,020	824	24

Source: Company, Emkay Research

Exhibit 14: One-year forward P/E



Source: Bloomberg, Company, Emkay Research

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

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	528,482	448,655	447,416	576,932	633,551
Expenditure	453,182	385,150	377,071	487,916	536,715
EBITDA	75,301	63,506	70,344	89,016	96,836
Depreciation	20,030	23,631	24,004	26,717	28,967
EBIT	55,271	39,875	46,341	62,299	67,869
Other Income	16,303	15,391	12,666	15,532	17,961
Interest expenses	1,467	1,245	4,024	1,843	1,770
PBT	70,106	54,021	54,982	75,988	84,060
Tax	15,806	18,251	12,646	18,997	21,015
Extraordinary Items	(288)	(28,373)	(30,146)	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	54,012	7,397	12,190	56,991	63,045
Adjusted PAT	54,300	35,770	42,336	56,991	63,045

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	5,958	5,965	5,965	5,965	5,965
Reserves & surplus	343,979	340,326	343,202	387,655	436,830
Net worth	349,937	346,291	349,167	393,620	442,795
Minority Interest	0	0	0	0	0
Loan Funds	27,713	32,889	31,499	29,935	29,067
Net deferred tax liability	7,896	15,068	15,618	16,378	17,218
Total Liabilities	385,546	394,248	396,284	439,933	489,081
Net block	118,532	120,511	144,500	151,852	152,885
Investment	206,262	175,329	200,329	230,329	270,329
Current Assets	197,940	173,757	146,870	193,853	217,898
Cash & bank balance	38,321	42,365	15,841	28,809	37,525
Other Current Assets	29,691	19,531	19,477	25,115	27,579
Current liabilities & Provision	163,624	123,931	130,004	166,621	182,551
Net current assets	34,315	49,826	16,866	27,231	35,347
Misc. exp	0	0	0	0	0
Total Assets	385,546	394,248	396,284	439,933	489,081

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	53,804	38,630	42,316	60,456	66,099
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(6,722)	(15,041)	620	(2,683)	(1,124)
Operating Cashflow	37,617	24,067	28,146	70,157	75,931
Capital expenditure	(32,150)	(45,418)	(34,000)	(30,000)	(30,000)
Free Cash Flow	5,467	(21,351)	(5,854)	40,157	45,931
Investments	(6,689)	4,245	(25,000)	(30,000)	(40,000)
Other Investing Cash Flow	11,119	12,178	0	0	0
Investing Cashflow	(11,417)	(13,603)	(46,334)	(44,468)	(52,039)
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(5,224)	3,607	(1,390)	(1,564)	(868)
Dividend paid (incl tax)	(10,267)	(12,132)	(9,314)	(12,538)	(13,870)
Other Financing Cash Flow	386	4,010	6,393	3,224	1,332
Financing Cashflow	(17,121)	(6,419)	(8,336)	(12,721)	(15,176)
Net chg in cash	9,079	4,045	(26,524)	12,968	8,716
Opening cash position	29,242	38,321	42,365	15,841	28,809
Closing cash position	38,321	42,365	15,841	28,809	37,525

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	14.2	14.2	15.7	15.4	15.3
EBIT Margin	10.5	8.9	10.4	10.8	10.7
Effective Tax Rate	22.5	33.8	23.0	25.0	25.0
Net Margin	10.3	8.0	9.5	9.9	10.0
ROCE	19.7	14.2	14.9	18.6	18.5
ROE	16.6	10.3	12.2	15.3	15.1
RoIC	55.1	32.9	33.9	42.1	45.1

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	43.7	28.8	34.1	45.8	50.7
CEPS	59.8	47.8	53.4	67.3	74.0
BVPS	281.5	278.5	280.9	316.6	356.2
DPS	8.1	2.3	7.5	10.1	11.2

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	19.8	30.1	25.4	18.9	17.1
P/CEPS	14.5	18.1	16.2	12.9	11.7
P/BV	3.1	3.1	3.1	2.7	2.4
EV / Sales	2.0	2.3	2.4	1.8	1.5
EV / EBITDA	13.7	16.4	15.0	11.5	10.1
Dividend Yield (%)	0.9	0.3	0.9	1.2	1.3

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
Net Debt/EBIDTA	(0.6)	(0.5)	(0.3)	(0.6)	(1.0)
Working Cap Cycle (days)	(2.8)	6.1	0.8	(1.0)	(1.3)

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	11.1	(15.1)	(0.3)	28.9	9.8
EBITDA	6.9	(15.7)	10.8	26.5	8.8
EBIT	2.0	(27.9)	16.2	34.4	8.9
PAT	16.8	(86.3)	64.8	367.5	10.6

Quarterly (Rs mn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Revenue	121,203	90,047	55,894	115,903	140,565
EBITDA	17,888	12,275	5,732	20,573	23,856
EBITDA Margin (%)	14.8	13.6	10.3	17.8	17.0
PAT	9,808	3,230	389	13,112	17,448
EPS (Rs)	7.9	2.6	0.3	10.5	14.0

Source: Company, Emkay Research

Shareholding Pattern (%)	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Promoters	18.9	18.9	18.9	18.9	18.9
FII	32.3	32.2	33.4	33.5	36.8
DII	26.4	26.7	28.3	29.6	27.4
Public and Others	22.4	22.2	19.5	18.0	16.9

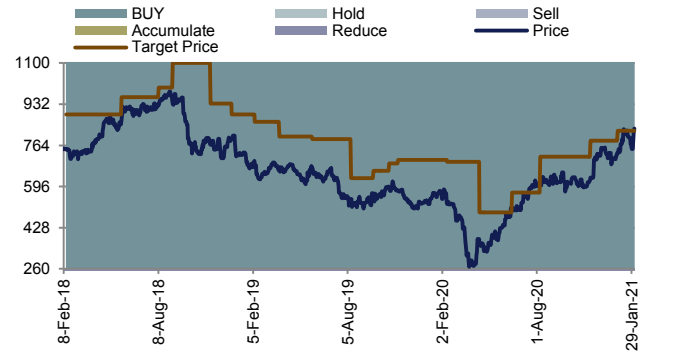
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
2-Jan-21	732	824	12m	Buy	Raghunandhan NL
11-Nov-20	633	783	12m	Buy	Raghunandhan NL
11-Oct-20	633	718	12m	Buy	Raghunandhan NL
28-Sep-20	615	718	12m	Buy	Raghunandhan NL
28-Aug-20	631	718	12m	Buy	Raghunandhan NL
7-Aug-20	600	718	12m	Buy	Raghunandhan NL
29-Jun-20	507	572	12m	Buy	Raghunandhan NL
14-Jun-20	508	572	12m	Buy	Raghunandhan NL
15-May-20	381	490	12m	Buy	Raghunandhan NL
4-May-20	357	490	12m	Buy	Raghunandhan NL
13-Apr-20	363	490	12m	Buy	Raghunandhan NL
27-Feb-20	494	697	12m	Buy	Raghunandhan NL
11-Feb-20	524	697	12m	Buy	Raghunandhan NL
9-Feb-20	569	705	12m	Buy	Raghunandhan NL
30-Jan-20	568	705	12m	Buy	Raghunandhan NL
27-Dec-19	530	705	12m	Buy	Raghunandhan NL
27-Nov-19	540	705	12m	Buy	Raghunandhan NL
9-Nov-19	580	705	12m	Buy	Raghunandhan NL
1-Nov-19	590	690	12m	Buy	Raghunandhan NL
30-Oct-19	617	690	12m	Buy	Raghunandhan NL
23-Oct-19	592	690	12m	Buy	Raghunandhan NL
1-Oct-19	557	660	12m	Buy	Raghunandhan NL
26-Sep-19	567	660	12m	Buy	Raghunandhan NL
23-Sep-19	565	660	12m	Buy	Raghunandhan NL
3-Sep-19	515	630	12m	Buy	Raghunandhan NL
28-Aug-19	540	630	12m	Buy	Raghunandhan NL
11-Aug-19	546	630	12m	Buy	Raghunandhan NL
1-Jul-19	660	790	12m	Buy	Raghunandhan NL
27-Jun-19	658	790	12m	Buy	Raghunandhan NL
4-Jun-19	651	790	12m	Buy	Raghunandhan NL
3-Jun-19	653	790	12m	Buy	Raghunandhan NL
29-May-19	672	790	12m	Buy	Raghunandhan NL
29-May-19	672	800	12m	Buy	Raghunandhan NL
2-May-19	646	800	12m	Buy	Raghunandhan NL
27-Mar-19	660	800	12m	Buy	Raghunandhan NL
8-Feb-19	682	860	12m	Buy	Raghunandhan NL
4-Feb-19	674	890	12m	Buy	Raghunandhan NL
26-Dec-18	788	890	12m	Buy	Raghunandhan NL
15-Nov-18	767	935	12m	Buy	Raghunandhan NL
4-Sep-18	932	1,100	12m	Buy	Raghunandhan NL
8-Aug-18	928	1,000	12m	Buy	Raghunandhan NL
6-Jul-18	925	960	12m	Buy	Raghunandhan NL
29-May-18	870	960	12m	Buy	Raghunandhan NL
12-Feb-18	746	890	12m	Buy	Raghunandhan NL

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Automobiles & Auto Ancillaries



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Sector

Automobiles and Ancillaries

Analyst bio

Raghu holds an MBA and comes with total 11 years of research experience. His team currently covers 14 stocks in the Indian Automobiles and Ancillaries space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Auto & Auto Ancillaries	5.71	5.71	0%	0	100.00
Amara Raja Batteries	0.09	0.00	-100%	-9	0.00
Apollo Tyres	0.00	0.00	NA	0	0.00
Ashok Leyland	0.23	0.39	67%	15	6.75
Atul Auto	0.00	0.00	NA	0	0.00
Bajaj Auto	0.66	0.66	-1%	0	11.54
Bharat Forge	0.19	0.25	30%	6	4.36
Eicher Motors	0.50	0.50	-1%	0	8.67
Escorts	0.00	0.00	NA	0	0.00
Exide Industries	0.11	0.00	-100%	-11	0.00
Hero Motocorp	0.54	0.54	-1%	0	9.39
Mahindra & Mahindra	1.00	1.00	-1%	-1	17.42
Maruti Suzuki India	1.23	1.27	4%	5	22.29
Motherson Sumi	0.23	0.00	-100%	-23	0.00
Tata Motors	0.69	0.82	19%	13	14.39
Tata Motors DVR*	0.08	0.14	85%	6	2.47
TVS Motor	0.16	0.16	-1%	0	2.72
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

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

Sector portfolio NAV

	Base					Latest
	1-Apr-19	6-Feb-20	6-Aug-20	5-Nov-20	5-Jan-21	4-Feb-21
EAP - Auto & Auto Ancillaries	100.0	94.7	85.0	92.3	109.4	129.6
BSE200 Neutral Weighted Portfolio (ETF)	100.0	95.8	87.8	94.4	111.5	129.5

*Performance measurement base date 1st April 2019

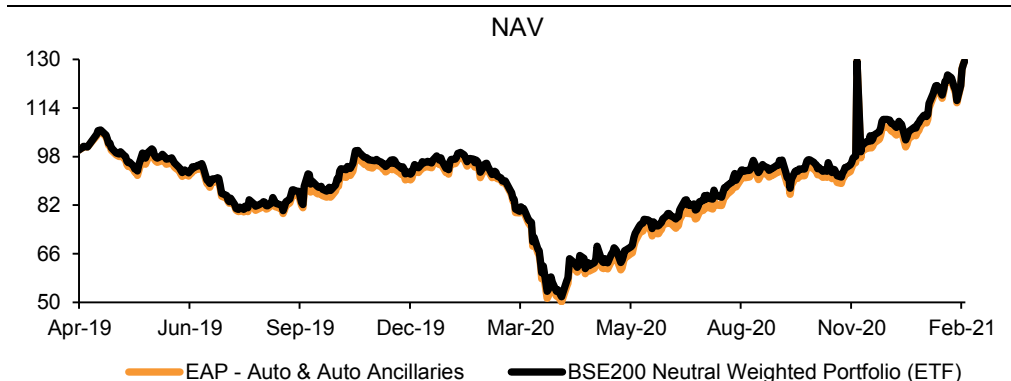
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Auto & Auto Ancillaries	18.5%	40.4%	52.5%	36.9%
BSE200 Neutral Weighted Portfolio (ETF)	16.1%	37.1%	47.4%	35.1%

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”

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: 07 Feb 2021 18:31:37 (SGT)
Dissemination Date: 07 Feb 2021 18:32:37 (SGT)

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