

Result Preview



Company

Amara Raja Batt.
Apollo Tyres
Ashok Leyland
Bajaj Auto
Balkrishna Inds
Bharat Forge
Bosch
CEAT
Eicher Motors
Endurance Tech.
Escorts Kubota
Exide Inds.
Hero Motocorp
Mahindra & Mahindra
Mahindra CIE
Maruti Suzuki
Motherson Wiring
MRF
Samvardhana Motherson
Sona BLW Precis.
Tata Motors
Tube Investments
TVS Motor

Chip supplies easing, festive season critical for 2Ws and Tractors

Margin to improve for the 2nd straight quarter despite a residual cost push

- Volumes in 2QFY23 recovered across segments on a low base of 2QFY22, aided by some improvement in semiconductor supplies. Wholesale volumes for PVs grew 25% YoY and 5% QoQ, CVs grew 37% YoY and 7% QoQ, 2Ws grew 5% YoY and 12.5% QoQ, and Tractors grew 7% YoY (but fell 15% QoQ).
- For the second quarter in a row, we expect EBITDA margin to improve by 310bp YoY and 130bp QoQ for MOFSL's Auto OEM Universe, led by price hikes and operating leverage, despite the residual impact of an increase in RM cost. Except HMCL and MM, all other OEMs are likely to report a YoY improvement in margin (a QoQ improvement for all OEMs).
- We expect a 12%/22%/7%/14%/19%/26% volume CAGR (FY22-24E) for 2Ws/ PVs/ Tractors/3Ws/LCVs/M&HCVs.
- We revise our FY23 EPS estimate for select companies to reflect: a) forex and commodity price-related changes, b) weakness in export markets, and c) an increase in interest rates. We lower our FY23 estimate for TTMT (-20%), MOTHERSO (-13%), and HMCL (-5%). There are no major upgrades to our EPS estimates for FY23.

Supply-side issues easing, festive season critical for 2Ws and Tractors

Volumes in 2QFY23 recovered across segments on a low base of 2QFY22, aided by some improvement in semiconductor supplies. The demand momentum sustained in PVs and CVs, while 2Ws and Tractors saw some signs of a recovery. Wholesale volumes for PVs grew 25% YoY and 5% QoQ, CVs grew 37% YoY and 7% QoQ, 2Ws grew 5% YoY and 12.5% QoQ, and Tractors grew 7% YoY (but fell 15% QoQ). Tractor is the only segment to witness a QoQ drop in volumes as OEMs were focused on inventory correction in 1QFY23. Exports overall have been under pressure for OEMs as well as Auto Component suppliers due to various frictions in the global trade.

Price hikes and operating leverage to drive margin improvement despite cost inflation

For the second quarter in a row, we expect EBITDA margin to improve by 310bp YoY and 130bp QoQ for MOFSL's Auto OEM Universe, led by price hikes and operating leverage, despite the residual impact of an increase in RM cost. Except HMCL and MM, all other OEMs are likely to report a YoY margin improvement (QoQ improvement for all OEMs). 2QFY23 will see an increase in commodity costs on account of the lag impact of steel price and crude derivatives. The same was more than offset by some softening in other commodities and price hikes, resulting in a gross margin expansion of 50bp YoY and 90bp QoQ.

Some major headwinds recede, but new ones emerge

After operating through several headwinds in the last three-to-four years, some of these headwinds are turning into tailwinds. While demand recovery is expected to sustain on a low base, commodity prices have started to moderate, with benefits expected to accrue from 3QFY23. Increase in interest and weakening global macros can be an emerging concern for demand. We expect a 12%/22%/7% volume CAGR (FY22-24) for 2Ws/PVs/Tractors. For 3Ws/LCVs/M&HCVs, we expect a volume CAGR of 14%/19%/26% over FY22-24.

Valuation and view

We revise our FY23 EPS estimate for select companies to reflect: a) forex and commodity price-related changes, b) weakness in export markets, and c) an increase in interest rates. We lower our FY23 estimate for TTMT (-20%), MOTHERSO (-13%), and HMCL (-5%). There are no major upgrades to our EPS estimates for FY23. We prefer companies with: a) a higher visibility in terms of a demand recovery, b) a strong competitive positioning, c) margin drivers, and d) Balance Sheet strength. **MSIL** and **AL** are our top OEM picks. Among Auto Component stocks, we prefer **BHFC** and **APTY**. We also prefer **HMCL** as a pure play on a demand recovery in the domestic 2W space.

Exhibit 1: Summary of expected quarterly performance

Example 17: Summary of expected quarterly performance											
Sector	CMP		Sales (INR m)			EBDITA (INR m)			Net profit (INR m)		
	(INR)	Rating	Sep-22	YoY	QoQ	Sep-22	YoY	QoQ	Sep-22	YoY	QoQ
Automobiles											
Amara Raja Batt.	481	Neutral	25,359	12.0	-3.2	2,656	-1.2	1.8	1,336	-7.3	1.7
Apollo Tyres	264	Buy	59,033	16.3	-0.7	7,007	9.8	1.6	1,745	-1.2	-8.5
Ashok Leyland	150	Buy	81,272	82.3	12.5	5,153	282.6	60.9	1,941	LP	229.3
Bajaj Auto	3516	Neutral	99,427	15.3	24.2	16,821	33.5	29.7	14,547	24.8	24.0
Balkrishna Inds	1869	Neutral	26,258	26.3	-3.7	5,252	-4.5	-1.9	3,321	-16.8	3.9
Bharat Forge	692	Buy	17,791	11.5	1.1	4,699	5.9	2.1	2,782	-8.3	13.1
Bosch	15636	Neutral	36,475	25.0	2.9	4,888	36.7	8.7	3,694	-0.7	10.5
CEAT	1567	Buy	27,460	12.0	-2.6	1,850	-16.0	11.9	196	-53.8	101.0
Eicher Motors	3464	Buy	36,435	62.0	7.2	8,781	86.9	5.7	6,910	85.2	13.2
Endurance Tech.	1403	Buy	21,900	16.0	3.6	2,608	0.3	9	1,271	-4.7	14.3
Escorts Kubota	2059	Neutral	18,637	12.1	-7.5	2,026	-3.6	0.5	1,636	-7.4	11.0
Exide Inds.	154	Buy	37,835	15.0	-3.0	4,017	-2.8	3.9	2,314	-1.3	2.2
Hero Motocorp	2526	Buy	87,942	4.0	4.8	10,174	-4.6	8.1	7,250	-8.7	16.1
Mahindra & Mahindra	1252	Buy	2,02,175	51.9	3.1	24,867	49.8	6.2	22,702	34.6	54.3
Mahindra CIE	284	Buy	27,084	29.5	0.0	3,214	19.7	5.6	1,723	18.4	-8.7
Maruti Suzuki	8544	Buy	2,93,743	43.0	10.8	26,924	214.9	40.8	18,874	297.1	86.4
Samvardhana Motherson	73	Buy	1,68,472	16.9	-4.4	11,830	9.3	9.9	2,222	57.6	57.3
Motherson Wiring	88	Buy	18,380	31.3	10.0	2,546	43.0	25.5	1,605	40.8	27.4
MRF	80699	Neutral	54,114	12.0	-3.3	5,386	5.2	12.6	1,470	-19.8	30.8
Sona BLW Precis.	459	Neutral	6,401	9.3	8.6	1,581	2.4	10.9	865	-1.9	14.1
Tata Motors	398	Buy	8,53,526	39.1	18.7	95,240	135.2	199.4	7,543	LP	LP
Tube Investments	2698	Buy	19,964	19.8	2.0	2,159	12.0	5.8	1,494	23.0	11.2
TVS Motor	995	Neutral	68,592	22.6	14.2	7,213	33.5	20.3	3,907	49.7	21.9
Automobiles			22,88,273	32.4	9.7	2,56,892	62.7	49.2	1,11,346	269.8	779.0

Exhibit 2: Volume snapshot in 1QFY23 ('000 units)

	2QFY23E	2QFY22	YoY (%)	1QFY23	QoQ (%)	1HFY23E	1HFY22	YoY (%)
Two-wheelers	5,478	5,221	4.9	4,872	12.5	10,350	8,765	18.1
Three-wheelers	222	191	16.6	171	29.9	393	353	11.5
Passenger Cars	454	447	1.7	516	-11.9	970	863	12.4
UVs and MPVs	667	452	47.5	554	20.2	1,221	809	51.0
Total PVs	1,121	899	24.7	1,070	4.7	2,191	1,672	31.0
M&HCVs	85	61	38.8	82	3.9	166	96	72.8
LCVs	175	128	36.7	162	8.1	337	215	56.9
Total CVs	260	189	37.3	244	6.7	503	311	61.9
Tractors	236	222	6.6	278	-14.8	514	451	13.9
Total (excl. Tractors)	7,081	6,500	8.9	6,356	11.4	13,438	11,101	21.1

Source: Company, MOFSL

Exhibit 3: Commodity prices soften slightly (indexed)

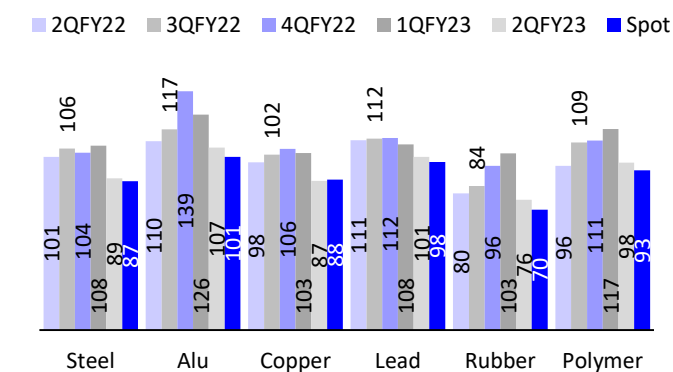


Exhibit 4: Trend in key currencies v/s the INR (average, indexed)

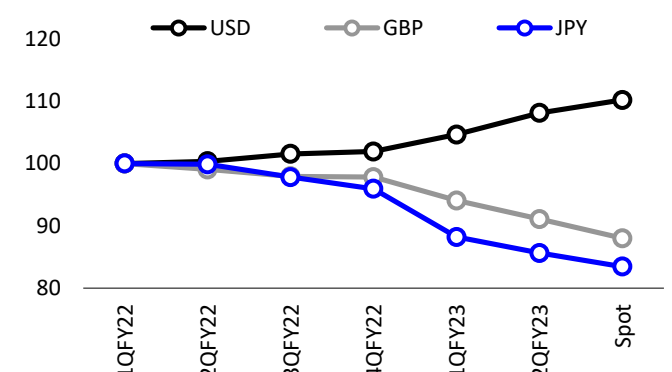
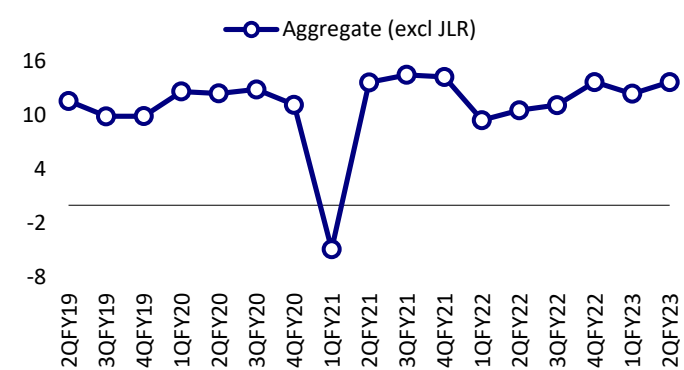
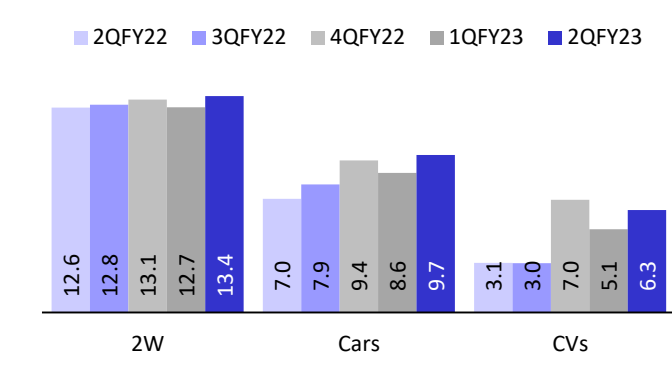


Exhibit 5: Margin to improve on a YoY and QoQ basis



Source: MOFSL

Exhibit 6: Trend in segment-wise EBITDA margin (%)



Source: MOFSL

Exhibit 7: QoQ increase in RM cost, operating leverage drives margin decline

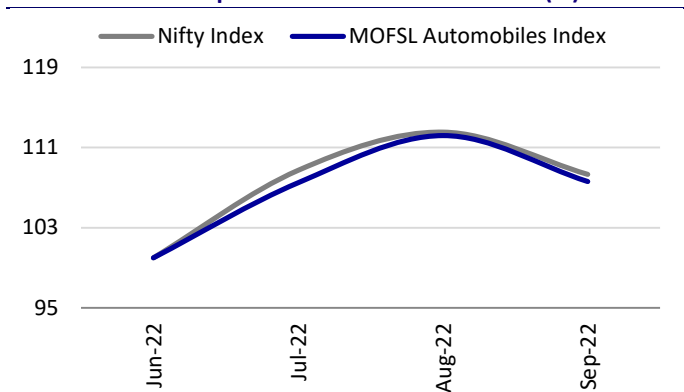
	Volumes ('000 units)					EBITDA margin (%)					Adj. PAT (INR m)		
	2QFY23E	2QFY22	YoY (%)	1QFY23	QoQ (%)	2QFY23	2QFY22	YoY (%)	1QFY23	QoQ (%)	2QFY23	YoY (%)	QoQ (%)
BJAUT	1,151	1144	0.6	933.6	23.3	16.9	14.6	230	16	70	14,547	24.8	24.0
HMCL	1,428	1439	-0.7	1,390.2	2.7	11.6	12.6	-100	11	40	7,250	-8.7	16.1
TVSL	1,027	917	12.1	906.8	13.3	10.5	9.7	90	10	50	3,907	49.7	21.9
MSIL	517	380	36.3	467.9	10.6	9.2	4.2	500	7	200	18,874	297.1	86.4
MM	273	191	43.3	272.0	0.5	12.3	12.5	-20	12	40	22,702	34.6	54.3
TTMT India CV**	101	50	104.2	119.8	-15.6	5.4	1.1	430	6.1	-60	3,020	NA	-50.3
TTMT India PV**	130	15	793.2	123.6	5.5	6.2	4.0	220	7.0	-80	140	NA	-66.7
TTMT (JLR) *	102	78	30.3	82.6	23.4	13.2	7.3	590	6	690	124	-132.6	-121.0
TTMT (Cons.)						11.2	6.6	460	4	670	7,543	-117.0	-112
AL	45	28	64.5	39.7	14.2	6.3	3.0	330	4	190	1,941	-333.1	229.3
EIM (RE)	208	123	68.3	187.2	11.0	24.8	20.3	460	24	60	6,809	98.3	17.4
EIM (VECV)	18	15	16.3	17.5	0.7	6.3	5.4	90	5	110	766	332.8	23.1
EIM (Cons.)						24.8	20.3	460	24	60	6,910	85.2	13.2
Aggregate (excl. JLR)	4,911	4407	11.4	4,446	10.5	13.7	10.6	310	12.4	130	82,993	77.6	48.5

Source: *JLR (in GBP m), ** PBT numbers in adj. PAT column Company, MOFSL

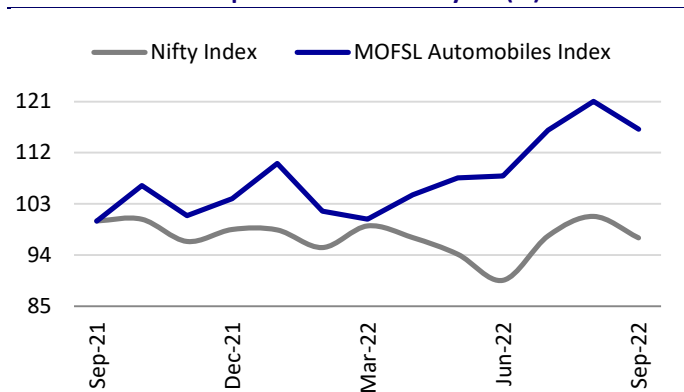
Exhibit 8: Revised estimates

	FY23E			FY24E		
	Revised	Old	Change (%)	Revised	Old	Change (%)
Bajaj Auto	221.5	226.0	-2.0	239.7	250.4	-4.3
Hero MotoCorp	142.4	149.9	-5.0	184.0	190.8	-3.5
TVS Motor	32.0	31.2	2.4	39.9	36.4	9.7
Eicher Motors*	111.2	109.3	1.8	154.5	150.6	2.6
Maruti*	230.7	230.7	0.0	381.2	382.8	-0.4
M&M (incl. MVML)	57.1	55.7	2.6	79.7	73.3	8.7
Tata Motors*	4.3	5.3	-19.9	24.7	26.5	-6.6
Ashok Leyland	3.2	3.1	2.6	7.3	7.2	0.5
Escorts Kubota	68.1	70.1	-2.8	83.6	81.0	3.3
Amara Raja	32.2	31.6	2.1	41.4	45.1	-8.1
Exide Industries	11.2	11.2	0.0	14.0	13.2	6.1
Bosch	453	452	0.3	621	603	3.0
Endurance Tech.*	39.3	38.6	1.7	54.4	55.6	-2.2
Mahindra CIE*	18.6	19.2	-3.2	22.1	22.3	-0.8
Bharat Forge*	26.1	26.5	-1.6	32.1	33.3	-3.3
Samvardhana Motherson Int'l*	2.2	2.5	-12.8	4.1	4.6	-11.7
Sona BLW Precision Forgings	7.0	7.2	-2.7	10.0	11.1	-10.4
Ceat	34.4	34.4	0.0	111.1	106.4	4.4
Apollo Tyres*	16.1	16.1	0.0	23.8	23.8	0.0
Balkrishna Ind.	74.4	76.6	-2.8	89.8	98.4	-8.7
MRF	1,851.2	1,851.2	0.0	3,701.0	3,701.0	0.0
Motherson Sumi Wiring India	1.9	1.9	0.0	2.6	2.5	3.6
Tube Investments of India	58.9	58.9	0.0	78.9	76.7	2.9

*Source: Company, MOFSL

Exhibit 9: Relative performance – three-months (%)

Source: Bloomberg, MOFSL

Exhibit 10: Relative performance – one-year (%)

Source: Bloomberg, MOFSL

Exhibit 11: Comparative valuation

Company	CMP (INR)	Rating	EPS (INR)			P/E (x)			P/B (x)			RoE (%)		
			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Automobiles						66.6	30.2	19.1	4.1	3.8	3.3	6.1	12.5	17.4
Amara Raja Batt.	481	Neutral	29.9	32.2	41.4	16.1	14.9	11.6	1.8	1.7	1.6	11.7	11.7	14.0
Apollo Tyres	264	Buy	11.2	16.1	23.8	23.5	16.4	11.1	1.3	1.2	1.1	5.5	7.6	10.5
Ashok Leyland	150	Buy	0.1	3.2	7.3	1,424	47	20.7	6.0	5.7	4.8	0.4	12.5	25.2
Bajaj Auto	3,516	Neutral	183.6	221.5	239.7	19.2	15.9	14.7	3.8	4.0	3.9	20.5	24.3	26.7
Balkrishna Inds	1,869	Neutral	76.6	74.4	89.8	24.4	25.1	20.8	5.2	4.6	4.0	22.9	19.4	20.5
Bharat Forge	692	Buy	21.7	26.1	32.1	31.9	26.5	21.5	4.9	4.3	3.7	16.9	17.3	18.5
Bosch	15,636	Neutral	412.8	452.3	603.1	37.9	34.6	25.9	4.3	4.0	3.6	11.9	11.9	14.5
CEAT	1,567	Buy	19.6	34.4	111.1	79.9	45.6	14.1	1.9	1.9	1.7	2.4	4.2	12.6
Eicher Motors	3,464	Buy	61.3	111.2	154.5	56.5	31.1	22.4	7.5	6.3	5.1	13.9	22.1	25.2
Endurance Tech.	1,403	Buy	34.5	39.3	54.4	40.6	35.7	25.8	5.0	4.6	4.1	13.0	13.4	16.7
Escorts Kubota	2,059	Neutral	69.2	68.1	83.6	29.7	30.2	24.6	3.0	2.8	2.8	12.1	9.5	11.8
Exide Inds.	154	Buy	9.9	11.2	14.0	15.6	13.8	11.0	1.2	1.2	1.1	7.9	8.4	9.7
Hero Motocorp	2,526	Buy	123.8	142.4	184.0	20.4	17.7	13.7	3.2	3.1	2.9	16.0	17.7	21.6
Mahindra & Mahindra	1,252	Buy	43.0	57.1	79.7	29.1	21.9	15.7	3.8	3.4	2.8	13.9	16.4	19.6
Mahindra CIE	284	Buy	13.8	18.6	22.1	20.5	15.3	12.8	2.1	1.9	1.7	10.4	12.8	13.7
Maruti Suzuki	8,544	Buy	128.4	223.8	381.2	66.5	38.2	22.4	4.8	4.4	3.9	7.0	11.3	17.1
Motherson Wiring	88	Buy	1.5	1.9	2.6	60.3	45.4	33.5	24.8	19.0	14.0	50.3	47.4	48.1
MRF	80,699	Neutral	1,578.4	1,851.2	3,701.0	51.1	43.6	21.8	2.4	2.3	2.1	4.9	5.5	10.1
Samvardhana Motherson	73	Buy	1.2	2.2	4.1	60.1	32.8	17.8	2.4	2.3	2.1	5.0	7.1	12.3
Sona BLW Precis.	459	Neutral	5.8	7.0	10.0	78.9	65.2	46.0	13.4	11.6	9.8	20.6	19.1	23.1
Tata Motors	398	Buy	-28.2	4.3	24.7	-14.1	93.0	16.1	3.4	3.2	2.7	-21.7	3.6	18.3
Tube Investments	2,698	Buy	50.5	58.9	78.9	53.4	45.8	34.2	16.9	13.5	10.6	37.2	32.8	34.7
TVS Motor	995	Neutral	18.9	32.0	39.9	52.5	31.1	24.9	9.8	7.8	6.1	20.0	27.9	27.5

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

Amara Raja Batteries

Neutral
CMP: INR481 | TP: INR540 (+12%)
EPS CHANGE (%): FY23|24E: 2|-8

- The strong revenue growth is driven by price hikes, good replacement, and OEM demand, despite weak exports

- Lead prices declined by 7%/10% QoQ in 2Q/on a spot basis, the benefit of both will reflect in 3QFY23

Quarterly performance

(INR m)

Y/E March (INR m)	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	18,859	22,642	23,651	21,807	26,200	25,359	26,016	27,170	86,958	1,04,745
YoY change (%)	63.8	17.0	20.7	3.7	38.9	12.0	10.0	24.6	21.6	20.5
RM Cost (as a percentage of sales)	68.9	70.1	70.3	72.1	73.4	72.5	72.3	71.8	70.4	72.5
Staff Cost (as a percentage of sales)	6.3	5.8	5.5	5.5	5.1	5.2	5.2	5.1	5.7	5.2
Other Exp. (as a percentage of sales)	11.6	12.2	12.3	12.3	11.5	11.8	12.0	11.9	12.1	11.8
EBITDA	2,499	2,689	2,840	2,199	2,609	2,656	2,747	3,038	10,226	11,051
Margin (%)	13.2	11.9	12.0	10.1	10.0	10.5	10.6	11.2	11.8	10.6
Depreciation	963	986	1,021	987	963	980	1,020	1,129	3,957	4,092
Interest	32	36	38	46	46	40	40	39	151	165
Other Income	166	264	190	160	170	160	150	120	780	600
PBT after EO	1,670	1,932	1,971	1,325	1,770	1,796	1,837	1,990	6,898	7,393
Tax	431	491	524	340	455	460	470	507	1,786	1,893
Tax Rate (%)	25.8	25.4	26.6	25.6	25.7	25.6	25.6	25.5	25.9	25.6
Adj. PAT	1,239	1,441	1,447	985	1,315	1,336	1,367	1,482	5,113	5,500
YoY change (%)	97.7	-28.5	-25.1	-48.0	6.1	-7.3	-5.5	50.4	-21.0	7.6

E: MOFSL estimates

Apollo Tyres

Buy
CMP: INR264 | TP: INR325 (+23%)
EPS CHANGE (%): FY23|24E: 0|0

- Replacement demand is seeing a recovery, with support from a growth in OEM sales, but exports are weak
- Margin in the EU business will be adversely impacted by higher SR prices, but the same will be partially offset by higher prices

- RM cost is higher by 2-3% QoQ in 2QFY23. The management has raised prices by 3-5%
- The benefit of a decline in RM cost will reflect from 3QFY23

Consolidated quarterly earning model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenue	45,845	50,773	57,075	55,783	59,420	59,033	64,099	61,068	2,09,476	2,43,620
YoY change (%)	59.1	18.2	12.4	11.0	29.6	16.3	12.3	9.5	21.2	16.3
EBITDA	5,668	6,380	7,429	6,264	6,898	7,007	8,586	8,638	25,741	31,130
Margin (%)	12.4	12.6	13.0	11.2	11.6	11.9	13.4	14.1	12.3	12.8
Depreciation	3,404	3,397	3,443	3,753	3,437	3,675	3,900	4,024	13,997	15,036
Interest	1,046	1,036	1,083	1,279	1,182	1,250	1,250	1,338	4,444	5,020
Other Income	405	289	170	372	106	195	200	356	1,235	858
PBT before EO expense	1,623	2,236	3,073	1,603	2,384	2,277	3,636	3,633	8,535	11,931
Extra-Ord. expense	9	44	5	0	0	0	0	0	59	0
PBT	1,613	2,192	3,068	1,603	2,384	2,277	3,636	3,633	8,476	11,931
Tax	336	454	833	467	478	532	845	883	2,091	2,738
Rate (%)	20.8	20.7	27.2	29.2	20.0	23.4	23.2	24.3	24.7	22.9
Reported PAT	1,278	1,738	2,235	1,136	1,906	1,745	2,791	2,750	6,387	9,192
Adj. PAT	1,285	1,766	2,238	1,135	1,907	1,745	2,791	2,750	6,432	9,192
YoY change (%)	-195.5	37.2	-40.4	-60.6	48.4	-1.2	24.7	142.2	-2.2	42.9
Margin (%)	2.8	3.5	3.9	2.0	3.2	3.0	4.4	4.5	3.1	3.8

E: MOFSL estimates

Ashok Leyland**Buy****CMP: INR150 | TP: INR185 (+23%)****EPS CHANGE (%): FY23|24E: 3|0.5**

- Demand for M&HCVs remains strong, whereas improving semiconductor supplies has benefitted the LCV segment
- The QoQ improvement in margin is driven by: a) price increases, and c) operating leverage
- Discounts have been stable QoQ, despite seasonality
- Our EPS upgrade is driven by volumes.

Standalone quarterly performance**(INR m)**

	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Volumes (units)	17,987	27,543	34,077	48,719	39,651	45,295	42,765	53,995	1,28,326	1,81,706
Growth (%)	371.6	41.7	2.0	10.6	120.4	64.5	25.5	10.8	27.4	41.6
Realizations (INR'000)	1,641	1,619	1,624	1,795	1,822	1,794	1,705	1,869	1,690	1,801
Change (%)	-3.9	10.9	12.7	13.0	11.0	10.9	4.9	4.1	11.2	6.6
Net operating revenue	29,510	44,579	55,352	87,443	72,229	81,272	72,895	1,00,933	2,16,883	3,27,329
Change (%)	353.4	57.2	15.0	24.9	144.8	82.3	31.7	15.4	41.7	50.9
RM/sales (%)	74.1	76.7	77.9	78.2	79.3	78.0	76.5	76.2	77.3	77.4
Staff/sales (%)	14.4	9.0	7.8	5.0	6.2	5.7	6.2	4.7	7.8	5.6
Other exp./sales (%)	16.2	11.3	10.2	7.9	10.1	10.0	10.0	9.9	10.3	10.0
EBITDA	-1,401	1,347	2,239	7,760	3,203	5,153	5,291	9,299	9,945	22,945
EBITDA Margin (%)	-4.7	3.0	4.0	8.9	4.4	6.3	7.3	9.2	4.6	7.0
Interest	707	871	668	765	689	700	650	648	3,011	2,687
Other Income	134	209	176	242	256	220	230	214	761	920
Depreciation	1,835	1,843	1,897	1,954	1,824	1,900	1,950	2,030	7,528	7,704
PBT before EO Item	-3,809	-1,157	-149	5,284	946	2,773	2,921	6,835	168	13,474
EO Exp./Inc.)	17	-2	-420	-4,703	-130	0	0	0	-5,108	-130
PBT after EO	-3,826	-1,155	271	9,987	1,077	2,773	2,921	6,835	5,276	13,605
Effective Tax Rate (%)	26.2	28.1	78.7	9.7	36.8	30.0	30.0	28.9	-2.7	30.0
Adj. PAT	-2,806	-832	-374	4,184	589	1,941	2,045	4,857	172	9,432
Change (%)	-27.6	-42.7	-338.6	96.7	-121.0	-333.1	-646.8	16.1	-105.7	5,373.5

E: MOFSL estimates

Bajaj Auto**Neutral****CMP: INR3,516 | TP: INR4,000 (14%)****EPS CHANGE (%): FY23|24E:-2|-4**

- 2W domestic demand is showing signs of a recovery, whereas exports remain weak
- The entire benefit of a correction in RM cost and a weaker USD:INR to reflect in 3QFY23
- Semiconductor shortages have started to ease, benefitting the production of Premium Motorcycles and EVs
- Expect margin to improve on a QoQ basis, driven by price hikes, a weak USD:INR, and operating leverage

Quarterly performance**(INR m)**

	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volumes ('000 units)	1,006	1,144	1,181	977	934	1,151	1,195	1,292	4,308	4,572
Growth (YoY %)	127.0	8.6	-9.6	-16.5	-7.2	0.6	1.2	32.3	8.4	6.1
Realization (INR/unit)	73,419	75,328	76,367	81,655	85,739	86,382	85,950	86,125	76,601	86,065
Growth (YoY %)	5.6	10.9	12.0	11.1	16.8	14.7	12.5	5.5	9.7	12.4
Net Sales	73,860	86,206	90,217	79,748	80,050	99,427	1,02,715	1,11,282	3,30,032	3,93,473
Change (%)	139.9	20.5	1.3	-7.2	8.4	15.3	13.9	39.5	19.0	19.2
RM/Sales (%)	73.0	74.9	74.7	71.9	72.2	72.2	71.8	71.8	73.7	72.0
Staff cost/Sales (%)	4.9	4.1	3.8	3.8	4.7	3.9	3.9	3.7	4.1	4.0
Oth. Exp./Sales (%)	6.9	6.5	6.3	7.1	6.9	7.0	7.0	7.0	6.7	7.0
EBITDA	11,198	12,596	13,721	13,656	12,970	16,821	17,867	19,534	51,171	67,192
EBITDA margin (%)	15.2	14.6	15.2	17.1	16.2	16.9	17.4	17.6	15.5	17.1
Other Income	3,293	3,183	2,728	2,889	3,193	3,050	3,100	3,132	12,092	12,476
Extraordinary Inc.	0	1,416	0	3,153	0	0	0	0	4,568	0
Interest	23	17	18	29	43	30	30	27	87	130
Depreciation	641	656	698	697	673	700	725	732	2,692	2,830
PBT after EO	13,827	16,521	15,733	18,972	15,447	19,141	20,212	21,908	65,054	76,708
Effective Tax Rate (%)	23.3	22.9	22.8	22.6	24.0	24.0	24.0	24.1	22.8	24.0
Adj. PAT	10,612	11,653	12,142	12,257	11,733	14,547	15,361	16,634	46,665	58,275
Change (%)	101.0	2.4	(22.0)	(8.0)	10.6	24.8	26.5	35.7	2.5	24.9

E: MOFSL estimates

Balkrishna Industries**Neutral****CMP: INR1,869 | TP: INR2,125 (14%)****EPS CHANGE (%): FY23|24E: -3|-9**

- Expect volumes to grow with the commencement of production at its Bhuj plant
 - The adverse impact of a sharp increase in logistic and commodity costs will continue
 - The impact of RM cost increases will continue in 2QFY23, with an estimated 3-4% QoQ increase
- Our EPS downgrade effects adverse forex movements. We have not yet changed our volume estimates

Standalone quarterly earning model**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volumes (t)	68,608	72,748	70,320	77,119	83,153	79,295	81,571	77,398	2,88,795	3,21,417
YoY change (%)	80.1	18.8	17.6	13.4	21.2	9.0	16.0	0.4	27.1	11.3
Realizations (INR'000/t)	266.5	285.9	295.6	315.3	327.9	331.1	327.8	325.1	291.5	328.0
YoY change (%)	7.8	12.8	18.2	22.5	23.0	15.8	10.9	3.1	15.4	12.5
Net Revenue	18,281	20,798	20,790	24,319	27,263	26,258	26,742	25,165	84,187	1,05,427
YoY change (%)	94.1	34.0	38.9	39.0	49.1	26.3	28.6	3.5	46.7	25.2
Total Expenditure	13,004	15,299	15,865	18,744	21,908	21,006	20,965	19,119	62,912	82,999
EBITDA	5,277	5,499	4,924	5,575	5,355	5,252	5,776	6,045	21,275	22,428
Margin (%)	28.9	26.4	23.7	22.9	19.6	20.0	21.6	24.0	25.3	21.3
Depreciation	1,041	1,085	1,145	1,167	1,262	1,275	1,325	1,285	4,438	5,147
Interest	21	18	18	21	27	25	25	23	79	101
Other Income	632	1,031	626	497	223	500	500	547	2,786	1,770
PBT before EO expense	4,847	5,427	4,387	4,884	4,288	4,452	4,926	5,284	19,545	18,950
Rate (%)	26.2	26.4	25.1	24.1	25.4	25.4	25.4	25.4	25.5	25.4
Reported PAT	3,312	3,772	3,286	3,737	3,197	3,321	3,675	3,942	14,107	14,135
Adj. PAT	3,575	3,992	3,286	3,707	3,197	3,321	3,675	3,942	14,566	14,135
YoY change (%)	193.5	17.6	2.1	-0.4	-10.6	-16.8	11.8	6.3	26.1	-3.0
Margin (%)	19.6	19.2	15.8	15.2	11.7	12.6	13.7	15.7	17.3	13.4

E: MOFSL estimates

Bharat Forge**Buy****CMP: INR692 | TP: INR830 (+20%)****EPS CHANGE (%): FY23|24E: -2|-3**

- The strong growth is being driven by continued traction in the domestic business and higher steel prices
- We are yet to factor in for Sanghvi Forgings, JS Auto and the US Aluminum Forging business
- RM cost inflation is impacting EBITDA margin on a YoY basis
- Our EPS downgrade for has been led by the lowering of assumptions for the export CV business and Oil & Gas revenue

Standalone quarterly**(INR m)**

	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Tonnage	53,512	57,094	53,365	57,543	57,915	59,949	58,702	62,670	2,21,514	2,39,235
Change (%)	200.0	40.0	4.8	3.1	8.2	5.0	10.0	8.9	33.9	8.0
Realization (INR'000/t)	256.4	279.5	300.2	290.9	303.8	296.8	302.6	302.0	281.9	301.3
Change (%)	7.1	29.3	47.7	24.3	18.5	6.2	0.8	3.8	27.7	6.9
Net operating income	13,718	15,956	16,021	16,741	17,594	17,791	17,763	18,925	62,436	72,073
Change (%)	221.3	81.0	54.7	28.1	28.2	11.5	10.9	13.0	71.0	15.4
EBITDA	3,910	4,437	4,034	4,307	4,600	4,699	4,758	5,171	16,687	19,229
EBITDA margin (%)	28.5	27.8	25.2	25.7	26.1	26.4	26.8	27.3	26.7	26.7
Non-Operating Income	333	322	358	662	259	300	300	281	1,675	1,140
Interest	406	142	118	407	263	275	275	251	1,073	1,065
Depreciation	1019	1026	1031	1042	1064	1000	1080	931	4,118	4,075
Forex loss/(gain)	-4	-307	-45	-4	250	0	0	0	-360	250
PBT after EO items	2,206	4,009	4,247	3,499	3,252	3,724	3,703	4,270	13,959	14,949
Eff. Tax Rate (%)	24.4	22.2	20.5	25.1	25.1	25.3	25.3	25.5	22.8	25.3
Rep. PAT	1,667	3,118	3,374	2,620	2,436	2,782	2,766	3,182	10,778	11,167
Change (%)	-396.0	343.9	263.9	27.5	46.2	-10.8	-18.0	21.5	245.4	3.6
Adj. PAT	2,143	3,033	2,633	2,639	2,459	2,782	2,766	3,182	10,448	11,191
Change (%)	-480.6	318.7	172.0	28.1	14.8	-8.3	5.0	20.6	227.5	7.1

E: MOFSL estimates

Bosch**Neutral****CMP: INR15,636 | TP: INR16,150 (3%)****EPS CHANGE (%): FY23|24E: 0|0**

- Strong revenue growth led by a low base in the CV and PV segment
- Adverse forex movement will be more than diluted by operating leverage

Standalone quarterly performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	24,435	29,180	31,091	33,110	35,444	36,475	34,822	37,592	1,17,816	1,44,332
YoY change (%)	146.4	17.7	2.6	2.9	45.1	25.0	12.0	13.5	21.2	22.5
RM Cost (as a percentage of sales)	58.9	62.8	60.8	64.6	64.6	64.0	63.5	63.9	61.9	64.0
Staff Cost (as a percentage of sales)	11.1	8.7	9.4	7.7	7.6	7.6	7.6	7.5	9.1	7.6
Other Expenses (as a percentage of sales)	17.5	16.3	18.3	14.5	15.0	15.0	18.0	14.4	16.6	15.6
EBITDA	3,066	3,575	3,575	4,354	4,495	4,888	3,796	5,344	14,570	18,522
Margin (%)	12.5	12.3	11.5	13.2	12.7	13.4	10.9	14.2	12.4	12.8
Depreciation	671	829	851	892	648	900	950	1,072	3,243	3,570
Interest	32	15	169	73	36	35	30	29	289	130
Other Income	990	1,244	803	926	566	900	100	1,134	3,963	2,700
PBT before EO expense	3,353	3,975	3,359	4,315	4,377	4,853	2,916	5,377	15,001	17,522
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT after EO Expense	3,353	3,975	3,359	4,315	4,377	4,853	2,916	5,377	15,001	17,522
Tax	756	255	1,009	809	1,035	1,159	696	1,294	2,829	4,183
Tax Rate (%)	22.5	6.4	30.0	18.7	23.6	23.9	23.9	24.1	18.9	23.9
Reported PAT	2,598	3,720	2,350	3,506	3,342	3,694	2,219	4,083	12,172	13,339
Adj. PAT	2,598	3,720	2,350	3,506	3,342	3,694	2,219	4,083	12,172	13,339
YoY change (%)	390.4	33.5	-24.6	1.4	28.7	-0.7	-5.5	16.5	23.1	9.6

E: MOFSL estimates

Ceat**Buy****CMP: INR1567 | TP: INR1,750 (+12%)****EPS CHANGE (%): FY23|24E: 0|4**

- Replacement demand is seeing a recovery, with support from growth in OEM sales, but exports are weak
- RM cost is higher by 2-3% QoQ in 2QFY23. The management has raised prices by 3-5%
- Ramp-up at its new OTR plant will aid domestic and export volumes
- Benefit of a decline in RM cost to reflect from 3QFY23

Consolidated quarterly earning model**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	19,064	24,518	24,133	25,920	28,184	27,460	27,029	27,251	93,634	1,09,923
YoY change (%)	70.2	23.9	8.6	13.2	47.8	12.0	12.0	5.1	23.0	17.4
RM cost (%)	61.1	63.1	66.0	66.5	68.3	67.0	65.5	63.5	64.4	66.1
Employee cost (%)	9.3	7.0	7.1	6.6	6.1	6.5	6.7	6.8	7.4	6.5
Other expenses (%)	20.9	20.9	21.3	19.7	19.7	19.8	19.8	20.1	20.6	19.9
EBITDA	1,662	2,203	1,341	1,875	1,653	1,850	2,173	2,624	7,098	8,299
Margin (%)	8.7	9.0	5.6	7.2	5.9	6.7	8.0	9.6	7.6	7.6
Depreciation	965	1,206	1,086	1,096	1,114	1,125	1,130	1,159	4,352	4,528
Interest	460	496	548	566	521	575	600	611	2,070	2,308
Other Income	39	28	32	33	28	35	35	42	114	140
PBT before EO expense	276	529	-260	246	45	185	478	895	790	1,603
Exceptional item	0	5	65	59	7	0	0	-7	129	0
PBT	276	524	-326	187	38	185	478	903	661	1,603
Tax Rate (%)	41.8	29.2	10.7	5.2	31.0	32.0	32.0	32.0	36.7	32.0
Minority Int. and Profit of Asso. Cos.	-79	-49	-91	-75	-67	-70	-75	-89	-294	-300
Reported PAT	240	420	-200	253	92	196	400	702	712	1,390
Adj. PAT	240	423	-159	290	97	196	400	697	794	1,390
YoY change (%)	-255	-77	-111	-81	-59	-54	-352	141	-83	75
Margin (%)	1.3	1.7	-0.7	1.1	0.3	0.7	1.5	2.6	0.8	1.3

Eicher Motors**Buy****CMP: INR3,464 | TP: INR3,825 (+10%)****EPS CHANGE (%): FY23|24E: 2|3**

- The ramp-up in exports has been strong, while a domestic recovery is aided by the Hunter launch and easing semiconductor supplies
- Expect VECV margin to improve driven by an operating deleverage
- Price hikes and operating leverage will dilute the impact of higher RM cost
- EPS upgrade driven by volume upgrades in RE

Consolidated quarterly performance

INR m	FY22				FY23					
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY22	FY23E
Net Operating income	19,743	22,496	28,807	31,933	33,975	36,435	39,644	40,388	1,02,978	1,50,441
Growth (%)	141.3	5.4	1.9	8.6	72.1	62.0	37.6	26.5	18.1	46.1
EBITDA	3,630	4,699	5,824	7,571	8,311	8,781	9,914	10,729	21,723	37,734
EBITDA Margin (%)	18.4	20.9	20.2	23.7	24.5	24.1	25.0	26.6	21.1	25.1
PAT	2,765	3,634	4,202	5,564	5,769	6,494	7,323	7,990	16,165	27,575
Share of JV Loss/(PAT)/ Min. Int.	394	-98	-359	-538	-338	-417	-817	-1,268	-602	-2,840
Recurring PAT	2,371	3,732	4,561	6,101	6,107	6,910	8,141	9,258	16,766	30,416
Growth (%)	-529.8	8.7	-14.4	8.3	157.5	85.2	78.5	51.7	21.2	81.4

Standalone Royal Enfield

(INR m)	FY22				FY23E				FY22	FY23E
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Royal Enfield ('000 units)	124	123	170	186	187	208	227	229	602	852
Growth (%)	115.9	-18.0	-15.1	-9.3	51.4	68.3	34.1	23.5	-1.6	41.4
Net Realization (INR '000/unit)	154.3	176.8	167.4	172.1	173.5	173.9	173.1	174.9	168.1	173.9
Change (YoY %)	14.9	25.3	19.2	20.5	12.4	-1.6	3.4	1.6	19.4	3.4
Net operating income	19,078	21,819	28,385	31,947	32,479	36,136	39,346	40,094	1,01,229	1,48,055
Growth (%)	148.0	2.8	1.2	9.3	70.2	65.6	38.6	25.5	17.4	46.3
EBITDA	3,345	4,427	5,814	7,550	7,882	8,979	10,112	10,501	21,136	37,473
EBITDA Margin (%)	17.5	20.3	20.5	23.6	24.3	24.8	25.7	26.2	20.9	25.3

Endurance Technologies**Buy****CMP: INR1,403 | TP: INR1,630 (+16%)****EPS CHANGE (%): FY23|24E: 2|-2**

- Expect India business to benefit from an improvement in 2W industry volumes as well as the start of ABS supplies
- The QoQ improvement in margin due to the benefit of cost pass-through and operating leverage
- EU business impacted by a slow recovery and delayed pass-through of energy cost
- We expect potential risk to the EU business due to an uncertain macro environment and forex movements

Consolidated quarterly

Y/E March	FY22				FY23				FY22	FY23E
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	16,937	18,876	18,891	20,788	21,138	21,900	21,420	23,455	75,491	87,913
YoY Change (%)	180.8	8.3	-7.4	-2.5	24.8	16.0	13.4	12.8	15.8	16.5
RM Cost (as a percentage of sales)	53.8	58.6	60.8	60.4	60.4	60.5	59.6	59.1	58.6	59.9
Staff Cost (as a percentage of sales)	11.5	8.7	8.8	8.1	8.8	8.5	8.8	8.1	9.2	8.5
Other Exp. (as a percentage of sales)	20.3	18.9	19.6	19.1	19.4	18.7	18.4	18.7	19.5	19.1
EBITDA	2,443	2,600	2,032	2,571	2,398	2,608	2,690	3,309	9,646	11,005
Margin (%)	14.4	13.8	10.8	12.4	11.3	11.9	12.6	14.1	12.8	12.5
Depreciation	983	940	914	981	991	1,010	1,050	1,014	3,817	4,066
Interest	15	18	14	17	19	14	14	17	64	64
Other Income	127	82	75	127	47	110	130	143	410	430
PBT before EO expense	1,573	1,724	1,179	1,700	1,434	1,694	1,756	2,421	6,176	7,305
Exceptional Item	315	0	0	0	103	0	0	0	315	103
PBT after EO	1,258	1,724	1,179	1,700	1,331	1,694	1,756	2,421	5,861	7,202
Eff. Tax Rate (%)	23.3	22.7	19.8	19.9	22.3	25.0	25.0	24.7	21.4	24.4
Rep. PAT	966	1,333	946	1,362	1,034	1,271	1,317	1,823	4,608	5,444
Adj. PAT	1,213	1,333	946	1,362	1,112	1,271	1,317	1,823	4,855	5,522
YoY change (%)	-587.0	-7.9	-52.5	-27.3	-8.3	-4.7	39.2	33.9	-4.1	13.7

E: MOFSL estimates

Escorts Kubota

Neutral

CMP: INR2,059 | TP: INR1,850 (-10%)

EPS CHANGE (%): FY23|24E: -3|3

- 2QFY23 saw a good build-up in volumes in anticipation of a good festive season
- The QoQ margin improvement is driven by price hikes
- Considering the weak monsoon in its key markets, we see a risk to our 2HFY23 volume estimates
- We are yet to factor in benefits from the Kubota alliance

Standalone quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	16,715	16,623	19,575	18,696	20,149	18,637	20,158	20,594	71,608	79,537
YoY change (%)	57.4	1.4	-3.0	-15.4	20.5	12.1	3.0	10.2	3.3	11.1
Total Expenditure	14,383	14,522	16,929	16,181	18,133	16,610	17,647	17,858	62,014	69,993
EBITDA	2,332	2,101	2,646	2,515	2,016	2,026	2,511	2,736	9,594	9,544
Margin (%)	14.0	12.6	13.5	13.5	10.0	10.9	12.5	13.3	13.4	12.0
Depreciation	314	329	325	330	364	360	365	357	1,298	1,446
Interest	30	36	33	29	26	30	30	34	127	120
Other Income	472	639	400	538	354	550	575	596	2,049	2,075
PBT	2,461	2,374	2,688	2,695	1,981	2,186	2,691	2,940	10,219	10,053
Rate (%)	24.8	25.6	25.0	25.0	25.6	25.2	25.2	25.2	25.1	25.2
Adj. PAT	1,852	1,767	2,015	2,022	1,475	1,636	2,014	2,201	7,656	7,524
YoY change (%)	101.0	-23.1	-28.2	-25.5	-20.4	-7.4	-0.1	8.8	-12.4	-1.7
Margin (%)	11.1	10.6	10.3	10.8	7.3	8.8	10.0	10.7	10.7	9.5

E: MOFSL estimates

Exide Industries

Buy

CMP: INR154 | TP: INR215 (+40%)

EPS CHANGE (%): FY23|24E: 0|6

- Strong revenue growth is driven by price hikes and good replacement and OEM demand, despite weak exports
- Lead prices fell 7%/10% QoQ in 2Q/on a spot basis, the benefit of both will reflect in 3QFY23

Standalone quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	24,864	32,900	31,967	34,086	38,994	37,835	36,761	37,827	1,23,817	1,51,417
Growth YoY (%)	60.7	19.5	14.1	16.0	56.8	15.0	15.0	11.0	23.3	22.3
Gross operating income	24,864	32,900	31,967	34,086	38,994	37,835	36,761	37,827	1,23,817	1,51,417
Growth YoY (%)	60.7	19.5	14.1	16.0	56.8	15.0	15.0	11.0	23.3	22.3
RM (%)	68.5	67.2	69.0	72.0	72.1	71.0	70.0	69.8	69.3	70.8
Employee cost (%)	7.4	6.5	6.4	5.6	5.5	5.7	5.8	5.8	6.4	5.7
Other Exp. (%)	13.6	13.8	13.0	12.2	12.5	12.7	12.7	12.9	13.1	12.7
Total Cost	22,258	28,767	28,240	30,596	35,127	33,818	32,532	33,484	1,09,861	1,34,961
EBITDA	2,606	4,134	3,726	3,490	3,866	4,017	4,230	4,343	13,956	16,456
EBITDA Margin (%)	10.5	12.6	11.7	10.2	9.9	10.6	11.5	11.5	11.3	10.9
Change (%)	75.5	5.4	-7.5	-15.4	48.4	-2.8	13.5	24.4	3.0	17.9
Non-Operating Income	152	109	150	392	322	270	280	207	803	1,079
Interest	109	86	83	106	64	90	90	86	384	330
Depreciation	1,009	1,012	1,041	1,065	1,091	1,100	1,150	1,171	4,126	4,512
PBT after EO Exp.	1,640	3,145	2,753	49,649	3,034	3,097	3,270	3,293	57,186	12,694
Effective Tax Rate (%)	23.5	25.5	25.8	17.0	25.4	25.3	25.3	25.2	18.1	25.3
Adj. PAT	1,254	2,344	2,041	2,250	2,263	2,314	2,442	2,463	8,394	9,482
Change (%)	185.4	2.4	-15.5	-7.8	80.5	-1.3	19.7	9.5	10.7	13.0

Hero MotoCorp

Buy

CMP: INR2,526 | TP: INR3,100 (+23%)

EPS CHANGE (%): FY23|24E: -5 |-3.5

- Expect volumes to improve QoQ as it started building inventory for the festive season and easing semiconductor supplies
- Price hikes and operating leverage to drive margin expansion QoQ
- EPS downgrade to reflect a weak 2HFY23

Standalone quarterly performance

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Volumes ('000 units)	1,024	1,439	1,292	1,189	1,390	1,428	1,362	1,364	4,944	5,544
Growth YoY (%)	81.4	-20.7	-30.0	-24.1	35.7	-0.7	5.4	14.7	-14.6	12.1
Net Realization	53,559	58,760	61,010	62,425	60,370	61,577	61,485	61,674	59,152	61,275
Growth YoY (%)	1.8	13.8	15.2	12.6	12.7	4.8	0.8	-1.2	11.2	3.6
Net Op. Revenue	54,871	84,534	78,833	74,217	83,925	87,942	83,765	84,099	2,92,455	3,39,732
Growth YoY (%)	84.7	-9.8	-19.4	-14.6	53.0	4.0	6.3	13.3	-5.0	16.2
Gross Op. Revenue	54,871	84,534	78,833	71,044	83,925	87,942	83,765	75,134	2,92,455	3,39,732
Change (%)	84.7	-9.8	-19.4	-14.6	53.0	4.0	6.3	13.3	-5.0	16.2
RM Cost (as a percentage of sales)	72.5	72.3	71.0	69.3	72.8	70.8	70.0	69.9	71.2	70.9
Staff Cost (as a percentage of sales)	7.9	6.0	6.6	6.4	6.4	6.2	6.4	6.3	6.6	6.3
Other Exp. (as a percentage of sales)	10.2	9.1	10.3	13.1	9.6	11.5	11.0	11.4	10.6	10.9
EBITDA	5,148	10,664	9,600	8,276	9,408	10,174	10,588	10,361	33,688	40,532
EBITDA Margin (%)	9.4	12.6	12.2	11.2	11.2	11.6	12.6	12.3	11.5	11.9
Other Income	1,386	1,569	1,216	1,398	530	1,150	1,200	1,270	5,569	4,150
Interest	61	65	65	67	70	60	60	60	258	250
Depreciation	1,630	1,639	1,644	1,585	1,630	1,650	1,650	1,685	6,498	6,615
PBT before EO Exp./(Inc.)	4,844	10,529	9,107	8,022	8,238	9,614	10,078	9,886	32,501	37,817
Effective Tax Rate (%)	24.6	24.5	24.7	21.8	24.2	24.6	24.6	24.9	23.9	24.6
Adj. PAT	3,654	7,944	6,861	6,271	6,245	7,250	7,600	7,421	24,730	28,516
Growth (%)	496.1	-16.7	-36.7	-27.5	70.9	-8.7	10.8	18.4	-16.6	15.3

MRF

Neutral

CMP: INR80,699 | TP: INR82,000 (2%)

EPS CHANGE (%): FY23|24E: 0 |0

- Replacement demand is seeing a recovery, with support from growth in OEM sales, but exports remain weak
- RM cost rose 2-3% QoQ in 2QFY23. The management has raised prices by 3-5%. The benefit of a decline in RM cost to reflect from 3QFY23

Standalone quarterly earning model

(INR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	41,277	48,317	48,299	52,003	55,989	54,114	55,060	56,138	1,89,895	2,21,302
YoY change (%)	69.8	15.4	5.8	9.8	35.6	12.0	14.0	8.0	19.3	16.5
Total Expenditure	36,405	43,194	43,442	46,728	51,207	48,728	48,821	48,608	1,69,769	1,97,363
EBITDA	4,872	5,122	4,856	5,275	4,783	5,386	6,240	7,530	20,126	23,939
Margin (%)	11.8	10.6	10.1	10.1	8.5	10.0	11.3	13.4	10.6	10.8
Depreciation	3,007	2,958	2,946	3,103	2,969	3,200	3,225	3,275	12,014	12,670
Interest	621	566	628	656	635	650	650	683	2,470	2,618
Other Income	924	887	690	649	341	450	550	615	3,149	1,955
PBT before EO expense	2,168	2,485	1,973	2,165	1,519	1,986	2,915	4,187	8,791	10,607
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	2,168	2,485	1,973	2,165	1,519	1,986	2,915	4,187	8,791	10,607
Tax	555	652	514	598	395	516	758	1,088	2,318	2,758
Rate (%)	25.6	26.2	26.1	27.6	26.0	26.0	26.0	26.0	26.4	26.0
Minority Interest and P/L of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	1,613	1,834	1,458.3	1,568	1,123	1,470	2,156.7	3,098	6,473	7,849
Adj. PAT	1,613	1,834	1,458.3	1,568	1,123	1,470	2,156.7	3,098	6,473	7,849
YoY change (%)	845.8	-54.5	-71.5	-50.6	-30.4	-19.8	47.9	97.6	-48.2	21.3
Margin (%)	3.9	3.8	3.0	3.0	2.0	2.7	3.9	5.5	3.4	3.5

E: MOFSL estimates

Mahindra & Mahindra**Buy****CMP: INR1252 | TP: INR1450 (+16%)****EPS CHANGE (%): FY23|24E: 3|9**

- The strong recovery in Auto volumes has been aided by a strong order book for SUVs and improving semiconductor supplies
- Demand for Tractors during the upcoming festive season and 2HFY23 needs to be monitored
- Expansion in QoQ margin aided by price hikes and reducing share of introductory price offers on new models
- EPS upgrade to be led by an upgrade in Auto segment volumes as it plans to expand capacity substantially

Quarterly performance (incl. MVML)**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Volumes (units)	1,86,781	1,90,600	2,14,134	2,28,784	2,71,971	2,73,223	2,65,841	2,65,227	8,20,248	10,76,262
Growth YoY (%)	96.0	2.9	-4.4	13.1	45.6	43.3	24.1	15.9	16.1	31.2
Net Realization	6,29,763	6,98,078	7,11,834	7,48,478	7,21,130	7,39,963	7,29,630	7,48,496	7,00,349	7,38,868
Growth YoY (%)	7.4	3.0	3.0	13.3	14.5	6.0	2.5	0.0	11.3	5.5
Net Op. Income	1,17,628	1,33,054	1,52,428	1,71,240	1,96,126	2,02,175	1,98,393	1,98,522	5,74,460	7,95,215
Growth YoY (%)	110.4	15.5	9.1	28.2	66.7	51.9	30.2	15.9	29.2	38.4
RM Cost (as a percentage of sales)	69.6	72.8	74.7	76.4	76.6	76.0	75.5	74.9	73.7	75.8
Staff (as a percentage of sales)	7.5	6.0	5.8	4.4	4.3	4.2	4.3	4.3	5.8	4.3
Oth. Exp. (as a percentage of sales)	9.0	8.8	7.7	9.0	7.2	7.5	7.7	8.7	8.6	7.7
EBITDA	16,317	16,598	18,048	19,455	23,410	24,867	24,799	24,645	70,423	97,722
EBITDA Margin (%)	13.9	12.5	11.8	11.4	11.9	12.3	12.5	12.4	12.3	12.3
Other income	2,052	11,048	5,248	2,387	2,386	12,000	4,500	2,220	20,759	21,106
Interest	714	425	533	558	698	575	500	498	2,230	2,271
Depreciation	5,586	5,807	6,313	6,805	6,806	7,000	7,250	7,402	24,511	28,458
EO Income/(Exp.)	-785	-2,550	0	1,248	-410	0	0	0	-2,087	-410
PBT after EO	11,284	18,865	16,451	15,727	17,882	29,292	21,549	18,966	62,355	87,690
Tax	2,728	4,548	2,919	2,808	3,581	6,591	4,849	4,710	13,002	19,730
Effective Tax Rate (%)	24.2	24.1	17.7	17.9	20.0	22.5	22.5	24.8	22.5	22.5
Reported PAT	8,556	14,317	13,532	12,919	14,302	22,702	16,701	14,256	49,352	67,959
Change (%)	1,162.1	785.1	155.0	426.9	67.2	58.6	23.4	10.3	401.5	37.7
Adj. PAT	9,340	16,870	13,532	11,670	14,710	22,702	16,701	14,256	51,440	68,368
Change (%)	2,294.9	30.6	-20.7	16.9	57.5	34.6	23.4	22.2	26.4	32.9

E: MOFSL estimates

Mahindra CIE**Buy****CMP: INR284 | TP: INR330 (+16%)****EPS CHANGE (%): CY22|23E: -3|-1**

- Strong growth in the India business is led by a sharp recovery in volumes for its key customers (MM and TTMT)
- EU impacted by supply-chain issues and the difficulty in pass-through of higher energy cost
- Expect cost-cutting initiatives in India and the EU to aid margin
- Domestic sales growth offsets impact in the EU

Consolidated quarterly performance**(INR m)**

(INR m)	CY21				CY22				CY21	CY22E
Y/E December	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	21,894	20,425	20,907	20,641	25,709	27,072	27,084	26,616	83,867	1,06,480
YoY change (%)	31.7	177.7	23.4	5.4	17.4	32.5	29.5	28.9	38.6	27.0
EBITDA	2,868	2,598	2,685	2,022	2,794	3,044	3,214	3,335	10,173	12,387
Margin (%)	13.1	12.7	12.8	9.8	10.9	11.2	11.9	12.5	12.1	11.6
Depreciation	883	886	835	827	866	893	915	932	3,431	3,606
Interest	142	131	133	127	85	44	130	118	533	377
Other Income	194	116	74	172	282	357	125	111	556	875
Share of profit from associates				12	4	11	4	6	12	25
PBT before EO expense	2,037	1,697	1,791	1,241	2,126	2,464	2,294	2,396	6,766	9,279
EO Exp./(Inc.)	1,425	0	-293	128	0	0	0	0	1,260	0
PBT after EO exp.	612	1,697	2,084	1,113	2,126	2,464	2,294	2,396	5,505	9,279
Tax Rate (%)	83.6	19.7	20.1	29.0	24.2	23.8	25.0	25.5	28.9	24.6
Adj. PAT	1,526	1,362	1,456	892	1,614	1,889	1,723	1,791	5,236	7,017
YoY change (%)	143.5	-205.9	139.7	-20.2	5.8	38.7	18.4	100.6	390.9	34.0

Maruti Suzuki**Buy****CMP: INR8,544 | TP: INR11,250 (+32%)****EPS CHANGE (%): FY23|24E:-3|0**

- Easing of supply-chain constraints and a low channel inventory is aiding wholesales
- Expect EBIT margin to improve on a QoQ basis due to: a) price hikes, b) forex benefits, and c) operating leverage
- Expect the benefit of lower raw material cost to reflect in the P&L in 3QFY23.
- Success in its recent and upcoming product launches is a key monitorable

Standalone quarterly performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4QE	1Q	2QE	3QE	4QE		
Volumes ('000 units)	353.6	379.5	430.7	488.7	467.9	517.4	497.4	526.9	1,652.5	2,009.7
Change (%)	361.6	-3.5	-13.2	-0.8	32.3	36.3	15.5	7.8	13.3	21.6
Realization (INR/car)	5,02,545	5,41,151	5,39,766	5,47,222	5,66,319	5,67,734	5,62,057	5,59,047	5,34,324	5,63,722
Change (%)	-6.3	13.5	14.1	12.2	12.7	4.9	4.1	2.2	10.8	5.5
Net operating revenue	1,77,707	2,05,389	2,32,460	2,67,400	2,64,998	2,93,743	2,79,588	2,94,573	8,82,956	11,32,901
Change (%)	332.7	9.6	-0.9	11.3	49.1	43.0	20.3	10.2	25.5	28.3
RM Cost (as a percentage of sales)	74.8	75.8	75.3	73.5	74.6	73.5	73.0	72.7	74.8	73.4
Staff Cost (as a percentage of sales)	6.0	4.7	4.2	3.8	4.4	3.7	4.0	3.7	4.6	3.9
Other Cost (as a percentage of sales)	14.6	15.3	13.8	13.5	13.8	13.6	13.6	14.2	14.2	13.8
EBITDA	8,211	8,549	15,590	24,268	19,121	26,924	26,408	27,493	57,012	99,945
EBITDA Margin (%)	4.6	4.2	6.7	9.1	7.2	9.2	9.4	9.3	6.5	8.8
Depreciation	7,432	7,561	6,400	6,472	6,514	6,700	6,900	6,703	27,865	26,817
EBIT	779	988	9,190	17,796	12,607	20,224	19,508	20,789	29,147	73,128
EBIT Margin (%)	0.4	0.5	4.0	6.7	4.8	6.9	7.0	7.1	3.3	6.5
Interest	222	225	252	560	274	250	250	251	1,259	1,025
Non-Operating Income	5,078	5,227	3,280	4,744	885	4,750	4,750	4,806	17,935	15,191
PBT	5,635	5,990	12,218	21,980	13,218	24,724	24,008	25,344	45,823	87,294
Effective Tax Rate (%)	21.8	20.7	17.2	16.3	23.4	23.7	23.7	23.8	17.8	23.7
PAT	4,408	4,753	10,113	18,389	10,128	18,874	18,328	19,311	37,663	66,641
Adjusted PAT	4,408	4,753	10,113	18,389	10,128	18,874	18,328	19,311	37,663	66,641
Change (%)	-276.7	-65.3	-47.9	57.7	129.8	297.1	81.2	5.0	-11.0	76.9

Samvardhana Motherson**Buy****CMP: INR73 | TP: INR100 (+37%)****EPS CHANGE (%): FY23|24E: -13|-12**

- SMRPBV business continues to be impacted by supply-side issues and a weakening in US Class 8 volumes
- The Indian PV industry is driving domestic growth
- Margin to improve QoQ due to a partial recovery of higher energy prices in SMRPBV
- We cut our FY24 EPS estimate to factor in risk to the EU business and EUR depreciation against the INR

Consolidated quarterly performance**(INR m)**

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	1,64,080	1,44,150	1,64,350	1,71,610	1,76,147	1,68,472	1,80,426	1,97,599	6,44,200	7,22,644
YoY change (%)	0.0	0.0	0.0	0.0	7.4	16.9	9.8	15.1	10.6	12.2
RM Cost (as a percentage of sales)	0.0	0.0	0.0	0.0	58.8	56.7	56.7	0.0	0.0	0.0
Staff Cost (as a percentage of sales)	0.0	0.0	0.0	0.0	24.3	24.0	22.0	0.0	0.0	0.0
Other Exp. (as a percentage of sales)	91.7	92.5	92.5	92.9	10.8	93.0	91.9	90.2	92.4	92.2
Total Expenditure	1,50,410	1,33,330	1,52,030	1,59,390	1,65,379	1,56,642	1,65,744	1,78,221	5,95,170	6,65,985
EBITDA	13,670	10,820	12,320	12,220	10,768	11,830	14,682	19,379	49,030	56,659
Margin (%)	8.3	7.5	7.5	7.1	6.1	7.0	8.1	9.8	7.6	7.8
Depreciation	7,780	7,640	7,600	7,370	7,324	7,700	7,900	8,066	30,390	30,990
Interest	1,208	1,313	1,294	1,612	1,694	1,750	1,700	1,656	5,115	6,800
Other income	1,548	871	1,227	1,412	978	600	500	572	4,957	2,650
PBT after EO Expense	6,225	2,738	4,653	4,175	2,729	2,980	5,582	10,228	18,002	21,519
Tax rate (%)	173.4	350.5	212.8	228.1	34.0	30.0	30.0	28.9	58.1	30.0
Min. Int. and share of profit	70	-630	80	190	389	-136	-100	-154	-290	0
Reported PAT	3,140	1,410	2,270	1,220	1,412	2,222	4,007	7,422	8,040	15,063
Adj. PAT	3,142	1,410	2,270	1,412	1,412	2,222	4,007	7,422	8,234	15,063
YoY change (%)	-142.4	-51.7	-65.6	-74.0	-55.1	57.6	76.5	425.6	-22.2	82.9

E: MOFSL estimates

Motherson Sumi Wiring India

Buy
CMP: INR88 | TP: INR102 (+17%)
EPS CHANGE (%): FY23|24E: 0|4

- Strong YoY growth on a low base led by the easing semiconductor supplies for PVs and a cyclical recovery in CVs, 2Ws, and Tractors
- Expect the EPS upgrade in FY24 to be led by an upgrade in revenue as its biggest customer will witness a strong product lifecycle
- Improvement in EBITDA margin led by a strong operating leverage and a softening in copper prices

Quarterly performance

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	11,139	14,000	14,596	16,615	16,709	18,380	17,645	18,829	56,350	71,564
YoY change (%)	455.7	29.7	8.3	10.0	50.0	31.3	20.9	13.3	36.2	27.0
RM Cost (as a percentage of sales)	64.1	64.4	64.1	63.8	64.9	64.8	64.0	63.6	64.1	64.3
Staff Cost (as a percentage of sales)	19.2	16.8	16.4	15.5	16.4	15.1	16.0	15.5	16.8	15.7
Other Expenses (as a percentage of sales)	6.9	6.1	5.8	6.1	6.6	6.3	6.3	6.3	6.2	6.4
EBITDA	1,093	1,780	2,002	2,420	2,028	2,546	2,416	2,752	7,303	9,742
Margin (%)	9.8	12.7	13.7	14.6	12.1	13.9	13.7	14.6	13.0	13.6
Depreciation	233	240	230	343	277	300	320	335	1,055	1,232
Interest	76	80	100	20	69	75	75	81	285	300
Other income	46	80	79	93	77	50	50	51	300	228
PBT before EO expense	830	1,540	1,750	2,150	1,759	2,221	2,071	2,386	6,263	8,437
Extra-Ord. expense	0	0	0	654	0	0	0	0	654	0
PBT after EO Expense	830	1,540	1,750	1,496	1,759	2,221	2,071	2,386	5,609	8,437
Tax rate (%)	27	26	24.6	31	28	28	27.8	27	27	28
Reported PAT	610	1,140	1,320	1,036	1,260	1,605	1,496	1,735	4,107	6,096
Adj. PAT	610	1,140	1,320	1,596	1,260	1,605	1,496	1,735	4,670	6,096
YoY change (%)	-172.6	72.7	9.5	6.0	106.5	40.8	13.3	8.7	83.9	30.5

E: MOFSL estimates

Sona Comstar

Neutral
CMP: INR459 | TP: INR525 (15%)
EPS CHANGE (%): FY23|24E: -3|-10

- Revenue growth led by execution and ramp-up of new orders in the EV business
- Weakness in the underlying EU and China market to restrict growth in 2QFY23
- RM cost pass-through and operating leverage to drive margin on a QoQ basis
- EPS cut led by the lowering of revenue estimates due to macro uncertainties in its key end markets

Consolidated quarterly performance

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net operating revenue	5,007	5,857	4,941	5,500	5,892	6,401	7,300	8,938	21,306	28,532
Change (%)	226.5	52.4	1.0	2.0	17.7	9.3	47.7	62.5	36.0	33.9
RM Cost (as a percentage of sales)	43.4	46.3	42.5	44.9	45.5	45.3	44.8	44.7	44.4	45
Staff Cost (as a percentage of sales)	8.6	7.5	8.5	7.3	7.3	7.3	7.2	6.8	7.9	7.1
Other Cost (as a percentage of sales)	20.3	19.9	22.5	23.2	23.0	22.8	22.5	21.8	21.5	22.4
EBITDA	1,387	1,544	1,305	1,354	1,425	1,581	1,865	2,388	5,591	7,262
EBITDA Margin (%)	27.7	26.4	26.4	24.6	24.2	24.7	25.6	26.7	26.2	25.5
Depreciation	334	355	357	374	400	415	440	478	1,420	1,733
EBIT	1,054	1,189	949	980	1,025	1,166	1,425	1,911	4,171	5,529
EBIT Margin (%)	21.0	20.3	19.2	17.8	17.4	18.2	19.5	21.4	19.6	19.4
Interest	86	29	33	35	29	35	35	37	183	136
Non-Operating Income	2	6	50	143	10	15	15	13	200	54
PBT	1,102	1,166	966	1,223	1,006	1,146	1,405	1,887	4,456	5,446
Effective Tax Rate (%)	25.4	24.3	10.5	14.5	24.6	24.5	24.5	24.4	18.9	24.5
Adjusted PAT	722	882	864	912	758	865	1,061	1,425	3,399	4,112
Change (%)		22.3	3.5	29.4	5.0	-1.9	22.7	56.3	39.1	21.0

E: MOFSL estimates

Tata Motors

Buy

CMP: INR398 | TP: INR510 (+28%)

EPS CHANGE (%): FY23|24E: -20|-7

- The strong growth in the India business continues in PVs and CVs
- JLR volumes to improve YoY and QoQ due to some improvement in semiconductor supplies, though we estimate volumes to be marginally lower than the management's guidance of 90k units (excluding JVs)
- Expect India EBITDA margin to improve QoQ due to price hikes and operating leverage. Expect EBIT margin for JLR to improve substantially on a YoY and QoQ basis due to improving mix and operating leverage.
- EPS downgrade is due to reduction in JLR volumes, higher interest cost, and the translation impact of GBP:INR

Consolidated quarterly performance

(INR b)

INR b	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
JLR Volumes (incl. JV; '000 units)	97.1	78.3	83.1	89.1	82.6	102.0	112.9	116.3	347.7	413.7
JLR Realizations (GBP/unit)	58,810	60,454	68,168	62,293	61,352	63,960	64,439	63,790	62,274	63,520
JLR EBITDA Margin (%)	9.0	7.3	12.0	12.6	6.3	13.2	15.0	15.8	10.3	13.1
India CV Volumes ('000 units)	49.5	87.4	100.7	119.8	101.1	101.1	107.5	133.3	357.4	443.0
India CV Realizations (INR'000/unit)	1571.0	1259.9	1230.8	1590.8	1619.1	1617.7	1611.3	1660.4	1405.0	1629.2
India CV EBITDA Margin (%)	1.1	3.1	2.6	6.1	5.4	6.3	7.0	8.2	3.8	6.9
India PV Volumes ('000 units)	64.6	84.4	99.5	123.6	130.4	142.9	124.4	130.0	372.1	527.6
India PV Realizations (INR '000/unit)	819.9	882.0	863.8	857.0	895.1	899.1	890.1	889.7	858.0	893.7
India PV EBITDA Margin (%)	4.0	5.2	4.2	7.0	6.2	6.9	7.0	7.6	5.3	7.0
Net Consol. Op. Income	664.1	613.8	722.3	784.4	719.3	853.5	886.4	929.2	2784.5	3388.4
Growth (%)	107.6	14.7	-4.5	-11.5	8.3	39.1	22.7	18.5	11.5	21.7
Consol. EBITDA	52.6	40.5	67.6	87.4	31.8	95.2	112.1	128.5	248.1	367.7
EBITDA Margin (%)	7.9	6.6	9.4	11.1	4.4	11.2	12.7	13.8	8.9	10.9
Depreciation	62.0	61.2	60.8	64.3	58.4	63.0	63.0	60.7	248.4	245.1
Other Income	5.8	8.7	7.0	9.0	8.9	7.0	6.5	6.4	30.5	28.8
Interest Expenses	22.0	23.3	24.0	23.9	24.2	25.0	24.0	21.6	93.3	94.8
PBT before EO	-25.8	-34.7	-7.0	3.7	-49.6	8.7	26.1	49.2	-63.7	34.5
EO Exp./(Inc.)	0.0	0.0	-0.9	7.1	-14.9	0.0	0.00	0.0	6.30	-14.94
PBT after EO Exp.	-25.8	-34.7	-6.1	-3.4	-34.7	8.7	26.1	49.2	-70.0	49.4
Tax rate (%)	-67.6	-29.0	-118.6	-222.3	-43.8	15.0	15.0	13.3	-60.4	54.6
PAT	-43.2	-44.8	-13.4	-11.0	-49.9	7.4	22.2	42.7	-112.3	22.4
Minority Interest	0.0	-0.3	-0.7	-0.4	-0.6	-0.3	-0.3	-0.2	-1.3	-1.3
Share in profit of Associate	-1.3	0.6	-1.1	1.1	0.4	0.4	0.5	0.8	-0.7	2.0
Reported PAT	-44.5	-44.4	-15.2	-10.3	-50.1	7.5	22.5	43.2	-114.4	23.2
Adj. PAT	-44.5	-44.4	-16.0	-3.2	-65.0	7.5	22.5	43.2	-108.1	16.4
Growth (%)	-47.2	1301.9	-149.6	-105.6	46.0	-117.0	-240.3	-1454.1	-5109.7	-115.1

E: MOFSL estimates

Tube Investments

Buy
CMP: INR2698 | TP: INR3000 (+11%)
EPS CHANGE (%): FY23|24E: 0|3

- The Engineering business will benefit from a recovery in the 2W industry as well as a ramp-up in exports.
- Our estimates do not factor in any material contribution from e-3Ws, e-Tractors, e-CVs, or the optic lens business
- Expect EBITDA margin to decline on a YoY basis due to higher RM cost

Standalone quarterly performance

(InR m)

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	12,567	16,667	17,014	17,345	19,570	19,964	20,445	20,460	63,495	80,439
YoY change (%)	231.8	53.3	29.9	17.2	55.7	19.8	20.2	18.0	49.2	26.7
EBITDA	1,576	1,928	1,865	1,744	2,040	2,159	2,311	2,440	8,743	8,951
Margin (%)	12.5	11.6	11.0	10.1	10.4	10.8	11.3	11.9	13.8	11.1
Depreciation	354	360	369	367	325	335	375	387	1,450	1,421
Interest	30	29	38	22	36	32	32	32	118	132
Other Income	109	97	153	377	120	200	250	261	736	831
PBT before EO expense	1,302	1,637	1,611	1,731	1,800	1,992	2,154	2,283	7,911	8,229
Tax	332	423	406	368	457	499	539	565	1,472	2,060
Tax Rate (%)	25.5	25.8	25.2	21.2	25.4	25.0	25.0	24.8	18.6	25.0
Adj. PAT	970	1,214	1,204	1,364	1,343	1,494	1,615	1,717	4,710	6,169
YoY change (%)	-284.3	26.6	12.5	-2.1	38.5	23.0	34.1	25.9	62.6	31.0

E: MOFSL estimates

TVS Motor Company

Neutral
CMP: INR995 | TP: INR935 (-6%)
EPS CHANGE (%): FY23|24E: 2|10

- Its domestic 2W business has seen a recovery, but it is seeing some stress on the export front
- Improving semiconductor supplies will benefit Premium Motorcycle volumes
- Expect EBITDA margin to improve QoQ due to price hikes and a favorable USD:INR
- The EPS upgrade in FY24 is driven by volume benefit due to Ronin

Standalone quarterly performance

(InR m)

Y/E March (INR m)	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volumes ('000 units)	657.8	916.7	878.7	856.5	906.8	1,027.4	967.9	1,012.7	3,309	3,915
Growth (%)	146.4	5.6	(11.2)	(7.7)	37.9	12.1	10.2	18.2	8.4	18.3
Realization (INR'000/unit)	59.8	61.1	64.9	64.6	66.3	66.8	67.1	66.2	62.8	66.6
Growth (%)	11.5	15.0	19.2	12.5	10.8	9.3	3.3	2.5	14.3	6.1
Net Sales	39,344	55,969	57,064	55,303	60,087	68,592	64,942	67,016	2,07,680	2,60,637
Growth (%)	174.8	21.5	5.8	3.9	52.7	22.6	13.8	21.2	24.0	25.5
RM (as a percentage of sales)	75.7	76.2	76.3	76.2	76.1	75.8	75.0	74.9	76.1	75.5
Emp. cost (as a percentage of sales)	6.6	5.3	5.2	5.1	5.3	4.9	5.0	4.8	5.5	5.0
Other exp. (as a percentage of sales)	10.7	8.8	8.6	8.6	8.6	8.8	8.8	8.8	9.1	8.8
EBITDA	2,738	5,404	5,683	5,568	5,995	7,213	7,271	7,670	19,392	28,149
EBITDA Margin (%)	7.0	9.7	10.0	10.1	10.0	10.5	11.2	11.4	9.3	10.8
Interest	300	350	279	330	376	400	400	425	1,259	1,601
Depreciation	1,431	1,544	1,546	1,593	1,520	1,585	1,640	1,664	6,114	6,409
Other Income	16	35	57	82	222	50	60	48	190	380
PBT after EO Exp.	722	3,769	3,915	3,727	4,321	5,278	5,291	5,630	12,132	20,519
Tax rate (%)	26.4	26.3	26.3	26.3	25.8	26.0	26.0	26.1	26.3	26.0
Adjusted PAT	754	2,610	2,883	2,745	3,205	3,907	3,916	4,160	8,992	15,188
Growth (%)	(154.2)	33.0	8.5	(5.1)	325.3	49.7	35.8	51.5	46.9	68.9

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