

Motherson Sumi

Refer to important disclosures at the end of this report

Firing on all cylinders; maintain Buy

- Q4FY21 EBITDA margin expanded by 150bps to 10.1%, above estimate of 9.7% on better margins in SMR, SMP and standalone divisions. Revenue grew 18% to Rs170bn, above estimate of Rs161bn. Outstanding order-book at SMR PBV surged to EUR15.6bn.
- Driven by better margins and improving demand outlook, we upgrade FY22/23 EPS estimates by 6%/13% to Rs10.5/Rs13.5, and introduce FY24 EPS forecast of Rs16.2. We expect ROE to improve to 29% by FY24E, compared to 10% in FY21.
- Our positive view is underpinned by strong management capabilities, expectations of a cyclical upturn in underlying Auto segments in domestic/global markets, healthy order-book in SMR PBV and improving profitability across divisions.
- Management has reaffirmed focus on Vision 2025 revenue target of USD36bn with ROCE of 40% vs. 2020 revenue (including SAMIL) of USD10bn. Retain Buy with a TP of Rs325 (Rs240 earlier) based on 24x FY23E EPS (20x earlier).

What we like? 1) SMR PBV order-book has increased from EUR13.1bn in Sep'20 to EUR15.6bn in Mar'21. Share of EVs (pure-EV programs) in order-book has increased to 25%, 2) Production levels are increasing and there has been incremental order-wins for SMP's greenfield plants (Tuscaloosa and Kecskemet). These plants are EBITDA positive and are expected to achieve PBT breakeven in future. 3) Consolidated net debt has reduced from Rs69bn in Mar'20 to Rs48bn in Mar'21.

What we did not like? In near term, underlying Auto industry is facing some challenges due to supply issues of semi-conductors. Expect the supply situation to improve in a quarter.

Earnings above estimates: Consolidated revenues (excluding DWH) grew 18% yoy to Rs170bn (est.: Rs161.3bn), above estimates led by better-than-expected sales in SMR, PKC and standalone divisions. EBITDA margin expanded by 150bps yoy to 10.1% (est.: 9.7%), above estimates, led by higher margins in SMR, SMP and standalone divisions. Overall, adjusted PAT increased to Rs7.1bn (est.: Rs4.7bn) in comparison to Rs1.8bn in Q4FY20. The effective tax rate was low at 7%, owing to deferred tax benefits relating to prior years for subsidiaries. PAT beat was supported by higher operating profit and lower tax rate. In rupee terms, PKC, Standalone, SMP and SMR PKC divisions' revenue grew yoy, by 31%, 28%, 16% and 10%, respectively. SMP margin expanded yoy, by 420bps and PKC was flat. In comparison, SMR contracted by 190bps and Standalone by 80bps. Discontinued operations (DWH) revenue grew 48% yoy to Rs15.1bn, EBITDA margin expanded 190bps to 15.8% and PAT grew 78% to Rs1.7bn.

Retain Buy: We build in robust revenue/EBITDA CAGRs of 14%/33% over FY21-24E, driven by expectations of a cyclical upturn in underlying Auto segments in domestic/ global markets and healthy order-book in SMR PBV. In addition, we expect ROE to expand notably from 10% in FY21 to 29% in FY24E. The proposed restructuring exercise aligns interests of all stakeholders and creates a platform for future growth through both inorganic and organic routes. Reduced stake of Sumitomo Wiring Systems in MSS will allow to pursue acquisition opportunities more aggressively. This restructuring exercise is a step toward the company's Vision 2025 – revenue target of USD36bn with ROCE of 40%. Retain Buy with TP of Rs325 (Rs240 earlier) based on 24x FY23E EPS (20x earlier). We increase valuation multiple on improving growth prospects and revised P/E multiple is in-line with historical averages. Key downside risks are demand contraction in target markets, weak performance of larger clients, and adverse currency rates, among others.

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

Financial Snapshot (Consolidated)

(Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	607,290	573,699	703,429	780,922	860,976
EBITDA	46,542	43,590	76,771	90,928	103,480
EBITDA Margin (%)	7.7	7.6	10.9	11.6	12.0
APAT	11,700	11,014	33,111	42,762	51,146
EPS (Rs)	3.7	3.5	10.5	13.5	16.2
EPS (% chg)	(27.5)	(5.9)	200.6	29.1	19.6
ROE (%)	10.7	10.1	28.1	29.7	29.0
P/E (x)	72.6	77.2	25.7	19.9	16.6
EV/EBITDA (x)	19.7	20.2	11.0	8.9	7.3
P/BV (x)	7.7	8.0	6.6	5.4	4.4

Source: Company, Emkay Research

CMP	Target Price
Rs 269 as of (June 3, 2021)	Rs 325 (▲) 12 months
Rating	Upside
BUY (■)	20.8 %

Change in Estimates

EPS Chg FY22E/FY23E (%)	6.2/12.6
Target Price change (%)	35.4
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY22E	FY23E
Emkay	10.5	13.5
Consensus	8.3	10.5
Mean Consensus TP (12M)	Rs 236	

Stock Details

Bloomberg Code	MSS IN
Face Value (Rs)	1
Shares outstanding (mn)	3,158
52 Week H/L	273 / 86
M Cap (Rs bn/USD bn)	850 / 11.63
Daily Avg Volume (nos.)	15,222,330
Daily Avg Turnover (US\$ mn)	46.2

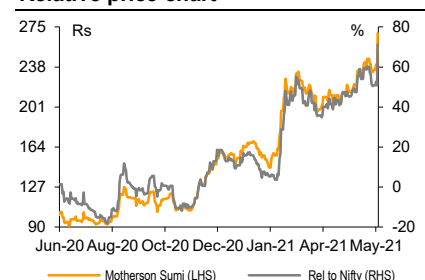
Shareholding Pattern Mar '21

Promoters	61.7%
FIIIs	16.6%
DIIIs	13.4%
Public and Others	8.2%

Price Performance

(%)	1M	3M	6M	12M
Absolute	25	16	76	164
Rel. to Nifty	18	11	48	69

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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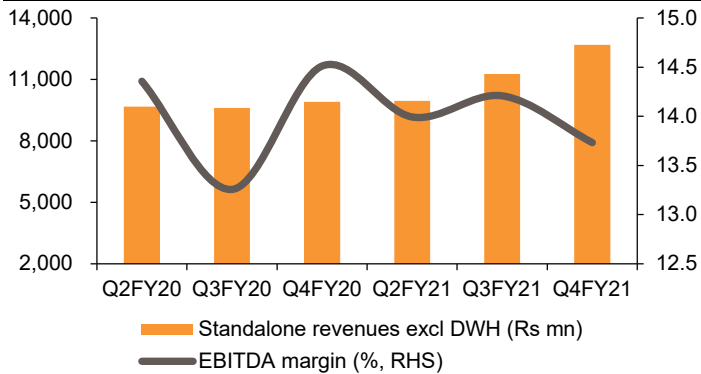
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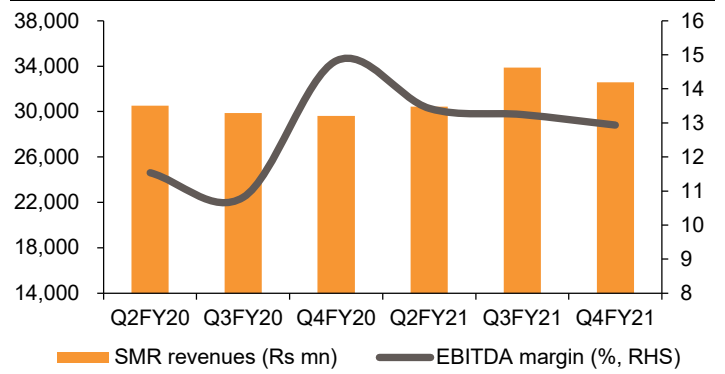
Story in Charts

Exhibit 1: Q4 Standalone revenue excl. DWH grew 28% yoy; Expect a robust 19% CAGR over FY21-24E



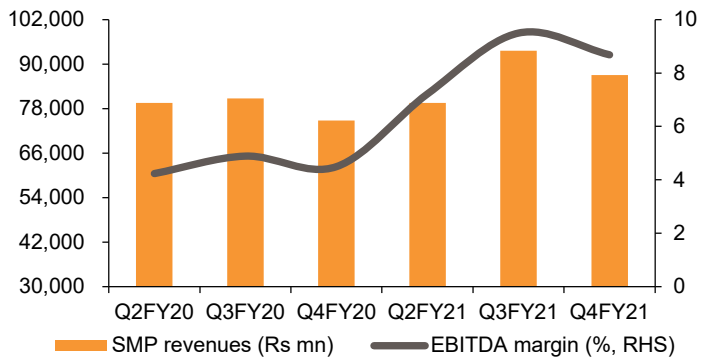
Note: DWH - Domestic Wiring Harness. Source: Company, Emkay Research

Exhibit 2: Q4 SMR revenue increased 10% yoy; Expect 11% CAGR over FY21-24E



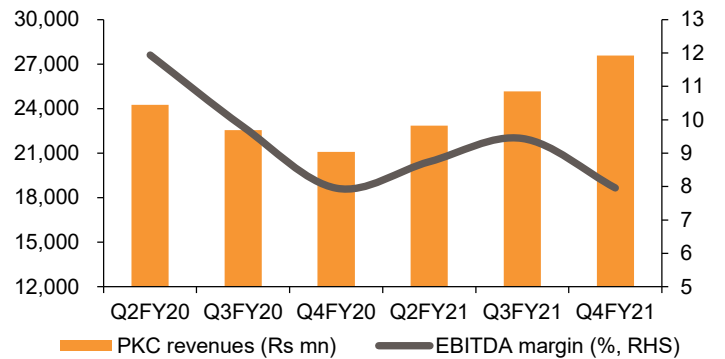
Source: Company, Emkay Research

Exhibit 3: Q4 SMP revenue grew strongly by 16% yoy; Expect 14% CAGR over FY21-24E



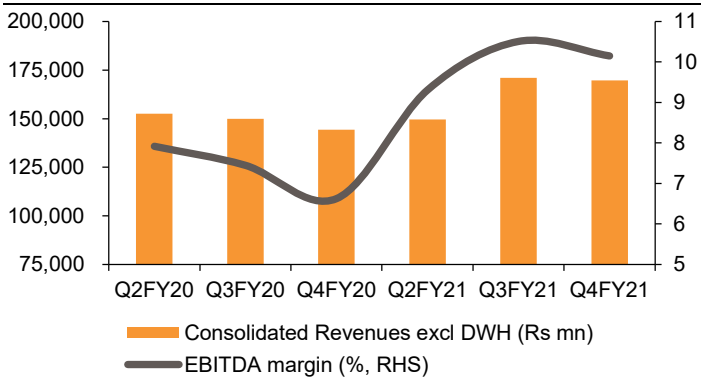
Source: Company, Emkay Research

Exhibit 4: Q4 PKC surged grew 31% yoy; Expect a strong 19% CAGR over FY21-24E



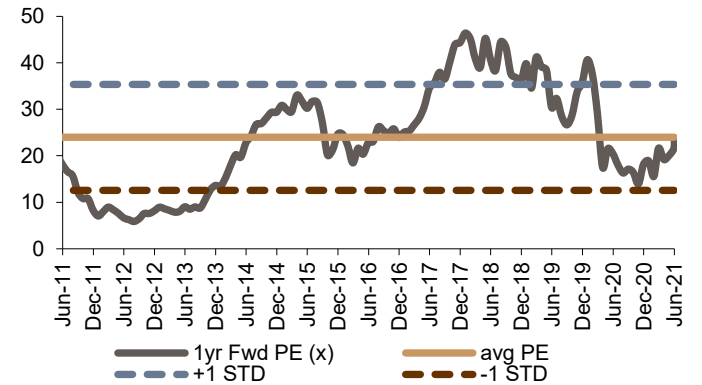
Source: Company, Emkay Research

Exhibit 5: Q4 Consolidated revenue jumped 18% yoy; Expect 14% CAGR over FY21-24E



Source: Company, Emkay Research

Exhibit 6: One-year forward P/E (Average: 24x, +1sd: 35x, -1sd: 13x)



Source: Company, Emkay Research

Earnings Call Highlights

- SMR PBV order-book has increased to EUR15.6bn. Of this, 25% relates to EV programs. New orders worth EUR4.5bn were received in H2FY21, which represents that operations have reached near normal levels for most OEM customers. No greenfield capex is expected for meeting the pending order-book.
- EV orders are new orders, and should commence within 2 years, and could reach a revenue peak in 3rd and 4th years. Realizations for EV components are higher in comparison to ICE components. For EV components, engineered plastics are used, which are lighter, stronger and more expensive.
- SMP Tuscaloosa/Hungary plants: Volumes are improving and focus is also cost savings. They have also won incremental orders from OEMs. Expect PBT breakeven in future.
- In SMR PBV, working capital has been reduced to 5 days as of Mar'21, but with the commencement of new orders, there can be some temporary increases.
- SMR PBV capex may increase from EUR164mn in FY21 to EUR200-225mn in FY22. Of this, maintenance capex at EUR150-175mn.
- PKC continues to penetrate new customers across regions including China. Apart from the copper commodity inflation, margin was impacted by higher costs as a result of supply-chain issues.
- Standalone:** RM cost increased due to copper commodity inflation. Impact in PKC is higher than standalone division due to higher copper content in CVs and longer lag period (up to 6 months).
- In the near term, underlying Auto industry across regions are facing some challenges due to supply issues of semi-conductors. Expect the supply issues to be resolved in a quarter. However, OEM customers are not delaying product launches.
- Interest costs have not reduced in line with debt reduction, due to forex losses and redemption premiums.
- Deferred tax credits have been taken in FY21. FY22 tax rate may normalize toward 25%. SMR PBV rate expected at 25-27%. Standalone expected at 25%.
- Focus remains on Vision 2025 – revenue target of USD36bn with ROCE of 40%. Several inorganic opportunities are available and company is evaluating them. Focus on Non-Auto businesses will increase after re-organization in Q2FY22.

Exhibit 7: Revenue and EBITDA expectations – Expect revenue/ EBITDA CAGRs of 14%/ 33% over FY21-24E

Rs mn	FY20	FY21	FY22E	FY23E	FY24E
Sales	607,290	573,699	703,429	780,922	860,976
MSSL	39,851	36,692	48,073	55,284	61,918
SMR	122,251	111,368	131,622	141,087	150,501
SMPL	319,570	304,832	366,538	407,722	451,416
PKC	92,712	89,891	120,097	136,020	152,659
Others (bal)	32,906	30,917	37,100	40,810	44,483
EBIDTA	46,542	43,590	76,771	90,928	103,480
MSSL	5,547	4,406	6,730	8,016	9,411
SMR	14,572	12,211	17,111	19,047	20,769
SMPL	12,840	17,580	36,654	44,849	51,913
PKC	9,295	5,889	12,010	14,282	16,182
Others (bal)	4,287	3,504	4,266	4,734	5,204
EBIDTA margins	7.7%	7.6%	10.9%	11.6%	12.0%
MSSL	13.9%	12.0%	14.0%	14.5%	15.2%
SMR	11.9%	11.0%	13.0%	13.5%	13.8%
SMPL	4.0%	5.8%	10.0%	11.0%	11.5%
PKC	10.0%	6.6%	10.0%	10.5%	10.6%
Others (bal)	13.0%	11.3%	11.5%	11.6%	11.7%

Source: Company, Emkay Research

Exhibit 8: Revision in estimates

Rs mn	FY22E				FY23E				FY24E	
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Introducing	% YoY
Revenue	682,288	703,429	3.1	23	747,660	780,922	4.4	11	860,976	10.3
EBIDTA	71,705	76,771	7.1	76	81,405	90,928	11.7	18	103,480	13.8
EBIDTA margins (%)	10.5	10.9	40 bps	332 bps	10.9	11.6	76 bps	73 bps	12.0	38 bps
PAT	31,176	33,111	6.2	201	37,973	42,762	12.6	29	51,146	19.6
EPS	9.9	10.5	6.2	201	12.0	13.5	12.6	29	16.2	19.6

Source: Company, Emkay Research

Exhibit 9: Actual vs. Estimates (Q4FY21)

(Rs mn)	Actual	Estimates		% Variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Total Revenue	169,719	161,290	167,572	5.2	1.3	Above estimates due to higher-than-expected revenue in SMR, PKC and standalone divisions
EBITDA	17,223	15,639	17,828	10.1	(3.4)	
EBITDA Margin (%)	10.1	9.7	10.6	45 bps	(49) bps	Above estimates led by better margins across SMR, SMP and standalone divisions
Adjusted Net profit	7,138	4,706	5,364	51.7	33.1	Above estimates due to higher operating profit and deferred tax credit

Source: Bloomberg, Company, Emkay Research

Exhibit 10: Quarterly summary (Consolidated)

Rs mn	Q4FY20	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ (%)	FY21	FY20	YoY (%)
Revenue	144,345	149,572	170,924	169,719	17.6	(0.7)	573,699	607,290	(5.5)
Expenditure	131,923	135,654	152,969	152,496	15.6	(0.3)	530,109	560,748	(5.5)
as % of sales	91.4	90.7	89.5	89.9			92.4	92.3	
Consumption of RM	81,199	83,829	96,897	95,696	17.9	(1.2)	325,979	349,687	(6.8)
as % of sales	56.3	56.0	56.7	56.4			56.8	57.6	
Employee Cost	36,161	35,185	38,477	39,494	9.2	2.6	140,996	143,726	(1.9)
as % of sales	25.1	23.5	22.5	23.3			24.6	23.7	
Other expenditure	14,562	16,640	17,595	17,306	18.8	(1.6)	63,135	67,336	(6.2)
as % of sales	10.1	11.1	10.3	10.2			11.0	11.1	
EBITDA	12,422	13,918	17,955	17,223	38.6	(4.1)	43,590	46,542	(6.3)
Depreciation	7,794	7,346	7,353	7,568	(2.9)	2.9	29,261	27,210	7.5
EBIT	4,628	6,572	10,602	9,655	108.6	(8.9)	14,329	19,332	(25.9)
Other Income	198	553	652	616	211.5	(5.6)	2,293	2,246	2.1
Interest	1,366	1,269	1,380	1,365	(0.1)	(1.1)	5,115	5,928	(13.7)
PBT	3,460	5,856	9,874	8,906	157.4	(9.8)	11,508	15,649	(26.5)
Total Tax	2,974	1,657	(1,092)	656	(77.9)	(160.1)	(693)	6,881	(110.1)
Adjusted PAT	486	4,199	10,967	8,249	1,596.0	(24.8)	12,201	8,768	39.2
(Profit)/loss from JV's/Ass/MI	390	(1,088)	(4,363)	(2,813)			(4,454)	(669)	565.4
Adj. PAT after MI from continued ops	876	3,111	6,604	5,437	520.5	(17.7)	7,747	8,098	(4.3)
Extra ordinary items	-	(596)	(25)	(2)			623	-	
Reported PAT from continued ops	876	2,515	6,579	5,435	520.2	(17.4)	7,124	8,098	(12.0)
Adjusted EPS	0.3	1.0	2.1	1.7	520.5	(17.7)	2.5	2.6	(4.3)
Discontinued ops (DWH)									
Revenue	10,197	10,793	13,480	15,104	48.1	12.0	41,382	39,439	
PBT	1,298	1,151	1,878	2,296	76.8	22.2	4,395	4,905	
PAT	958	861	1,405	1,702	77.7	21.1	3,267	3,602	
Adjusted PAT including DWH	1,834	3,972	8,009	7,138	289.3	(10.9)	11,014	11,700	
Reported PAT including DWH	1,834	3,376	7,984	7,136	289.1	(10.6)	10,391	11,700	

Margins (%)			(bps)	(bps)			(bps)		
EBIDTA	8.6	9.3	10.5	10.1	154	(36)	7.6	7.7	(7)
EBIT	3.2	4.4	6.2	5.7	248	(51)	2.5	3.2	(69)
EBT	2.4	3.9	5.8	5.2	285	(53)	2.0	2.6	(57)
APAT continuing ops	0.6	2.7	4.7	4.2	360	(48)	2.1	1.4	68
Effective Tax rate	85.9	28.3	(11.1)	7.4	(7,857)	1,843	(6.0)	44.0	(5,000)

Source: Company, Emkay Research

Exhibit 11: Standalone – Quarterly snapshot

Rs mn	Q4FY20	Q2FY21	Q3FY21	Q4FY21	% YoY	% QoQ
Sales	9,913	9,956	11,269	12,690	28.0	12.6
EBITDA	1,439	1,393	1,601	1,743	21.2	8.8
EBITDA margins (%)	14.5	14.0	14.2	13.7	(78) bps	(48) bps
Depreciation	792	503	486	491	(38.0)	1.0
Finance cost (derived)	(69)	210	306	239	(448.6)	(21.9)
Reported PAT from continued ops	2,903	658	1,088	747	(74.3)	(31.3)
Adj. PAT from continued ops	2,903	856	1,088	747	(74.3)	(31.3)
Discontinued ops (DWH)						
Revenue	10,197	10,793	13,480	15,104	48.1	12.0
PBT	1,298	1,151	1,878	2,296	76.8	22.2
PAT	958	861	1,405	1,702	77.7	21.1

Source: Company, Emkay Research

Exhibit 12: SMR – Quarterly snapshot

Rs mn	Q4FY20	Q2FY21	Q3FY21	Q4FY21	% YoY	% QoQ
Sales (EUR mn)	371	350	385	371	0.0	(3.6)
Sales	29,628	30,426	33,884	32,585	10.0	(3.8)
EBITDA	4,392	4,086	4,489	4,216	(4.0)	(6.1)
EBITDA margins (%)	14.8	13.4	13.2	12.9	(189) bps	(31) bps

Source: Company, Emkay Research

Exhibit 13: SMP – Quarterly snapshot

Rs mn	Q4FY20	Q2FY21	Q3FY21	Q4FY21	% YoY	% QoQ
Sales (EUR mn)	936	915	1,064	991	5.9	(6.9)
Sales	74,749	79,541	93,643	87,040	16.4	(7.1)
Adj EBITDA	3,354	5,737	8,889	7,553	125.2	(15.0)
Adj EBITDA margins (%)	4.5	7.2	9.5	8.7	419 bps	(81) bps

Source: Company, Emkay Research

Exhibit 14: PKC – Quarterly snapshot

Rs mn	Q4FY20	Q2FY21	Q3FY21	Q4FY21	% YoY	% QoQ
Sales (EUR mn)	264	263	286	314	18.9	9.8
Sales	21,083	22,863	25,171	27,579	30.8	9.6
Adj EBITDA	1,677	1,999	2,376	2,196	30.9	(7.6)
Adj EBITDA margins (%)	8.0	8.7	9.4	8.0	1 bps	(148) bps

Source: Company, Emkay Research

Exhibit 15: Peer valuation

	CMP (Rs)	Target (Rs)	Mcap (Rs bn)	Reco	EPS (Rs)			PE (x)			ROE (%)			ROCE (%)		
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Ashok Leyland	124	155	364	Buy	-0.9	3.8	6.7	-135.9	32.8	18.4	-3.8	15.3	24.1	-0.6	15.7	24.6
Atul Auto	186	275	4	Buy	0.0	16.3	27.5	7592.9	11.4	6.8	0.0	11.3	16.9	0.4	14.1	20.8
Bajaj Auto	4,295	4,340	1243	Buy	157.4	200.8	237.1	27.3	21.4	18.1	20.2	22.8	26.3	25.7	29.1	33.6
Eicher Motors	2,678	3,180	732	Buy	49.3	99.1	129.4	54.3	27.0	20.7	12.6	21.6	23.5	16.1	26.3	28.1
Escorts Ltd	1,161	1,240	157	Hold	86.4	87.2	88.6	13.4	13.3	13.1	19.8	15.3	13.7	26.3	20.5	18.3
Hero Motocorp	2,973	3,870	594	Buy	148.4	177.5	204.1	20.0	16.7	14.6	20.2	22.5	24.2	26.0	29.0	31.1
Mahindra & Mahindra	806	920	1002	Hold	33.0	39.9	42.1	24.5	20.2	19.1	11.7	13.3	12.7	13.9	15.5	15.1
Maruti Suzuki	7,185	8,500	2170	Buy	140.1	262.5	334.2	51.3	27.4	21.5	8.5	14.7	17.0	10.4	18.8	21.8
Tata Motors	323	410	1148	Buy	-3.7	25.1	42.0	-86.9	12.8	7.7	-2.4	16.7	23.7	5.2	10.9	14.8
TVS Motor	617	730	293	Buy	12.9	21.3	28.4	47.9	29.0	21.7	15.7	22.3	25.2	17.1	25.0	29.1
Amara Raja Batteries	742	850	127	Hold	37.9	46.2	56.7	19.6	16.1	13.1	16.4	17.6	19.0	22.1	23.3	25.2
Apollo Tyres	230	290	146	Buy	15.1	13.6	18.1	15.2	16.9	12.7	9.0	7.4	9.2	8.9	8.5	10.1
Exide Industries	193	200	164	Hold	8.9	10.1	11.7	21.7	19.1	16.5	11.5	12.0	12.9	15.6	16.2	17.3
Motherson Sumi	269	325	850	Buy	3.5	10.5	13.5	77.2	25.7	19.9	10.1	28.1	29.7	6.8	19.5	22.0
Bharat Forge	698	760	325	Buy	6.6	18.3	27.5	105.6	38.1	25.4	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)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	607,290	573,699	703,429	780,922	860,976
Expenditure	560,748	530,109	626,658	689,994	757,496
EBITDA	46,542	43,590	76,771	90,928	103,480
Depreciation	27,210	29,261	32,113	34,297	36,580
EBIT	19,332	14,329	44,658	56,631	66,899
Other Income	2,246	2,293	3,490	4,870	6,350
Interest expenses	5,928	5,115	4,684	4,204	3,916
PBT	20,554	15,903	51,416	66,763	80,017
Tax	8,184	435	12,854	16,691	20,004
Extraordinary Items	0	(623)	0	0	0
Minority Int./Income from Assoc.	(669)	(4,454)	(5,451)	(7,310)	(8,867)
Reported Net Income	11,700	10,391	33,111	42,762	51,146
Adjusted PAT	11,700	11,014	33,111	42,762	51,146

Balance Sheet

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity share capital	3,158	3,158	3,158	3,158	3,158
Reserves & surplus	109,451	122,448	145,626	175,132	209,911
Net worth	112,609	125,606	148,784	178,289	213,069
Minority Interest	35,650	40,233	46,618	54,955	64,951
Loan Funds	116,691	88,261	96,580	86,580	80,580
Net deferred tax liability	(402)	(6,861)	(6,861)	(6,861)	(6,861)
Total Liabilities	264,548	247,240	285,120	312,963	351,738
Net block	207,501	199,709	192,865	185,363	177,138
Investment	7,960	9,747	9,747	9,747	9,747
Current Assets	225,949	234,610	327,551	388,981	461,782
Cash & bank balance	48,789	59,062	98,922	129,863	173,201
Other Current Assets	59,323	52,999	70,144	78,077	86,185
Current liabilities & Provision	185,380	223,386	271,601	297,687	323,487
Net current assets	40,569	11,225	55,950	91,294	138,295
Misc. exp	0	17,790	17,790	17,790	17,790
Total Assets	264,548	247,240	285,120	312,963	351,738

Cash Flow

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
PBT (Ex-Other income) (NI+Dep)	18,883	13,836	47,926	61,893	73,667
Other Non-Cash items	0	0	0	0	0
Chg in working cap	16,202	6,432	(4,866)	(4,402)	(3,663)
Operating Cashflow	61,275	48,218	62,309	72,845	82,569
Capital expenditure	(21,943)	(19,325)	(26,025)	(27,650)	(29,295)
Free Cash Flow	39,332	28,894	36,284	45,195	53,274
Investments	(1,210)	(45)	0	0	0
Other Investing Cash Flow	753	436	0	0	0
Investing Cashflow	(20,154)	(16,641)	(22,535)	(22,780)	(22,945)
Equity Capital Raised	0	37	0	0	0
Loans Taken / (Repaid)	(6,214)	(11,324)	14,703	(1,663)	3,996
Dividend paid (incl tax)	(12,794)	(1,612)	(9,933)	(13,256)	(16,367)
Other Financing Cash Flow	(3,127)	(4,264)	0	0	0
Financing Cashflow	(27,801)	(21,305)	86	(19,123)	(16,287)
Net chg in cash	13,320	10,273	39,860	30,942	43,338
Opening cash position	35,469	48,789	59,062	98,922	129,863
Closing cash position	48,789	59,062	98,922	129,863	173,201

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY20	FY21	FY22E	FY23E	FY24E
EBITDA Margin	7.7	7.6	10.9	11.6	12.0
EBIT Margin	3.2	2.5	6.3	7.3	7.8
Effective Tax Rate	39.8	2.7	25.0	25.0	25.0
Net Margin	2.0	2.7	5.5	6.4	7.0
ROCE	8.4	6.8	19.5	22.0	23.4
ROE	10.7	10.1	28.1	29.7	29.0
RoIC	9.8	8.2	29.9	38.6	46.8

Per Share Data (Rs)	FY20	FY21	FY22E	FY23E	FY24E
EPS	3.7	3.5	10.5	13.5	16.2
CEPS	12.3	12.8	20.7	24.4	27.8
BVPS	35.1	33.6	41.0	50.3	61.3
DPS	1.5	1.5	3.1	4.2	5.2

Valuations (x)	FY20	FY21	FY22E	FY23E	FY24E
PER	72.6	77.2	25.7	19.9	16.6
P/CEPS	21.8	21.1	13.0	11.0	9.7
P/BV	7.7	8.0	6.6	5.4	4.4
EV / Sales	1.5	1.5	1.2	1.0	0.9
EV / EBITDA	19.7	20.2	11.0	8.9	7.3
Dividend Yield (%)	0.6	0.6	1.2	1.6	1.9

Gearing Ratio (x)	FY20	FY21	FY22E	FY23E	FY24E
Net Debt/ Equity	0.6	0.3	0.0	(0.3)	(0.5)
Net Debt/EBIDTA	1.5	0.7	0.0	(0.5)	(0.9)
Working Cap Cycle (days)	(4.9)	(30.4)	(22.3)	(18.0)	(14.8)

Growth (%)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	(4.4)	(5.5)	22.6	11.0	10.3
EBITDA	(13.0)	(6.3)	76.1	18.4	13.8
EBIT	(41.2)	(25.9)	211.7	26.8	18.1
PAT	(27.5)	(11.2)	218.6	29.1	19.6

Quarterly (Rs mn)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Revenue	144,345	83,484	149,572	170,924	169,719
EBITDA	12,422	(5,507)	13,918	17,955	17,223
EBITDA Margin (%)	8.6	(6.6)	9.3	10.5	10.1
PAT	1,834	(8,105)	3,972	8,009	7,138
EPS (Rs)	0.6	(2.6)	1.3	2.5	2.3

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Promoters	61.7	61.7	61.7	61.7	61.7
FIs	15.5	15.6	16.0	16.1	16.6
DIs	13.6	13.4	13.6	14.3	13.4
Public and Others	9.2	9.3	8.7	7.9	8.2

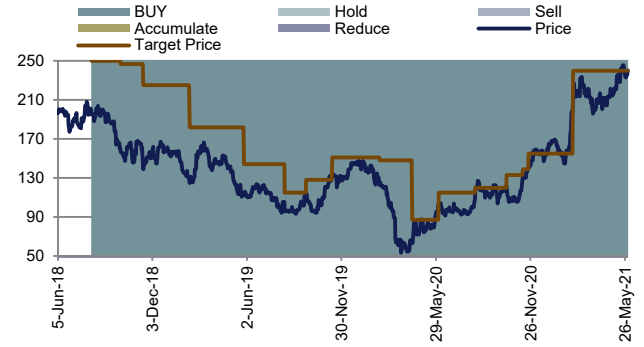
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
1-Jun-21	237	240	12m	Buy	Raghunandhan NL
30-May-21	235	240	12m	Buy	Raghunandhan NL
15-Feb-21	211	240	12m	Buy	Raghunandhan NL
22-Nov-20	140	155	12m	Buy	Raghunandhan NL
11-Nov-20	131	139	12m	Buy	Raghunandhan NL
11-Oct-20	121	133	12m	Buy	Raghunandhan NL
28-Sep-20	113	120	12m	Buy	Raghunandhan NL
12-Aug-20	117	120	12m	Buy	Raghunandhan NL
5-Jul-20	98	115	12m	Buy	Raghunandhan NL
29-Jun-20	95	115	12m	Buy	Raghunandhan NL
3-Jun-20	101	115	12m	Buy	Raghunandhan NL
4-May-20	77	87	12m	Buy	Raghunandhan NL
13-Apr-20	63	87	12m	Buy	Raghunandhan NL
27-Feb-20	107	148	12m	Buy	Raghunandhan NL
14-Feb-20	122	148	12m	Buy	Raghunandhan NL
11-Feb-20	123	148	12m	Buy	Raghunandhan NL
27-Dec-19	145	151	12m	Buy	Raghunandhan NL
27-Nov-19	131	151	12m	Buy	Raghunandhan NL
12-Nov-19	132	151	12m	Buy	Raghunandhan NL
23-Sep-19	114	128	12m	Buy	Raghunandhan NL
13-Aug-19	96	115	12m	Buy	Raghunandhan NL
27-May-19	112	144	12m	Buy	Raghunandhan NL
12-Feb-19	125	182	12m	Buy	Raghunandhan NL
15-Nov-18	139	225	12m	Buy	Raghunandhan NL
3-Oct-18	157	247	12m	Buy	Raghunandhan NL
8-Aug-18	197	250	12m	Buy	Raghunandhan NL

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Automobiles & Auto Ancillaries



Analyst: Raghunandhan NL

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Sector

Automobiles and Ancillaries

Analyst bio

Raghu holds an MBA and comes with total 12 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	5.19	5.19	0%	0	100.00
Amara Raja Batteries	0.07	0.05	-24%	-2	1.00
Apollo Tyres	0.00	0.00	NA	0	0.00
Ashok Leyland	0.19	0.24	25%	5	4.65
Atul Auto	0.00	0.00	NA	0	0.00
Bajaj Auto	0.62	0.62	0%	0	12.03
Bharat Forge	0.19	0.24	27%	5	4.63
Eicher Motors	0.42	0.47	11%	5	9.00
Escorts	0.00	0.00	NA	0	0.00
Exide Industries	0.10	0.08	-21%	-2	1.50
Hero Motocorp	0.44	0.44	0%	0	8.43
Mahindra & Mahindra	0.87	0.56	-36%	-31	10.84
Maruti Suzuki India	1.07	1.12	5%	6	21.60
Motherson Sumi	0.32	0.32	0%	0	6.21
Tata Motors	0.68	0.73	7%	5	14.03
Tata Motors DVR*	0.08	0.12	58%	5	2.39
TVS Motor	0.14	0.19	39%	5	3.70
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	2-Jun-20	2-Dec-20	2-Mar-21	30-Apr-21	1-Jun-21
EAP - Auto & Auto Ancillaries	100.0	73.0	105.0	128.4	114.7	124.4
BSE200 Neutral Weighted Portfolio (ETF)	100.0	75.6	107.5	128.9	115.1	124.5

*Performance measurement base date 1st April 2019

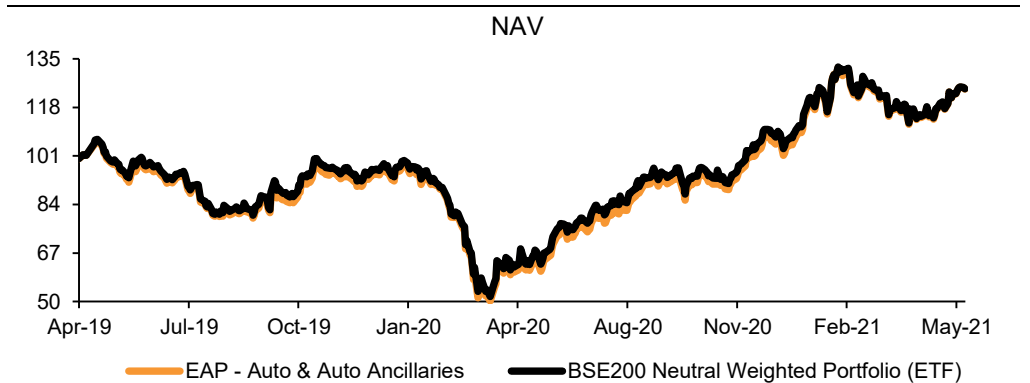
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Auto & Auto Ancillaries	8.5%	-3.2%	18.4%	70.4%
BSE200 Neutral Weighted Portfolio (ETF)	8.2%	-3.4%	15.8%	64.8%

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%

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