Automobiles

Result Preview

Company

- Amara Raja Batteries
- Ashok Leyland
- Bajaj Auto
- Bharat Forge
- BOSCH
- Ceat
- Craftsman Automation
- Eicher Motors
- Endurance Technologies
- Escorts
- Exide Industries
- Hero MotoCorp
- Mahindra CIE
- Mahindra & Mahindra
- Maruti Suzuki
- Motherson Sumi Systems
- Sona BLW Precision Ltd
- Tata Motors
- TVS Motor Company
- Tube Investments

Signs of growth moderation visible in some segments

Margin expansion to continue in 4Q, fully reflecting RM savings

- **4QFY23 witnessed a stable demand environment, though there were signs of volume growth moderation in some segments. Demand largely remained intact for M&HCVs, tractors and domestic 2Ws, whereas growth moderated for PVs and LCVs. 2W exports remained weak.**
- **In terms of wholesale volumes, we estimate 4QFY23 volumes to grow by 11% YoY for PVs, ~17% for M&HCVs, ~21% for tractors and ~9% for 3Ws. 2W volumes were flat YoY due to a 32% decline in exports; however, domestic volumes grew 13%. LCV volumes are estimated to grow by 1%.**
- **We estimate EBITDA margins to improve for the fourth quarter in a row, with a 120bp YoY gain (+20bp QoQ) for our Auto OEM Universe (ex TTMT), led by full benefits of RM cost moderation, favorable FX and operating leverage benefits. Except for BJAUT and MM, all OEMs are likely to report margin expansion QoQ.**
- **We revise our FY24E EPS for select companies to account for: 1) demand evolution in the domestic market, 2) weakness in exports, and 3) commodity price/FX changes. We lower our FY24E EPS for SONACOMS (-11.5%), ENDU (-8%), MSUMI/ESC (-6%) and BJAUT (-5%). We have not raised our FY24 estimates materially for any company.**

Demand largely stable, though signs of growth moderation visible

4QFY23 witnessed a stable demand environment, though there were signs of volume growth moderation in some segments. Demand largely remained intact for M&HCVs, tractors, and domestic 2Ws, whereas growth moderated for PVs and LCVs. 2W exports remained weak. In terms of wholesale volumes, we estimate 4QFY23 volumes to grow by 11% YoY for PVs, ~17% for M&HCVs, ~21% for tractors and ~9% for 3Ws. 2Ws volumes were flat YoY due to a 32% decline in exports; however, domestic volumes grew 13%. LCV volumes also estimated to grow ~1%. Wholesales growth was partly aided by marriage season and mini festive in 4QFY23 (as against both falling in Apr-May last year). CVs and PVs are the only segments to post QoQ improvements in volumes. Overall exports are expected to remain under pressure for both OEMs and auto component suppliers due to various frictions in global trade.

Fourth quarter of margin expansion, but tailwind of RM cost benefits over

We estimate EBITDA margins to improve for the fourth quarter in a row, with a 120bp YoY gain (+20bp QoQ) for our Auto OEM Universe (ex TTMT), led by full benefits of RM cost moderation, favorable FX and operating leverage benefits. Except for BJAUT and MM, all OEMs are likely to report margin expansion QoQ. While 4QFY23 will see residual benefits of lower commodity costs, based on the current prices of key commodities there could be some cost inflation in 1QFY24.

Some major headwinds recede, but new ones emerge

After facing headwinds for the last 3-4 years, the sector is seeing some of these major headwinds turn into tailwinds. The demand recovery is expected to sustain, with the pace of growth moderating. Exports seem to have largely bottomed out, but a recovery may take a couple of quarters. On the other hand, new headwinds are emerging in the form of: 1) signs of demand moderation in certain segments due

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to higher inflation/interest rates, 2) weak global macros raising fresh demand concerns for players having global exposure, and 3) commodity prices seeing some inflation from the recent lows. We expect a volume CAGR of 8-10%/6-8%/4-6% for 2Ws/PVs/Tractors over FY23-25. For 3Ws/LCVs/M&HCVs, we expect a volume CAGR of 10-12%/5-7%/10-12% over FY23-25.

Valuation and view

We revise our FY24E EPS for select companies to account for: 1) demand evolution in the domestic market, 2) weakness in exports, and 3) commodity price/FX changes. We lower our FY24E EPS for SONACOMS (-11.5%), ENDU (-8%), MSUMI/ESC (-6%) and BJAUT (-5%). We have not raised our estimates materially for any company for FY24. We prefer companies with 1) higher visibility in terms of demand recovery, 2) a strong competitive positioning, 3) margin drivers, and 4) balance sheet strength. **AL** and **TTMT** are our top OEM picks. Among auto component stocks, we prefer **MOTHERSO** and **BHFC**.

Exhibit 1: Summary of expected quarterly performance (INR m)

	CMP		Sales (INR M)			EBIDTA (INR M)			Net profit (INR M)		
Sector	**(INR)**	**Reco**	**Mar-23**	**YoY (%)**	**QoQ (%)**	**Mar-23**	**YoY (%)**	**QoQ (%)**	**Mar-23**	**YoY (%)**	**QoQ (%)**
Amara Raja Batt.	579	Neutral	26,228	20.3	-0.5	3,785	72.2	-4.6	2,061	109.2	-7.5
Apollo Tyres	320	Buy	63,223	13.3	-1.6	9,733	55.4	6.6	3,382	197.8	15.8
Ashok Leyland	139	Buy	1,18,638	35.7	31.4	12,135	56.4	52.2	6,230	48.9	74.6
Bajaj Auto	3884	Neutral	82,115	3.0	-11.8	15,417	12.9	-13.2	13,253	8.1	-11.1
Balkrishna Inds	1952	Neutral	23,717	-2.5	7.1	4,978	-13.6	17.6	2,731	-26.3	174.5
Bharat Forge	770	Buy	20,456	22.2	4.8	5,279	22.6	7.0	3,046	15.4	6.5
Bosch	19339	Neutral	38,102	15.1	4.1	5,535	27.1	37.1	4,157	18.6	30.4
CEAT	1450	Buy	29,031	12.0	6.5	3,037	62.0	27.8	1,061	266.2	197.3
Craftsman Auto	3246	Buy	7,915	21.0	5.9	1,701	10.6	7.6	537	4.4	4.7
Eicher Motors	2950	Buy	37,604	17.8	1.1	8,833	16.7	3.0	8,523	39.7	15.0
Endurance Tech.	1242	Buy	22,012	5.9	5.1	2,664	3.6	11	1,295	-4.9	19.6
Escorts Kubota	1892	Neutral	21,985	17.6	-2.9	1,995	-20.7	4.8	1,779	-12.0	-4.6
Exide Inds.	178	Buy	36,909	8.3	8.4	4,318	23.7	7.8	2,536	-8.0	13.6
Hero Motocorp	2347	Buy	81,752	10.2	1.8	9,845	19.0	6.5	7,374	17.6	3.7
Mahindra & Mahindra	1159	Buy	2,22,298	29.0	2.7	27,605	42.6	-1.9	15,762	35.1	-22.3
Mahindra CIE	351	Buy	24,401	-5.1	8.6	3,444	23.3	17.8	1,872	16.0	12.6
Maruti Suzuki	8293	Buy	3,31,682	24.0	14.2	36,097	48.7	27.4	28,365	54.2	20.6
Samvardhana Motherson	67	Buy	2,15,252	25.4	6.4	16,479	34.9	4.6	4,585	224.7	0.9
Motherson Wiring	48	Buy	18,508	11.4	9.7	2,165	-10.5	21.0	1,390	-12.9	30.9
MRF	84047	Sell	58,270	12.1	5.3	6,921	31.2	26.2	2,751	75.5	62.6
Sona BLW Precis.	413	Neutral	7,070	28.5	3.2	1,917	41.6	3.0	1,097	20.4	2.5
Tata Motors	421	Buy	9,75,503	24.4	10.2	1,13,253	29.6	17.4	27,113	LP	-8.3
Tube Investments	2544	Buy	18,584	7.1	8.7	2,410	38.2	12.4	1,595	16.9	15.8
TVS Motor	1077	Neutral	65,059	17.6	-0.6	6,790	21.9	3.0	3,661	33.4	3.8
Automobiles			**25,46,314**	**21.3**	**7.9**	**3,06,336**	**30.6**	**12.8**	**1,46,154**	**70.3**	**4.7**

Exhibit 2: Volume snapshot 4QFY23 ('000 units)

	4QFY23	4QFY22	YoY (%)	3QFY23	QoQ (%)	FY23E	FY22	YoY (%)
Two wheelers	4,438	4,452	-0.3	4,708	-5.7	19,669	17,911	9.8
Three wheelers	214	197	8.6	230	-6.9	855	761	12.4
Passenger cars	543	537	1.2	534	1.6	2,159	1,842	17.2
UVs & MPVs	645	538	19.9	570	13.2	2,389	1,805	32.4
Total PVs	**1,188**	**1,075**	**10.6**	**1,104**	**7.6**	**4,548**	**3,647**	**24.7**
M&HCV	122	104	17.3	91	34.0	380	273	39.2
LCV	176	173	1.3	155	13.2	661	536	23.3
Total CVs	**297**	**277**	**7.3**	**246**	**20.9**	**1,041**	**809**	**28.7**
Tractors	215	178	20.8	258	-16.6	984	853	15.3
Total (ex Tractor)	**6,137**	**6,001**	**2.3**	**6,288**	**-2.4**	**26,113**	**23,127**	**12.9**

Source: Company, MOFSL

Exhibit 3: Commodity prices remain soft (indexed)

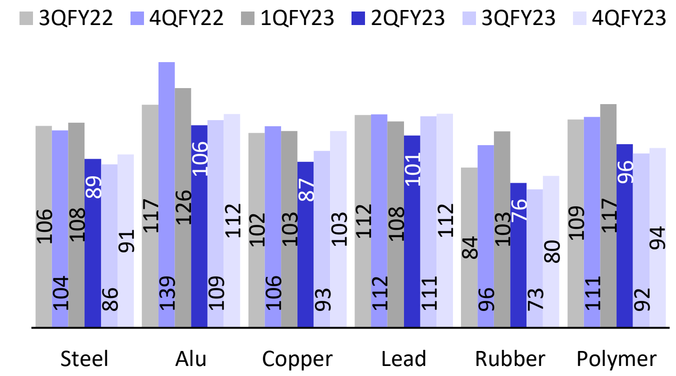


Exhibit 4: Trend in key currencies v/s INR (average, indexed)

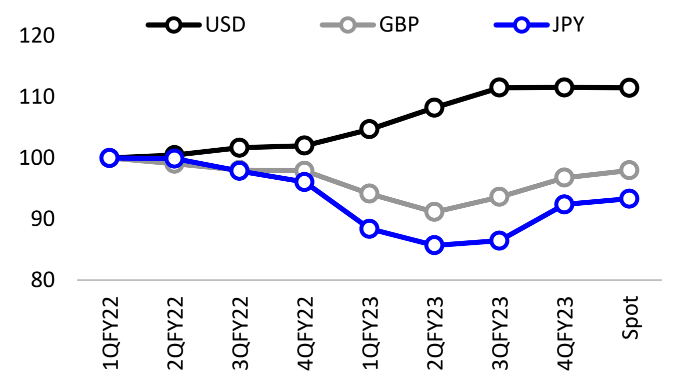
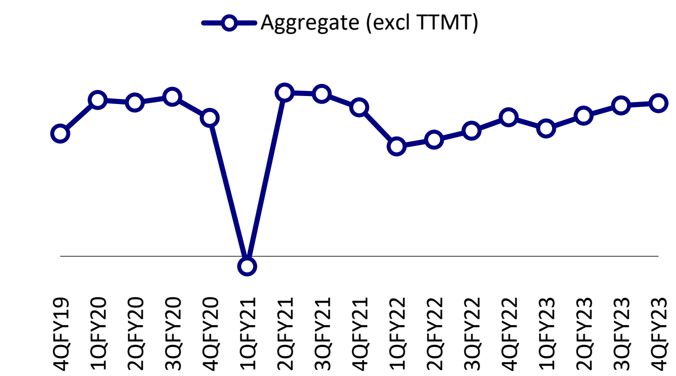
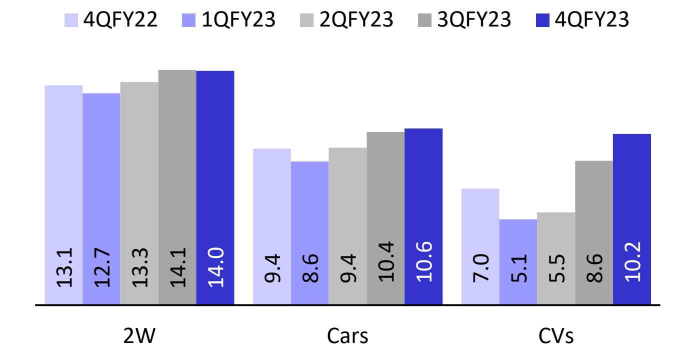


Exhibit 5: Margins to improve on both YoY & QoQ basis



Source: MOFSL

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



Source: MOFSL

Exhibit 7: QoQ savings in RM costs drive margin

	Volumes ('000 units)					EBITDA margins (%)					Adj PAT (INR M)		
	4QFY23	**4QFY22**	**YoY (%)**	**3QFY23**	**QoQ (%)**	**4QFY23**	**4QFY22**	**YoY (bp)**	**3QFY23**	**QoQ (bp)**	**4QFY23**	**YoY (%)**	**QoQ (%)**
BJAUT^	848	977	-13.2	983.3	-13.7	18.8	17.1	170	19.1	-30	13,253	8.1	-11.1
HMCL	1,270	1189	6.9	1,239.7	2.5	12.0	11.2	90	11.5	50	7,374	17.6	3.7
TVS Motor	868	856	1.4	879.4	-1.3	10.4	10.1	40	10.1	40	3,661	33.4	3.8
MSIL	515	489	5.4	465.9	10.5	10.7	9.1	170	9.8	100	27,178	47.8	15.6
MM	279	229	21.9	281.9	-1.0	12.4	11.2	120	13.0	-60	15,762	35.1	-22.3
TTMT India CV**	116	120	-3.1	95.0	22.1	10.3	6.1	420	8.5	170	15,898	161.5	69.5
TTMT India PV**	136	124	9.8	132.3	2.5	6.7	7.0	-30	7.0	-30	1,431	240.6	-55.4
TTMT (JLR) *	101	89	13.2	92.3	9.2	12.9	12.6	40	11.9	110	179	-1,131.5	-31.6
TTMT (Cons)						11.6	11.1	50	10.9	70	27,113	-949.8	-8.3
Ashok Leyland	60	49	22.5	47.6	25.5	10.2	8.9	140	8.8	140	6,230	48.9	74.6
Eicher (RE)	219	186	17.7	221.4	-1.3	24.3	23.6	70	23.9	50	6,898	24.7	1.3
Eicher (VECV)	26	20	31.3	18.2	45.2	8.6	6.7	200	6.9	170	3,125	211.8	165.7
Eicher (Consol)						24.3	23.6	70	23.9	50	8,523	39.7	15.0
Agg. (ex JLR)	**4,397**	**4256**	**3.3**	**4,365**	**0.7**	**12.4**	**11.2**	**120**	**12.2**	**20**	**81,981**	**33.0**	**2.1**

^Mar'23 volumes for BJAUT are yet to be declared: *JLR (in GBP m), ** PBT instead of adj. PAT; Aggregate OEM PAT excl. TTMT

Source: Company, MOFSL

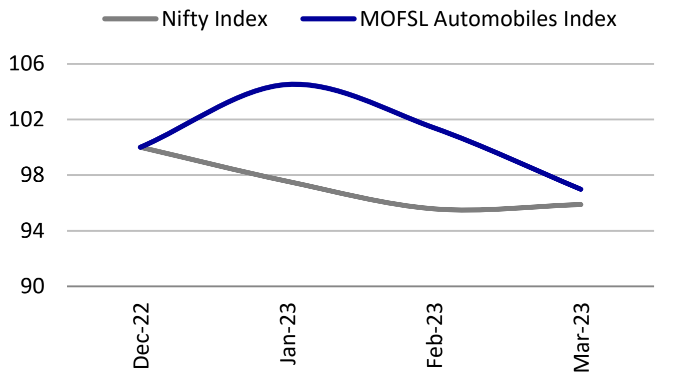
Exhibit 8: Revised estimates

	FY23E			FY24E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
BJAUT	205.5	213.0	-3.5	229.1	241.0	-5.0
HMCL	139.3	140.1	-0.6	169.0	174.7	-3.2
TVSL	30.5	32.0	-4.8	41.4	42.3	-2.2
EIM *	104.6	102.5	2.1	135.7	134.7	0.8
MSIL *	276.7	262.3	5.5	353.2	367.0	-3.8
MM	61.6	61.8	-0.3	77.7	78.2	-0.7
TTMT *	-5.6	-5.3	-6.2	26.1	27.1	-3.6
AL	4.2	3.9	8.4	7.6	7.7	-2.2
ESCORTS	59.2	58.2	1.7	70.1	74.3	-5.7
AMRJ	45.1	45.9	-1.9	48.0	49.5	-3.0
EXID	11.2	11.5	-2.6	12.9	13.0	-0.7
BOSCH	489	495	-1.3	641	635	1.0
ENDU	34.2	35.5	-3.9	49.1	53.3	-7.9
MACA	22.8	23.6	-3.4	27.0	27.4	-1.7
BHFC	16.4	16.5	-0.7	32.2	32.8	-2.1
MOTHERSO *	2.0	2.1	-3.1	3.9	3.9	-2.1
SONACOMS	6.6	6.9	-4.2	8.7	10.1	-11.5
CEAT	43.3	40.6	6.8	118.1	119.0	-0.7
APTY *	17.7	17.7	0.2	25.6	25.3	1.1
BIL	52.9	52.5	0.7	80.2	81.5	-1.6
MRF	1,605.3	1,595.6	0.6	3,066.4	3,124.7	-1.9
MSUMI	1.1	1.1	0.0	1.7	1.8	-5.9
TIINDIA	66.6	66.8	-0.3	81.2	82.1	-1.2
CRAFTSMA	104.7	104.7	0.0	177.8	177.8	0.0

* Consolidated; MACA is for CY

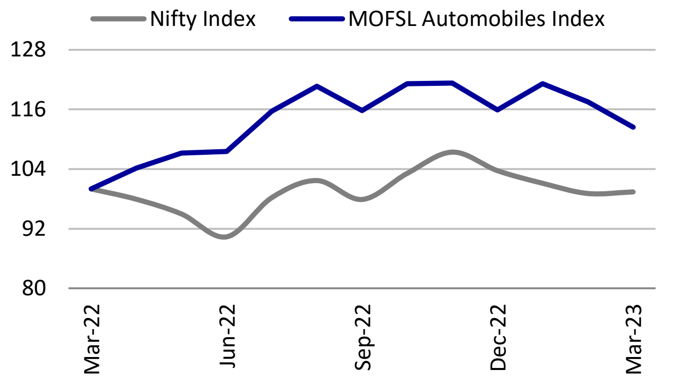
*Source: Consolidated, MOFSL

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



Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

Exhibit 11: Comparative valuation

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Automobiles						**32.1**	**19.5**	**16.5**	**3.8**	**3.3**	**2.9**	**11.8**	**17.2**	**17.7**
Amara Raja Batt.	579	Neutral	45.1	48.0	51.2	12.9	12.1	11.3	2.0	1.8	1.6	16.0	15.3	14.7
Apollo Tyres	320	Buy	17.7	25.6	30.8	18.0	12.5	10.4	1.5	1.3	1.2	8.4	11.2	12.2
Ashok Leyland	139	Buy	4.2	7.6	9.4	33	18	14.8	5.1	4.2	3.5	16.1	25.2	25.8
Bajaj Auto	3,884	Neutral	205.5	229.1	253.2	18.9	17.0	15.3	4.6	4.5	4.4	22.9	26.7	28.9
Balkrishna Inds	1,952	Neutral	52.9	80.2	92.2	36.9	24.3	21.2	5.0	4.4	3.9	14.1	19.2	19.6
Bharat Forge	770	Buy	16.4	32.2	41.3	47.1	24.0	18.7	5.1	4.3	3.6	11.2	19.6	21.2
Bosch	19,339	Neutral	488.7	640.8	726.6	39.6	30.2	26.6	5.0	4.6	4.2	13.1	15.9	16.5
CEAT	1,450	Buy	43.3	118.1	138.2	33.5	12.3	10.5	1.7	1.5	1.4	5.3	13.3	13.7
Craftsman Auto	3,246	Buy	104.7	177.8	218.3	31.0	18.3	14.9	5.1	4.0	3.2	17.7	24.5	24.0
Eicher Motors	2,950	Buy	104.6	135.7	166.9	28.2	21.7	17.7	5.5	4.5	3.7	20.9	22.8	23.1
Endurance Tech.	1,242	Buy	34.2	49.1	57.5	36.4	25.3	21.6	4.1	3.7	3.3	11.8	15.4	16.1
Escorts Kubota	1,892	Neutral	59.2	70.1	88.3	32.0	27.0	21.4	2.6	2.6	2.4	8.3	10.1	11.6
Exide Inds.	178	Buy	11.2	12.9	15.7	15.9	13.8	11.3	1.3	1.2	1.1	8.4	9.1	10.1
Hero Motocorp	2,347	Buy	139.3	169.0	184.8	16.8	13.9	12.7	2.8	2.7	2.6	17.2	19.9	20.7
Mahindra & Mahindra	1,159	Buy	61.6	77.7	87.0	18.8	14.9	13.3	3.1	2.7	2.3	17.8	19.4	18.7
Mahindra CIE	351	Buy	18.1	22.8	27.0	19.4	15.4	13.0	2.6	2.3	2.0	13.3	15.8	16.5
Maruti Suzuki	8,293	Buy	276.7	351.1	414.9	30.0	23.6	20.0	4.1	3.7	3.3	13.6	15.6	16.4
Motherson Wiring	48	Buy	1.1	1.7	1.9	43.9	28.1	24.9	16.0	11.6	9.2	39.8	47.8	41.1
MRF	84,047	Sell	1,605.3	3,066.4	4,003.7	52.4	27.4	21.0	2.4	2.2	2.0	4.7	8.5	10.2
Samvardhana Motherson	67	Buy	2.0	3.9	4.9	33.2	17.4	13.7	2.1	1.9	1.8	6.5	11.6	13.5
Sona BLW Precis.	413	Neutral	6.6	8.7	10.8	62.7	47.4	38.2	10.6	9.2	7.9	18.0	20.7	22.2
Tata Motors	421	Buy	-5.5	26.1	32.1	-77.1	16.1	13.1	3.6	3.0	2.4	-4.7	20.3	20.4
Tube Investments	2,544	Buy	66.6	81.2	99.0	38.2	31.3	25.7	12.5	9.8	7.8	36.6	35.0	33.7
TVS Motor	1,077	Neutral	30.5	41.4	48.5	35.4	26.0	22.2	8.5	6.6	5.3	26.7	28.6	26.4

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: INR579 | TP: INR615 (+6%) **EPS CHANGE (%): FY24|25E: -3|-4**

- Expect healthy revenue growth of 20% YoY, driven by healthy OE demand and ramp-up in industrial segment
- Lead prices increased 10%/1% QoQ in 3Q/4QFY23, impacting overall gross margin in 4Q. Expect further impact in 1QFY24.

Quarterly Performance (INR m)

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**18,859**	**22,642**	**23,651**	**21,807**	**26,200**	**26,995**	**26,372**	**26,228**	**86,958**	**1,05,795**
YoY Change (%)	63.8	17.0	20.7	3.7	38.9	19.2	11.5	20.3	21.6	21.7
RM Cost (% of sales)	68.9	70.1	70.3	72.1	73.4	69.5	66.6	66.8	70.4	69.1
Staff Cost (% of sales)	6.3	5.8	5.5	5.5	5.1	5.6	6.1	6.2	5.7	5.8
Other Exp (% of sales)	11.6	12.2	12.3	12.3	11.5	11.6	12.2	12.5	12.1	12.0
EBITDA	**2,499**	**2,689**	**2,840**	**2,199**	**2,609**	**3,602**	**3,969**	**3,785**	**10,226**	**13,965**
Margins (%)	13.2	11.9	12.0	10.1	10.0	13.3	15.0	14.4	11.8	13.2
Depreciation	963	986	1,021	987	963	1,019	1,145	1,172	3,957	4,299
Interest	32	36	38	46	46	54	58	67	151	225
Other Income	166	264	190	160	170	237	261	258	780	925
PBT after EO	**1,670**	**1,932**	**1,971**	**1,325**	**1,770**	**2,765**	**3,026**	**2,805**	**6,898**	**10,366**
Tax	431	491	524	340	455	744	798	744	1,786	2,740
Tax Rate (%)	25.8	25.4	26.6	25.6	25.7	26.9	26.4	26.5	25.9	26.4
Adj PAT	**1,239**	**1,441**	**1,447**	**985**	**1,315**	**2,022**	**2,228**	**2,061**	**5,113**	**7,625**
YoY Change (%)	97.7	-28.5	-25.1	-48.0	6.1	40.3	54.0	109.2	-21.0	49.2

Apollo Tyres — Buy

CMP: INR320 | TP: INR400 (+25%) **EPS CHANGE (%): FY24|25E: 1|-3**

- Revenue growth should be led by healthy OEM demand in 4QFY23, followed by a sequential recovery in replacement and price hikes.
- The RM basket declined during the quarter. This coupled with price hikes should result in EBITDA margin expansion of 120bp QoQ to 15.4%. EU business margin is likely to expand 20bp QoQ.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Revenues	**45,845**	**50,773**	**57,075**	**55,783**	**59,420**	**59,560**	**64,228**	**63,223**	**2,09,476**	**2,46,431**
YoY Change (%)	59.1	18.2	12.4	11.0	29.6	17.3	12.5	13.3	21.2	17.6
Total Expenditure	40,177	44,393	49,645	49,520	52,522	52,440	55,094	53,490	1,83,735	2,13,546
EBITDA	**5,668**	**6,380**	**7,429**	**6,264**	**6,898**	**7,120**	**9,134**	**9,733**	**25,741**	**32,885**
Margins (%)	12.4	12.6	13.0	11.2	11.6	12.0	14.2	15.4	12.3	13.3
Depreciation	3,404	3,397	3,443	3,753	3,437	3,485	3,544	3,769	13,997	14,236
Interest	1,046	1,036	1,083	1,279	1,182	1,320	1,420	1,465	4,444	5,387
Other Income	405	289	170	372	106	69	67	95	1,235	337
PBT before EO expense	**1,623**	**2,236**	**3,073**	**1,603**	**2,384**	**2,383**	**4,237**	**4,594**	**8,535**	**13,599**
Extra-Ord expense	9	44	5	0	0	0	0	0	59	0
PBT	**1,613**	**2,192**	**3,068**	**1,603**	**2,384**	**2,383**	**4,237**	**4,594**	**8,476**	**13,599**
Rate (%)	20.8	20.7	27.2	29.2	20.0	18.5	31.1	26.4	24.7	25.3
Reported PAT	**1,278**	**1,738**	**2,235**	**1,136**	**1,907**	**1,945**	**2,921**	**3,382**	**6,387**	**10,154**
Adj PAT	**1,285**	**1,766**	**2,239**	**1,136**	**1,907**	**1,945**	**2,921**	**3,382**	**6,432**	**10,154**
YoY Change (%)	-195.5	37.2	-40.4	-60.6	48.4	10.1	30.5	197.8	-2.2	57.9

Ashok Leyland — Buy

CMP: INR139 | TP: INR175 (+26%) — **EPS CHANGE (%): FY24|25E: -2|-6**

- MHCV volumes witnessed significant traction, driven by strong demand in underlying industries and pre-buying ahead of BS6-II norms.
- Net price realization improved significantly, led by price hikes and moderating discounts during the quarter.
- QoQ margin expansion should be driven by moderating discounts and operating leverage.
- We cut FY25E EPS by 6% to factor in moderating LCV volume growth and margins thereby.

Quarterly Performance (S/A) (INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Total Volumes (nos)	17,987	27,543	34,077	48,719	39,651	45,295	47,562	59,697	1,28,326	1,92,205
Growth %	371.6	41.7	2.0	10.6	120.4	64.5	39.6	22.5	27.4	49.8
Realizations (INR '000)	1,641	1,619	1,624	1,795	1,822	1,825	1,899	1,987	1,690	1,893
Change (%)	-3.9	10.9	12.7	13.0	11.0	12.8	16.9	10.7	11.2	12.0
Net operating revenues	**29,510**	**44,579**	**55,352**	**87,443**	**72,229**	**82,660**	**90,297**	**1,18,638**	**2,16,883**	**3,63,822**
Change (%)	353.4	57.2	15.0	24.9	144.8	85.4	63.1	35.7	41.7	67.8
RM/sales %	74.1	76.7	77.9	78.2	79.3	78.0	76.3	76.4	77.3	77.3
Staff/sales %	14.4	9.0	7.8	5.0	6.2	6.4	6.1	4.9	7.8	5.8
Other exp/sales %	16.2	11.3	10.2	7.9	10.1	9.1	8.8	8.5	10.3	9.0
EBITDA	**-1,401**	**1,347**	**2,239**	**7,760**	**3,203**	**5,373**	**7,973**	**12,135**	**9,945**	**28,685**
EBITDA Margins(%)	-4.7	3.0	4.0	8.9	4.4	6.5	8.8	10.2	4.6	7.9
Interest	707	871	668	765	689	771	804	831	3,011	3,094
Other Income	134	209	176	242	256	200	316	298	761	1,070
Depreciation	1,835	1,843	1,897	1,954	1,824	1,768	1,890	1,903	7,528	7,384
PBT before EO Item	**-3,809**	**-1,157**	**-149**	**5,284**	**946**	**3,035**	**5,596**	**9,699**	**168**	**19,277**
EO Exp/(Inc)	17	-2	-420	-4,703	-130	-82	-69	0	-5,108	-282
PBT after EO	**-3,826**	**-1,155**	**271**	**9,987**	**1,077**	**3,117**	**5,665**	**9,699**	**5,276**	**19,558**
Effective Tax Rate (%)	26.2	28.1	78.7	9.7	36.8	36.1	36.2	35.8	-2.7	36.0
Adj PAT	**-2,806**	**-832**	**-374**	**4,184**	**597**	**1,940**	**3,569**	**6,230**	**172**	**12,337**
Change (%)	-27.6	-42.7	-338.6	96.7	-121.3	-333.1	-1,054.5	48.9	-105.7	7,059.3

Bajaj Auto — Neutral

CMP: INR3,884 | TP: INR4,050 (+4%) — **EPS CHANGE (%): FY24|25E: -5|-5**

- 2W domestic volumes expected to grow 15% YoY, while 2W export volumes to decline 38% YoY.
- Export demand continues to be impacted by availability and devaluation of FX in end markets.
- Margin to contract QoQ impacted by operating deleverage despite price hikes and favorable FX.
- FY24/25E EPS downgrade due to a slower-than-expected recovery in both domestic and exports demand.

Quarterly Performance (INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volumes ('000 units)	1,006	1,144	1,181	977	934	1,151	983	848	4,308	3,916
Growth YoY (%)	127.0	8.6	-9.6	-16.5	-7.2	0.6	-16.8	-13.2	8.4	(9.1)
Realization (INR/unit)	73,419	75,328	76,367	81,655	85,739	88,642	94,736	96,817	76,601	91,250
Growth YoY (%)	5.6	10.9	12.0	11.1	16.8	17.7	24.1	18.6	9.7	19.1
Net Sales	**73,860**	**86,206**	**90,217**	**79,748**	**80,050**	**1,02,028**	**93,151**	**82,115**	**3,30,032**	**3,57,344**
Change (%)	139.9	20.5	1.3	-7.2	8.4	18.4	3.3	3.0	19.0	8.3
RM/Sales %	73.0	74.9	74.7	71.9	72.2	73.4	70.6	70.2	73.7	71.7
Staff cost/Sales %	4.9	4.1	3.8	3.8	4.7	3.5	3.8	4.4	4.1	4.0
Oth. Exp./Sales %	6.9	6.5	6.3	7.1	6.9	6.0	6.6	6.7	6.7	6.5
EBITDA	**11,198**	**12,596**	**13,721**	**13,656**	**12,970**	**17,587**	**17,768**	**15,417**	**51,171**	**63,743**
EBITDA Margins (%)	15.2	14.6	15.2	17.1	16.2	17.2	19.1	18.8	15.5	17.8
Other Income	3,293	3,183	2,728	2,889	3,193	3,332	2,691	2,794	12,092	12,010
Extraordinary Inc	0	1,416	0	3,153	0	0	0	0	4,568	0
Interest	23	17	18	29	43	109	85	88	87	325
Depreciation	641	656	698	697	673	670	740	745	2,692	2,828
PBT after EO	**13,827**	**16,521**	**15,733**	**18,972**	**15,447**	**20,140**	**19,635**	**17,379**	**65,054**	**72,601**
Effective Tax Rate (%)	23.3	22.9	22.8	22.6	24.0	24.0	24.0	23.7	22.8	24.0
Adj. PAT	**10,612**	**11,653**	**12,142**	**12,257**	**11,733**	**15,300**	**14,914**	**13,253**	**46,665**	**55,200**
Change (%)	101.0	2.4	(22.0)	(8.0)	10.6	31.3	22.8	8.1	2.5	18.3

Balkrishna Industries **Neutral**

CMP: INR1,952 | TP: INR2,030 (+4%) **EPS CHANGE (%): FY24|25E: -2|-4**

- Revenue is expected to decline 2.5% YoY, hit by a 7% YoY decline in tonnage partly due to high channel inventory, partially offset by 5% YoY growth in realizations.
- Gross margin should continue to improve, led by softening RM costs and price hikes.
- While operating cost inflation has started stabilizing, the full recovery is yet to commence.

Quarterly Earning Model (Standalone) (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Volumes (Ton)	68,608	72,748	70,320	77,119	83,153	78,872	66,480	71,593	2,88,795	3,00,098
YoY Change (%)	80.1	18.8	17.6	13.4	21.2	8.4	-5.5	-7.2	27.1	3.9
Realizations (INR '000/ton)	266.5	285.9	295.6	315.3	327.9	355.8	333.2	331.3	291.5	337.2
YoY Change (%)	7.8	12.8	18.2	22.5	23.0	24.5	12.7	5.1	15.4	15.7
Net Revenues	18,281	20,798	20,790	24,319	27,263	28,063	22,153	23,717	84,187	1,01,196
YoY Change (%)	94.1	34.0	38.9	39.0	49.1	34.9	6.6	-2.5	46.7	20.2
EBITDA	5,339	5,642	5,064	5,763	5,470	5,640	4,233	4,978	21,817	20,321
Margins (%)	29.2	27.1	24.4	23.7	20.1	20.1	19.1	21.0	25.9	20.1
Depreciation	1,041	1,085	1,145	1,167	1,262	1,341	1,449	1,464	4,438	5,516
Interest	21	18	18	21	27	43	136	97	79	303
Forex loss/(gain)	-170	-270	-170	210	-260	-490	1,660	250	-390	1,160
Other Income	400	620	310	520	-150	580	430	526	1,850	1,386
PBT before EI	4,847	5,429	4,381	4,884	4,290	5,327	1,417	3,694	19,541	14,728
Extra-Ord expense	357	299	0	-40	0	0	0	0	615	0
PBT	4,490	5,131	4,381	4,924	4,290	5,327	1,417	3,694	18,926	14,728
Rate (%)	26.2	26.4	25.1	24.1	25.4	24.1	29.8	26.1	25.5	25.5
Reported PAT	3,312	3,775	3,280	3,737	3,199	4,043	995	2,731	14,103	10,969
Adj PAT	3,575	3,994	3,280	3,707	3,199	4,043	995	2,731	14,562	10,969
YoY Change (%)	193.0	17.4	1.8	-0.4	-10.5	1.2	-69.7	-26.3	26.1	-24.7

Bharat Forge **Buy**

CMP: INR770 | TP: INR1032 (+34%) **EPS CHANGE (%): FY24|25E: -2|-2**

- Continued traction in global CV demand and recovery in global PVs and industrials are driving strong growth on the low base.
- The non-auto business across both domestic and exports to remain stable.
- Softening RM cost inflation and other operating expenses should drive margin expansion by 50bp QoQ in 4QFY23.

S/A Quarterly (INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Tonnage	53,512	57,094	53,365	57,543	57,915	61,149	62,755	65,723	2,21,514	2,47,542
Change (%)	200.0	40.0	4.8	3.1	8.2	7.1	17.6	14.2	33.9	11.8
Realization (INR '000/ton)	256.4	279.5	300.2	290.9	303.8	304.8	311.1	311.2	281.9	307.9
Change (%)	7.1	29.3	47.7	24.3	18.5	9.1	3.6	7.0	27.7	9.2
Net operating income	13,718	15,956	16,021	16,741	17,594	18,639	19,521	20,456	62,436	76,210
Change (%)	221.3	81.0	54.7	28.1	28.2	16.8	21.8	22.2	71.0	22.1
EBITDA	3,910	4,437	4,034	4,307	4,600	4,522	4,936	5,279	16,687	19,337
EBITDA Margins (%)	28.5	27.8	25.2	25.7	26.1	24.3	25.3	25.8	26.7	25.4
Non-Operating Income	333	322	358	662	259	477	377	436	1,675	1,550
Interest	406	142	118	407	263	357	849	536	1,073	2,005
Depreciation	1019	1026	1031	1042	1064	1066	1079	1093	4,118	4,301
Fx loss/(gain)	-4	-307	-45	-4	250	-8	-415	0	-360	-174
PBT after EO items	2,206	4,009	4,247	3,499	3,252	3,579	3,844	4,086	13,959	14,760
Eff. Tax Rate (%)	24.4	22.2	20.5	25.1	25.1	25.1	24.8	25.5	22.8	25.1
Rep. PAT	1,667	3,118	3,374	2,620	2,436	2,681	2,892	3,046	10,778	11,055
Change (%)	-396.0	343.9	263.9	27.5	46.2	-14.0	-14.3	16.3	245.4	2.6
Adj. PAT	2,143	3,033	2,633	2,639	2,459	2,686	2,860	3,046	10,448	11,050
Change (%)	-480.6	318.7	172.0	28.1	14.8	-11.5	8.6	15.4	227.5	5.8

Bosch — Neutral

CMP: INR19,339 | TP: INR18,200 (-6%) — **EPS CHANGE (%): FY24|25E: -1|-**

- Strong revenue growth led by healthy demand in CV and stable growth in tractor segment along with easing supply chain bottlenecks.
- EBITDA margin likely to expand driven by operating leverage and cost control. We believe benefits of localization to start flowing in from 1QFY24.

Quarterly performance (S/A) (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**24,435**	**29,180**	**31,091**	**33,110**	**35,444**	**36,616**	**36,599**	**38,102**	**1,17,816**	**1,46,761**
YoY Change (%)	146.4	17.7	2.6	2.9	45.1	25.5	17.7	15.1	21.2	24.6
RM Cost (% of sales)	58.9	62.8	60.8	64.6	64.6	64.9	60.0	63.5	61.9	63.3
Staff Cost (% of sales)	11.1	8.7	9.4	7.7	7.6	7.5	7.4	7.2	9.1	7.5
Other Expenses (% of sales)	17.5	16.3	18.3	14.5	15.0	15.8	21.6	14.7	16.6	16.8
EBITDA	**3,066**	**3,575**	**3,575**	**4,354**	**4,495**	**4,311**	**4,037**	**5,535**	**14,570**	**18,378**
Margins (%)	12.5	12.3	11.5	13.2	12.7	11.8	11.0	14.5	12.4	12.5
Depreciation	671	829	851	892	648	919	1,083	1,122	3,243	3,772
Interest	32	15	169	73	36	19	20	55	289	130
Other Income	990	1,244	803	926	566	1,497	1,312	1,175	3,963	4,550
PBT before EO expense	**3,353**	**3,975**	**3,359**	**4,315**	**4,377**	**4,870**	**4,246**	**5,533**	**15,001**	**19,026**
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**	**4,870**	**4,246**	**5,533**	**15,001**	**19,026**
Tax	756	255	1,009	809	1,035	1,146	1,057	1,376	2,829	4,614
Tax Rate (%)	22.5	6.4	30.0	18.7	23.6	23.5	24.9	24.9	18.9	24.3
Reported PAT	**2,598**	**3,720**	**2,350**	**3,506**	**3,342**	**3,724**	**3,189**	**4,157**	**12,172**	**14,412**
Adj PAT	**2,598**	**3,720**	**2,350**	**3,506**	**3,342**	**3,724**	**3,189**	**4,157**	**12,172**	**14,412**
YoY Change (%)	390.4	33.5	-24.6	1.4	28.7	0.1	35.7	18.6	23.1	18.4

Ceat — Buy

CMP: INR1,450| TP: INR1,800 (+24%) — **EPS CHANGE (%): FY24|25E: -1|-9**

- Healthy OEM demand, sequential recovery in replacement and price hikes to result in strong revenue growth.
- RM basket during the quarter declined ~4% QoQ. This coupled with price hikes should result in EBITDA margin expansion during the quarter.
- Ramp-up at new TBR/PCR plant to support domestic and export volumes.
- We cut FY25E EPS by 9% to factor in a weaker recovery in domestic 2W volumes, moderating growth in PVs and increase in RM prices.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**19,064**	**24,518**	**24,133**	**25,920**	**28,184**	**28,945**	**27,272**	**29,031**	**93,634**	**1,13,432**
YoY Change (%)	70.2	23.9	8.6	13.2	47.8	18.1	13.0	12.0	23.0	21.1
RM cost (%)	61.1	63.1	66.0	66.5	68.3	67.5	65.5	64.0	64.4	66.3
Employee cost (%)	9.3	7.0	7.1	6.6	6.1	5.8	6.7	6.6	7.4	6.3
Other expenses (%)	20.9	20.9	21.3	19.7	19.7	19.7	19.2	19.0	20.6	19.4
EBITDA	**1,662**	**2,203**	**1,341**	**1,875**	**1,653**	**2,031**	**2,376**	**3,037**	**7,098**	**9,097**
Margins (%)	8.7	9.0	5.6	7.2	5.9	7.0	8.7	10.5	7.6	8.0
Depreciation	965	1,206	1,086	1,096	1,114	1,151	1,175	1,180	4,352	4,620
Interest	460	496	548	566	521	577	657	660	2,070	2,415
Other Income	39	28	32	33	28	98	20	35	114	180
PBT before EO expense	**276**	**529**	**-260**	**246**	**45**	**401**	**565**	**1,232**	**790**	**2,242**
Exceptional item	0	5	65	59	7	237	5	0	129	249
PBT	**276**	**524**	**-326**	**187**	**38**	**164**	**560**	**1,232**	**661**	**1,994**
Tax Rate (%)	41.8	29.2	10.7	5.2	31.0	64.6	26.7	31.7	36.7	33.0
Minority Int. & Profit of Asso. Cos.	-79	-49	-91	-75	-67	-20	57	-220	-294	-250
Reported PAT	**240**	**420**	**-200**	**253**	**92**	**78**	**354**	**1,061**	**712**	**1,586**
Adj PAT	**240**	**423**	**-159**	**290**	**97**	**237**	**357**	**1,061**	**794**	**1,752**
YoY Change (%)	-255	-77	-111	-81	-59	-44	-325	266	-83	121

Craftsman Auto — Buy

CMP: INR2,819| TP: INR3,925 (+39%) **EPS CHANGE (%): FY24|25E: -|-**

- Strong CV demand and stable recovery in other segments should drive ~21% YoY growth in revenue.
- While RM headwinds such as rising aluminium prices (+3% QoQ each in 3Q/4QFY23) to hurt gross margins, benefits of operating leverage should drive EBITDA margin expansion of 30bp QoQ.
- We are not yet factoring in DR Axion in our quarterly estimates.

S/A Quarterly (INR m)

	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net operating income	**4,317**	**5,688**	**5,516**	**6,544**	**6,758**	**7,713**	**7,476**	**7,915**	**22,064**	**29,862**
Change (%)	170.8	55.1	13.7	22.3	56.6	35.6	35.5	21.0	42.7	35.3
Total Cost	3,258	4,261	4,247	5,006	5,124	6,012	5,895	6,214	16,771	23,244
RM/Sales (%)	44.7	46.2	45.8	49.3	47.8	51.2	50.5	51.0	46.7	50.2
Staff Cost (% of Sales)	9.2	8.3	9.6	7.0	8.4	7.4	7.7	7.3	8.4	7.7
Other Exp. (% of Sales)	21.5	20.4	21.6	20.2	19.6	19.3	20.6	20.2	20.9	20.0
EBITDA	**1,059**	**1,428**	**1,269**	**1,538**	**1,634**	**1,701**	**1,581**	**1,701**	**5,293**	**6,618**
EBITDA Margins (%)	24.5	25.1	23.0	23.5	24.2	22.1	21.2	21.5	24.0	22.2
Non-Operating Income	11	9	20	53	13	17	46	37	93	114
Interest	225	178	202	238	254	233	296	361	842	1145
Depreciation	494	500	521	545	532	547	538	549	2060	2165
PBT after EO items	**351**	**759**	**566**	**808**	**861**	**939**	**794**	**829**	**2,484**	**3,422**
Eff. Tax Rate (%)	34.9	34.9	35.0	36.4	35.5	35.4	35.4	35.2	35.4	35.4
Rep. PAT	**228**	**494**	**368**	**514**	**556**	**606**	**512**	**537**	**1,605**	**2,211**
Adj. PAT	**228**	**494**	**368**	**514**	**556**	**606**	**512**	**537**	**1,605**	**2,211**
Change (%)	-234.1	97.8	-12.3	9.8	143.3	22.7	39.1	4.4	65.8	37.8

Eicher Motors — Buy

CMP: INR2,950 | TP: INR3,550 (+20%) **EPS CHANGE (%): FY24|25E: 1|-2**

- RE volumes grew ~18% YoY in 4QFY23, led by continued traction in Hunter and easing chip shortages. However, export volume grew just ~4% YoY.
- Softening RM prices and price hikes to result in EBITDA margin expansion by 50bp QoQ.
- VECV margins likely to improve led by higher CV volumes and moderating discounts.

Quarterly performance (Consolidated)

(INR Million)	FY22				FY23E				FY22	FY23E
Y/E March	**1Q**	**2Q**	**3Q**	**4Q**	**1Q**	**2Q**	**3Q**	**4QE**		
Net Operating income	**19,743**	**22,496**	**28,807**	**31,933**	**33,975**	**35,194**	**37,210**	**37,604**	**1,02,978**	**1,43,983**
Growth (%)	141.3	5.4	1.9	8.6	72.1	56.4	29.2	17.8	18.1	39.8
EBITDA	**3,630**	**4,699**	**5,824**	**7,571**	**8,311**	**8,216**	**8,572**	**8,833**	**21,723**	**33,932**
EBITDA Margins (%)	18.4	20.9	20.2	23.7	24.5	23.3	23.0	23.5	21.1	23.6
PAT	**2,765**	**3,634**	**4,202**	**5,564**	**5,769**	**6,127**	**6,770**	**6,822**	**16,165**	**25,488**
Share of JV Loss/(PAT)/ Min. Int.	394	-98	-359	-538	-338	-441	-639	-1,701	-602	-3,119
Recurring PAT	**2,371**	**3,732**	**4,561**	**6,101**	**6,107**	**6,569**	**7,408**	**8,523**	**16,766**	**28,606**
Growth (%)	-529.8	8.7	-14.4	8.3	157.5	76.0	62.4	39.7	21.2	70.6
Standalone (Royal Enfield)										
Royal Enfield ('000 units)	**124**	**123**	**170**	**186**	**187**	**208**	**221**	**219**	**602**	**835**
Growth (%)	115.9	-18.0	-15.1	-9.3	51.4	68.3	30.6	17.7	-1.6	38.6
Net Realn (INR '000/unit)	**154.3**	**176.8**	**167.4**	**172.1**	**173.5**	**163.5**	**162.2**	**165.0**	**168.1**	**165.8**
Change - YoY (%)	14.9	25.3	19.2	20.5	12.4	-7.5	-3.1	-4.1	19.4	-1.4
Net operating income	**19,078**	**21,819**	**28,385**	**31,947**	**32,479**	**33,972**	**35,902**	**36,053**	**1,01,229**	**1,38,405**
Growth (%)	148.0	2.8	1.2	9.3	70.2	55.7	26.5	12.9	17.4	36.7
EBITDA	**3,345**	**4,427**	**5,814**	**7,550**	**7,882**	**8,036**	**8,569**	**8,768**	**21,136**	**33,255**
EBITDA Margins (%)	17.5	20.3	20.5	23.6	24.3	23.7	23.9	24.3	20.9	24.0

Endurance Technologies — Buy

CMP: INR1,242 | TP: INR1,550 (+25%)

EPS CHANGE (%): FY24|25E: -8|-8

- India business to benefit from 2W industry volume growth in 4Q, while EU business is recovering driven by improving supply chain situation and low base.
- Expect QoQ EBITDA margin expansion driven by steel price correction (~32% of mix in India) in 4Q.
- We cut FY24/25E EPS by 8% each to factor in a subdued recovery in domestic 2W market, especially for its key customer, and increasing RM prices (both aluminium and steel) in 4Q.

Consolidated - Quarterly

Y/E March	FY22				FY23E				FY22	FY23E
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**16,937**	**18,876**	**18,891**	**20,788**	**21,138**	**23,606**	**20,952**	**22,012**	**75,491**	**87,709**
YoY Change (%)	180.8	8.3	-7.4	-2.5	24.8	25.1	10.9	5.9	15.8	16.2
RM Cost (% of sales)	53.8	58.6	60.8	60.4	60.4	62.3	59.9	59.2	58.6	60.5
Staff Cost (% of sales)	11.5	8.7	8.8	8.1	8.8	7.4	9.2	8.6	9.2	8.5
Other Exp. (% of sales)	20.3	18.9	19.6	19.1	19.4	18.8	19.4	20.1	19.5	19.4
EBITDA	**2,443**	**2,600**	**2,032**	**2,571**	**2,398**	**2,716**	**2,395**	**2,664**	**9,646**	**10,173**
Margins (%)	14.4	13.8	10.8	12.4	11.3	11.5	11.4	12.1	12.8	11.6
Depreciation	983	940	914	981	991	993	1,016	1,029	3,817	4,029
Interest	15	18	14	17	19	61	46	53	64	179
Other Income	127	82	75	127	47	84	115	126	410	373
PBT before EO expense	**1,573**	**1,724**	**1,179**	**1,700**	**1,434**	**1,747**	**1,448**	**1,709**	**6,176**	**6,338**
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**	**1,747**	**1,448**	**1,709**	**5,861**	**6,235**
Eff. Tax Rate (%)	23.3	22.7	19.8	19.9	22.3	24.7	25.3	24.2	21.4	24.2
Rep. PAT	**966**	**1,333**	**946**	**1,362**	**1,034**	**1,315**	**1,082**	**1,295**	**4,608**	**4,726**
Adj. PAT	**1,213**	**1,333**	**946**	**1,362**	**1,112**	**1,315**	**1,082**	**1,295**	**4,855**	**4,804**
YoY Change (%)	-587.0	-7.9	-52.5	-27.3	-8.3	-1.4	14.4	-4.9	-4.1	-1.1

Escorts — Neutral

CMP: INR1,892 | TP: INR1,765 (-7%)

EPS CHANGE (%): FY24|25E: -6|-7

- 4Q witnessed strong growth in tractor volumes, led by healthy farm sentiments in the first half of the quarter and traction during the Navratri festival.
-
- Favorable RM costs should drive EBITDA margin expansion sequentially in 4QFY23. However, the rise in RM prices in 4QFY23 should impact margins in the coming quarters.
- Cut in EPS est by 6%/7% factors in for moderating tractor growth cycle and increasing RM prices.

Standalone Quarterly Performance **(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**16,715**	**16,788**	**19,575**	**18,696**	**20,149**	**18,835**	**22,637**	**21,985**	**71,774**	**83,605**
YoY Change (%)	57.4	2.4	-3.0	-15.4	20.5	12.2	15.6	17.6	3.6	16.5
Total Expenditure	14,383	14,522	16,929	16,181	18,133	17,308	20,733	19,990	62,014	76,164
EBITDA	**2,332**	**2,267**	**2,646**	**2,515**	**2,016**	**1,527**	**1,903**	**1,995**	**9,760**	**7,441**
Margins (%)	14.0	13.5	13.5	13.5	10.0	8.1	8.4	9.1	13.6	8.9
Depreciation	314	329	325	330	364	365	376	383	1,298	1,487
Interest	30	36	33	29	26	23	26	25	127	100
Other Income	472	473	400	538	354	776	913	799	1,883	2,842
PBT	**2,461**	**2,374**	**2,688**	**2,695**	**1,981**	**1,187**	**2,414**	**2,386**	**10,219**	**7,968**
Rate (%)	24.8	25.6	25.0	25.0	25.6	26.1	22.8	25.4	25.1	24.8
Adj. PAT	**1,852**	**1,767**	**2,015**	**2,022**	**1,475**	**1,424**	**1,864**	**1,779**	**7,656**	**6,541**
YoY Change (%)	101.0	-23.1	-28.2	-25.5	-20.4	-19.4	-7.5	-12.0	-12.4	-14.6

Exide Industries Buy

CMP: INR178 | TP: INR220 (+24%) **EPS CHANGE (%): FY24|25E: -1|-**

- Healthy revenue growth driven by strong demand in underlying domestic auto segments and ramp-up in industrials activities.
- A 10% increase in lead prices in 3QFY23 should result in a 100bp decline in gross margin. This should partially offset operating leverage benefits, resulting in flat margins in 4QFY23 (-10bp QoQ).
- Further increase in RM prices in 4Q/spot by 1% each to result in higher RM costs in 1Q.

S/A Quarterly Performance (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**24,864**	**32,900**	**31,967**	**34,086**	**38,994**	**37,189**	**34,053**	**36,909**	**1,23,817**	**1,47,145**
Growth YoY (%)	60.7	19.5	14.1	16.0	56.8	13.0	6.5	8.3	23.3	18.8
Gross operating income	**24,864**	**32,900**	**31,967**	**34,086**	**38,994**	**37,189**	**34,053**	**36,909**	**1,23,817**	**1,47,145**
Growth YoY (%)	60.7	19.5	14.1	16.0	56.8	13.0	6.5	8.3	23.3	18.8
RM(%)	68.5	67.2	69.0	72.0	72.1	69.5	67.8	68.8	69.3	69.6
Employee cost (%)	7.4	6.5	6.4	5.6	5.5	5.9	6.2	5.9	6.4	5.9
Other Exp(%)	13.6	13.8	13.0	12.2	12.5	13.5	14.2	13.7	13.1	13.5
Total Cost	22,258	28,767	28,240	30,596	35,127	33,065	30,048	32,591	1,09,861	1,30,831
EBITDA	**2,606**	**4,134**	**3,726**	**3,490**	**3,866**	**4,124**	**4,005**	**4,318**	**13,956**	**16,314**
EBITDA Margin(%)	10.5	12.6	11.7	10.2	9.9	11.1	11.8	11.7	11.3	11.1
Change (%)	75.5	5.4	-7.5	-15.4	48.4	-0.2	7.5	23.7	3.0	16.9
Non-Operating Income	152	109	150	392	322	356	234	266	803	1,178
Interest	109	86	83	106	64	62	80	75	384	280
Depreciation	1,009	1,012	1,041	1,065	1,091	1,120	1,151	1,142	4,126	4,504
PBT after EO Exp	**1,640**	**3,145**	**2,753**	**49,649**	**3,034**	**3,298**	**3,008**	**3,368**	**57,186**	**12,709**
Effective Tax Rate (%)	23.5	25.5	25.8	17.0	25.4	25.3	25.8	24.7	18.1	25.3
Adj. PAT	**1,254**	**2,344**	**2,041**	**2,755**	**2,263**	**2,462**	**2,232**	**2,536**	**8,394**	**9,493**
Change (%)	185.4	2.4	-15.5	12.9	80.5	5.1	9.3	-8.0	10.7	13.1

Hero MotoCorp Buy

CMP: INR2,347 | TP: INR2,840 (+21%) **EPS CHANGE (%): FY24|25E: -3 |-5**

- Volumes grew 7% YoY, driven by a healthy recovery in urban demand, traction during the Navratri festival and channel filling ahead of BS6-II norms.
- While price hikes largely offset the impact of cost pressures, operating leverage should help drive EBITDA margin sequentially during 4QFY23.

Quarterly Performance (S/A) (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Total Volumes ('000 nos)	1,024	1,439	1,292	1,189	1,390	1,428	1,240	1,270	4,944	5,329
Growth YoY (%)	81.4	-20.7	-30.0	-24.1	35.7	-0.7	-4.1	6.9	-14.6	7.8
Net Realization	53,559	58,760	61,010	62,425	60,370	63,545	64,782	64,347	59,152	63,196
Growth YoY (%)	1.8	13.8	15.2	12.6	12.7	8.1	6.2	3.1	11.2	6.8
Net Op Revenues	**54,871**	**84,534**	**78,833**	**74,217**	**83,925**	**90,754**	**80,310**	**81,752**	**2,92,455**	**3,36,741**
Growth YoY (%)	84.7	-9.8	-19.4	-14.6	53.0	7.4	1.9	10.2	-5.0	15.1
RM Cost (% sales)	72.5	72.3	71.0	69.3	72.8	72.0	69.4	69.5	71.2	71.0
Staff Cost (% sales)	7.9	6.0	6.6	6.4	6.4	6.0	6.8	6.8	6.6	6.5
Other Exp (% sales)	10.2	9.1	10.3	13.1	9.6	10.6	12.3	11.7	10.6	11.0
EBITDA	**5,148**	**10,664**	**9,600**	**8,276**	**9,408**	**10,383**	**9,241**	**9,845**	**33,688**	**38,877**
EBITDA Margins (%)	9.4	12.6	12.2	11.2	11.2	11.4	11.5	12.0	11.5	11.5
Other Income	1,386	1,569	1,216	1,398	530	921	1,832	1,628	5,569	4,910
Interest	61	65	65	67	70	33	49	48	258	200
Depreciation	1,630	1,639	1,644	1,585	1,630	1,634	1,620	1,656	6,498	6,539
PBT before EO Exp/(Inc)	**4,844**	**10,529**	**9,107**	**8,022**	**8,238**	**9,637**	**9,404**	**9,769**	**32,501**	**37,048**
Effective Tax Rate (%)	24.6	24.5	24.7	21.8	24.2	25.7	24.4	24.5	23.9	24.7
Adj. PAT	**3,654**	**7,944**	**6,861**	**6,271**	**6,245**	**7,161**	**7,111**	**7,374**	**24,730**	**27,891**
Growth (%)	496.1	-16.7	-36.7	-27.5	70.9	-9.9	3.6	17.6	-16.6	12.8

MRF — Sell

CMP: INR84,047 | TP: INR72,000 (-14%) — **EPS CHANGE (%): FY24|25E: -2 |-3**

- Strong revenue growth on low base, along with traction in underlying OE segments, replacement demand recovery and price hikes.
- Decline in RM basket during the quarter and operating leverage to drive EBITDA margin expansion during the quarter.

S/A - Quarterly Earning Model (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**41,277**	**48,317**	**48,299**	**52,003**	**55,989**	**57,190**	**55,349**	**58,270**	**1,89,895**	**2,26,799**
YoY Change (%)	69.8	15.4	5.8	9.8	35.6	18.4	14.6	12.1	19.3	19.4
Total Expenditure	36,405	43,194	43,442	46,728	51,207	52,517	49,863	51,349	1,69,769	2,04,936
EBITDA	**4,872**	**5,122**	**4,856**	**5,275**	**4,783**	**4,673**	**5,486**	**6,921**	**20,126**	**21,863**
Margins (%)	11.8	10.6	10.1	10.1	8.5	8.2	9.9	11.9	10.6	9.6
Depreciation	3,007	2,958	2,946	3,103	2,969	3,083	3,149	3,164	12,014	12,366
Interest	621	566	628	656	635	704	802	791	2,470	2,932
Other Income	924	887	690	649	341	764	700	736	3,149	2,540
PBT before EO expense	**2,168**	**2,485**	**1,973**	**2,165**	**1,519**	**1,650**	**2,235**	**3,702**	**8,791**	**9,105**
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	**2,168**	**2,485**	**1,973**	**2,165**	**1,519**	**1,650**	**2,235**	**3,702**	**8,791**	**9,105**
Tax	555	652	514	598	395	410	543	951	2,318	2,299
Rate (%)	25.6	26.2	26.1	27.6	26.0	24.9	24.3	25.7	26.4	25.3
Adj PAT	**1,613**	**1,834**	**1,458**	**1,568**	**1,123**	**1,240**	**1,692**	**2,751**	**6,473**	**6,806**
YoY Change (%)	845.8	-54.5	-71.5	-50.6	-30.4	-32.4	16.0	75.5	-48.2	5.1

Mahindra & Mahindra — Buy

CMP: INR1,159 | TP: INR1,475 (+27%) — **EPS CHANGE (%): FY24|25E: -1|-2**

- Strong volume growth in both autos (improving supply chain) and tractor volumes (healthy farm sentiments in first half of the quarter and Navratri festival).
- A sequential decline in EBITDA margin by ~60bp likely due to weak mix (lower FES contribution) and increasing RM prices. EBIT margin is likely to expand 60bp QoQ to 7.3% for Auto, while it should contract by 20bp QoQ to 16.4% for FES.

Qty (incl MVML) (INR m)

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Total Volumes (nos)	1,86,781	1,90,600	2,14,134	2,28,784	2,71,971	2,73,223	2,81,859	2,78,948	8,20,248	11,05,375
Growth YoY (%)	96.0	2.9	-4.4	13.1	45.6	43.3	31.6	21.9	16.1	34.8
Net Realization	6,29,763	6,98,078	7,16,796	7,53,451	7,25,262	7,68,974	7,68,247	7,96,915	7,04,506	7,65,520
Growth YoY (%)	7.4	12.2	15.0	14.1	15.2	10.2	7.2	5.8	12.0	8.7
Net Op. Income	**1,17,628**	**1,33,054**	**1,53,491**	**1,72,378**	**1,97,250**	**2,10,101**	**2,16,537**	**2,22,298**	**5,77,869**	**8,46,187**
Growth YoY (%)	110.4	15.5	9.9	29.1	67.7	57.9	41.1	29.0	29.9	46.4
RM Cost (% of sales)	69.6	72.8	74.7	76.3	76.6	76.5	76.0	76.1	73.7	76.3
Staff (% of sales)	7.5	6.0	5.8	4.4	4.3	4.4	4.2	4.3	5.8	4.3
Oth. Exp. (% of Sales)	9.0	8.8	7.8	9.2	7.3	7.2	6.7	7.1	8.4	7.1
EBITDA	**16,317**	**16,598**	**18,027**	**19,362**	**23,335**	**24,973**	**28,142**	**27,605**	**70,275**	**1,04,055**
EBITDA Margins (%)	13.9	12.5	11.7	11.2	11.8	11.9	13.0	12.4	12.2	12.3
Other income	2,052	11,048	5,173	2,298	2,279	13,134	6,700	2,131	20,538	24,244
Interest	714	425	540	562	703	641	686	677	2,262	2,707
Depreciation	5,586	5,807	6,447	6,932	6,955	7,913	8,292	8,406	24,984	31,566
EO Income/(Exp)	-785	-2,550	0	1,248	-410	-2,479	-6,289	0	-2,087	-9,177
PBT after EO	**11,284**	**18,865**	**16,213**	**15,414**	**17,547**	**27,074**	**19,576**	**20,653**	**61,480**	**84,850**
Effective Tax Rate (%)	24.2	24.1	17.6	17.7	20.0	23.6	21.9	23.7	20.8	22.5
Reported PAT	**8,556**	**14,317**	**13,354**	**12,685**	**14,036**	**20,680**	**15,281**	**15,762**	**48,699**	**65,759**
Adj PAT	**9,340**	**16,870**	**13,350**	**11,670**	**14,270**	**23,380**	**20,290**	**15,762**	**51,440**	**73,702**
Change (%)	2,294.9	30.6	-21.8	16.9	52.8	38.6	52.0	35.1	26.4	43.3

Mahindra CIE — Buy

CMP: INR351 | TP: INR440 (+26%) **EPS CHANGE (%): CY23|24E: -3|-2**

- Strong growth in India business led by sharp volume growth for its key customers (MM & TTMT). It will also benefit from global supply chain recovery.
- Softening RM costs, along with the cost cutting initiatives in both India and EU, to support margin.

Quarterly performance (Consol.) **(INR m)**

(INR m)	CY22				CY23E				CY22	CY23E
Y/E December	**1Q**	**2Q**	**3Q**	**4Q**	**1QE**	**2QE**	**3QE**	**4QE**		
Net Sales	**25,709**	**27,072**	**22,294**	**22,468**	**24,401**	**24,699**	**25,695**	**25,742**	**87,530**	**1,00,537**
YoY Change (%)	17.4	32.5	6.6	34.6	-5.1	-8.8	15.3	14.6	29.4	14.9
EBITDA	**2,794**	**3,044**	**2,934**	**2,924**	**3,444**	**3,549**	**3,698**	**3,645**	**11,720**	**14,335**
Margins (%)	10.9	11.2	13.2	13.0	14.1	14.4	14.4	14.2	13.4	14.3
Depreciation	866	893	731	767	800	803	805	816	2,962	3,224
Interest	85	44	109	79	75	80	80	84	227	319
Other Income	282	357	134	244	160	150	150	170	583	630
Share of profit from associates	4	11	3	4	0	0	0	0	22	25
PBT before EO expense	**2,126**	**2,464**	**2,229**	**2,321**	**2,729**	**2,816**	**2,963**	**2,914**	**9,114**	**11,422**
EO Exp/(Inc)	0	0	-38	-379	0	0	0	0	-379	0
PBT after EO exp	**2,126**	**2,464**	**2,267**	**2,700**	**2,729**	**2,816**	**2,963**	**2,914**	**9,492**	**11,422**
Tax Rate (%)	24.3	23.8	24.5	28.0	31.4	31.4	31.4	5.8	25.3	24.9
Adj. PAT	**1,614**	**1,889**	**1,685**	**1,662**	**1,872**	**1,931**	**2,032**	**2,745**	**6,828**	**8,605**
YoY Change (%)	5.8	38.7	13.0	96.3	16.0	2.3	20.6	65.1	69.2	26.0

Maruti Suzuki — Buy

CMP: INR8,293 | TP: INR10,400 (+25%) **EPS CHANGE (%): FY24|25E:-4|-5**

- Easing of supply chain constraints, combined with traction for new model launches and healthy demand during festivals, aided volume growth.
- EBITDA margin likely to expand ~110bp QoQ to 10.9%, led by benefits of lower RM costs and operating leverage.
- However, initial signs of demand moderation and increase in supply challenges of late can act as near term headwinds for the coming quarters.

S/A Qty Performance **(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	**2Q**	**3Q**	**4QE**	**1Q**	**2Q**	**3Q**	**4QE**		
Volumes ('000 units)	353.6	379.5	430.7	488.7	467.9	517.4	465.9	514.9	1,652.5	1,966.2
Change (%)	361.6	-3.5	-13.2	-0.8	32.3	36.3	8.2	5.4	13.3	19.0
Realizations (INR/car)	5,02,545	5,41,151	5,39,766	5,47,222	5,66,319	5,78,490	6,23,387	6,44,134	5,34,324	6,03,424
Change (%)	-6.3	13.5	14.1	12.2	12.7	6.9	15.5	17.7	10.8	12.9
Net operating revenues	**1,77,707**	**2,05,389**	**2,32,460**	**2,67,400**	**2,64,998**	**2,99,308**	**2,90,443**	**3,31,682**	**8,82,956**	**11,86,431**
Change (%)	332.7	9.6	-0.9	11.3	49.1	45.7	24.9	24.0	25.5	34.4
RM Cost (% of sales)	74.8	75.8	75.3	73.5	74.6	73.1	72.7	72.4	74.8	73.1
Staff Cost (% of sales)	6.0	4.7	4.2	3.8	4.4	3.8	4.1	3.7	4.6	4.0
Other Cost (% of sales)	14.6	15.3	13.8	13.5	13.8	13.9	13.4	13.1	14.2	13.5
EBITDA	**8,211**	**8,549**	**15,590**	**24,268**	**19,121**	**27,689**	**28,331**	**36,097**	**57,012**	**1,11,238**
EBITDA Margins (%)	4.6	4.2	6.7	9.1	7.2	9.3	9.8	10.9	6.5	9.4
Depreciation	7,432	7,561	6,400	6,472	6,514	7,226	7,101	7,171	27,865	28,012
EBIT	**779**	**988**	**9,190**	**17,796**	**12,607**	**20,463**	**21,230**	**28,926**	**29,147**	**83,226**
EBIT Margins (%)	0.4	0.5	4.0	6.7	4.8	6.8	7.3	8.7	3.3	7.0
Interest	222	225	252	560	274	305	296	300	1,259	1,175
Non-Operating Income	5,078	5,227	3,280	4,744	885	6,125	8,608	7,313	17,935	22,931
PBT	**5,635**	**5,990**	**12,218**	**21,980**	**13,218**	**26,283**	**29,542**	**35,939**	**45,823**	**1,04,982**
Effective Tax Rate (%)	21.8	20.7	17.2	16.3	23.4	21.6	20.4	21.1	17.8	21.3
Adjusted PAT	**4,408**	**4,753**	**10,113**	**18,389**	**10,128**	**20,615**	**23,513**	**28,365**	**37,663**	**82,621**
Change (%)	-276.7	-65.3	-47.9	57.7	129.8	333.7	132.5	54.2	-11.0	119.4

Motherson Wiring India — Buy

CMP: INR48| TP: INR68 (+40%) **EPS CHANGE (%): FY24|25E: -6|-11**

- Strong YoY growth driven by 1) easing chip supplies for PVs, 2) strong growth cycle in CVs, and 3) healthy farm sentiments benefitting tractors.
- Increase in copper prices by 6% QoQ in 3QFY23 should dent gross margins.
- However, FX pass-through (comes with a quarter lag) and operating leverage will reflect in 1Q EBITDA margin.
- EPS cut of 6%/11% for FY24/25E reflects moderating growth for PV/tractor segments and rising key commodities costs such as copper (+6% QoQ in 4QFY23).

MSUMI: Quarterly performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3Q	4QE		
Net Sales	**11,139**	**14,000**	**14,596**	**16,615**	**16,709**	**18,352**	**16,868**	**18,508**	**56,350**	**70,437**
YoY Change (%)	455.7	29.7	8.3	10.0	50.0	31.1	15.6	11.4	36.2	25.0
RM Cost (% of sales)	64.1	64.4	64.1	63.8	64.9	66.2	64.3	64.5	64.1	65.0
Staff Cost (% of sales)	19.2	16.8	16.4	15.5	16.4	17.3	17.8	16.8	16.8	17.1
Other Expenses (% of sales)	6.9	6.1	5.8	6.1	6.6	6.6	7.3	7.0	6.2	6.9
EBITDA	**1,093**	**1,780**	**2,002**	**2,420**	**2,028**	**1,808**	**1,790**	**2,165**	**7,303**	**7,791**
Margins (%)	9.8	12.7	13.7	14.6	12.1	9.9	10.6	11.7	13.0	11.1
Depreciation	233	240	230	343	277	295	317	329	1,055	1,218
Interest	76	80	100	20	69	59	65	73	285	265
Other Income	46	80	79	93	77	107	7	89	300	280
PBT before EO expense	**830**	**1,540**	**1,750**	**2,150**	**1,759**	**1,562**	**1,415**	**1,853**	**6,263**	**6,588**
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**	**1,562**	**1,415**	**1,853**	**5,609**	**6,588**
Tax Rate (%)	27	26	25	31	28	25	25	25	27	26
Reported PAT	**610**	**1,140**	**1,320**	**1,036**	**1,260**	**1,165**	**1,062**	**1,390**	**4,107**	**4,875**
Adj PAT	**610**	**1,140**	**1,320**	**1,596**	**1,260**	**1,165**	**1,062**	**1,390**	**4,670**	**4,875**
YoY Change (%)	-172.6	72.7	9.5	6.0	106.5	2.1	-19.6	-12.9	83.9	4.4

Samvardhana Motherson Sumi — Buy

CMP: INR67| TP: INR100 (+49%) **EPS CHANGE (%): FY24|25E: -2|-7**

- Easing chip shortages and healthy order book globally expected to result in ~25% YoY growth in revenue in 4QFY23.
- Margins to remain stable QoQ due to partial recovery of higher energy prices in SMRPBV and operating leverage.

Quarterly performance (Consol.) **(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**1,64,080**	**1,44,150**	**1,64,350**	**1,71,610**	**1,76,147**	**1,82,608**	**2,02,262**	**2,15,252**	**6,44,200**	**7,76,269**
YoY Change (%)	0.0	0.0	0.0	0.0	7.4	26.7	23.1	25.4	10.6	20.5
RM Cost (% of sales)	0.0	0.0	0.0	0.0	58.8	58.7	57.0	0.0	0.0	0.0
Staff Cost (% of sales)	0.0	0.0	0.0	0.0	24.3	22.5	22.7	0.0	0.0	0.0
Other Exp (% of sales)	91.7	92.5	92.5	92.9	10.8	11.2	12.5	92.3	92.4	92.7
EBITDA	**13,670**	**10,820**	**12,320**	**12,220**	**10,768**	**14,031**	**15,753**	**16,479**	**49,030**	**57,031**
Margins (%)	8.3	7.5	7.5	7.1	6.1	7.7	7.8	7.7	7.6	7.3
Depreciation	7,780	7,640	7,600	7,370	7,324	7,487	8,150	8,216	30,390	31,178
Interest	1,208	1,313	1,294	1,612	1,694	1,837	1,494	1,775	5,115	6,800
Other income	1,548	871	1,227	1,412	978	940	1,221	860	4,957	4,000
PBT after EO Expense	**6,225**	**2,738**	**4,653**	**4,175**	**2,729**	**4,663**	**7,320**	**7,348**	**18,002**	**22,060**
Tax Rate (%)	173.4	350.5	212.8	228.1	34.0	30.3	29.6	30.6	58.1	30.6
Min. Int & Share of profit	70	-630	80	190	389	485	609	517	-290	2,000
Reported PAT	**3,140**	**1,410**	**2,270**	**1,220**	**1,412**	**2,464**	**4,539**	**4,585**	**8,040**	**13,001**
Adj PAT	**3,142**	**1,410**	**2,270**	**1,412**	**1,412**	**3,133**	**4,546**	**4,585**	**8,234**	**13,676**
YoY Change (%)	-142.4	-51.7	-65.6	-74.0	-55.1	122.2	100.3	224.7	-22.2	66.1

Sona Comstar — Neutral

CMP: INR413| TP: INR435 (+5%) **EPS CHANGE (%): FY24|25E: -14|-15**

- Revenue growth YoY driven by execution/ramp-up of new orders and recovery in global PV production.
- However, weak product mix (higher mix of motor segment) and increasing copper prices in 3Q to offset the benefits of operating leverage.
- EPS downgrades to factor in lower-than-expected recovery in global PVs, weak product mix driven by higher revenue from traction motors and rising RM pressure.

Consol. Quarterly Performance

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net operating revenues	**5,007**	**5,857**	**4,941**	**5,500**	**5,892**	**6,574**	**6,850**	**7,070**	**21,306**	**26,385**
Change (%)	226.5	52.4	1.0	2.0	17.7	12.2	38.6	28.5	36.0	23.8
EBITDA	**1,387**	**1,544**	**1,305**	**1,354**	**1,425**	**1,657**	**1,862**	**1,917**	**5,591**	**6,861**
EBITDA Margins (%)	27.7	26.4	26.4	24.6	24.2	25.2	27.2	27.1	26.2	26.0
Depreciation	334	355	357	374	400	429	470	496	1,420	1,795
EBIT	**1,054**	**1,189**	**949**	**980**	**1,025**	**1,228**	**1,392**	**1,421**	**4,171**	**5,065**
EBIT Margins (%)	21.0	20.3	19.2	17.8	17.4	18.7	20.3	20.1	19.6	19.2
Interest	86	29	33	35	29	43	51	47	183	170
Non-Operating Income	2	6	50	143	10	28	33	36	200	108
PBT	**1,102**	**1,166**	**966**	**1,223**	**1,006**	**1,213**	**1,373**	**1,410**	**4,456**	**5,003**
Effective Tax Rate (%)	25.4	24.3	10.5	14.5	24.6	23.7	22.0	22.2	18.9	23.0
Adjusted PAT	**720**	**882**	**864**	**912**	**758**	**925**	**1,071**	**1,097**	**3,399**	**3,852**
Change (%)		22.3	3.5	29.4	5.3	4.9	23.9	20.4	39.1	13.4

TVS Motor Company — Neutral

CMP: INR1,077 | TP: INR1,035 (-4%) **EPS CHANGE (%): FY23|24E: -2|-2**

- In 4QFY23, domestic 2W volumes saw sharp recovery (+26% YoY) but exports were still under stress as volume declined ~14% YoY.
- EBITDA margin to expand 30bp QoQ driven by softening RM costs and price hikes.

S/A Quarterly Performance (INR m)

Y/E March (INR m)	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Vols ('000 units)	**657.8**	**916.7**	**878.7**	**856.5**	**906.8**	**1,027.4**	**879.4**	**868.4**	**3,309**	**3,682**
Growth (%)	146.4	5.6	(11.2)	(7.7)	37.9	12.1	0.1	1.4	8.4	11.3
Realn (INR '000/unit)	**59.8**	**61.1**	**64.9**	**64.6**	**66.3**	**70.3**	**74.4**	**74.9**	**62.8**	**71.4**
Growth (%)	11.5	15.0	19.2	12.5	10.8	15.1	14.6	16.0	14.3	13.7
Net Sales	**39,344**	**55,969**	**57,064**	**55,303**	**60,087**	**72,192**	**65,454**	**65,059**	**2,07,680**	**2,62,792**
Growth (%)	174.8	21.5	5.8	3.9	52.7	29.0	14.7	17.6	24.0	26.5
RM (% of sales)	75.7	76.2	76.3	76.2	76.1	76.2	75.5	75.2	76.1	75.8
Emp cost (% of sales)	6.6	5.3	5.2	5.1	5.3	4.8	5.2	5.4	5.5	5.2
Other exp (% of sales)	10.7	8.8	8.6	8.6	8.6	8.9	9.2	8.9	9.1	8.9
EBITDA	**2,738**	**5,404**	**5,683**	**5,568**	**5,995**	**7,365**	**6,589**	**6,790**	**19,392**	**26,739**
EBITDA Margin(%)	7.0	9.7	10.0	10.1	10.0	10.2	10.1	10.4	9.3	10.2
Interest	300	350	279	330	376	352	316	325	1,259	1,369
Depreciation	1,431	1,544	1,546	1,593	1,520	1,535	1,583	1,593	6,114	6,232
Other Income	16	35	57	82	222	14	65	60	190	361
PBT before EO Exp	**1,023**	**3,544**	**3,915**	**3,727**	**4,321**	**5,492**	**4,755**	**4,931**	**12,209**	**19,499**
EO Exp	302	-225	0	0	0	0	0	0	77	
PBT after EO Exp	**722**	**3,769**	**3,915**	**3,727**	**4,321**	**5,492**	**4,755**	**4,931**	**12,132**	**19,499**
Tax rate (%)	26.4	26.3	26.3	26.3	25.8	25.8	25.8	25.8	26.3	25.8
Adjusted PAT	**754**	**2,610**	**2,883**	**2,745**	**3,205**	**4,075**	**3,527**	**3,661**	**8,992**	**14,468**
Growth (%)	(154.2)	33.0	8.5	(5.1)	325.3	56.1	22.4	33.4	46.9	60.9

Tata Motors — Buy

CMP: INR421 | TP: INR525 (+25%) **EPS CHANGE (%): FY24|25E: -4|-4**

- India business performance remains healthy, led by strong growth in PVs and CVs in 4Q.
- EBIT margin for CV likely to expand ~210bp QoQ to 8.1% driven by operating leverage, while it is likely to contract by 20bp QoQ to 1.5% for PVs.
- JLR volumes to grow YoY due to easing chip shortages and continued traction toward new models. We estimate EBIT margin of 5.3% for JLR in 4QFY23 (+160bp QoQ), supported by mix, softening RM costs and cost control.

Quarterly Performance [Consol] **(INR b)**

INR b	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
JLR Volumes (incl JV; '000 units)	97.1	78.3	83.1	89.1	82.6	89.9	92.3	100.9	347.7	365.7
JLR Realizations (GBP/unit)	58,810	60,454	68,168	62,293	61,352	69,847	75,901	77,877	62,274	71,616
JLR EBITDA Margins (%)	9.0	7.3	12.0	12.6	6.3	10.3	11.9	12.9	10.3	10.7
India CV Volumes ('000 units)	49.5	87.4	100.8	119.8	101.1	100.5	95.0	116.0	357.5	412.7
India CV Realizations (INR '000/unit)	1591.5	1392.0	1372.1	1552.4	1616.2	1642.6	1784.5	1814.7	5908.0	1717.2
India CV EBITDA Margins (%)	1.1	3.6	2.9	6.1	5.4	5.1	8.5	10.3	4.0	7.5
India PV Volumes ('000 units)	64.6	84.4	99.5	123.6	130.4	142.8	132.3	135.7	372.1	541.2
India PV Realizations (INR '000/unit)	820.4	883.8	867.2	857.0	894.6	885.7	893.0	894.4	3428.4	891.9
India PV EBITDA Margins (%)	4.0	6.1	3.0	7.0	6.2	5.7	7.0	6.7	5.2	6.4
Net Consol. Op Income	**664.1**	**613.8**	**722.3**	**784.4**	**719.3**	**796.1**	**884.9**	**975.5**	**2784.5**	**3375.8**
Growth (%)	107.6	14.7	-4.5	-11.5	8.3	29.7	22.5	24.4	11.5	21.2
Consol. EBITDA	**52.6**	**40.5**	**67.6**	**87.4**	**31.8**	**62.0**	**96.4**	**113.3**	**248.1**	**303.5**
EBITDA Margins (%)	7.9	6.6	9.4	11.1	4.4	7.8	10.9	11.6	8.9	9.0
Depreciation	62.0	61.2	60.8	64.3	58.4	59.0	60.7	64.1	248.4	242.2
Other Income	5.8	8.7	7.0	9.0	8.9	10.4	11.3	7.4	30.5	37.9
Interest Expenses	22.0	23.3	24.0	23.9	24.2	24.9	26.8	25.4	93.3	101.3
PBT before EO	**-25.8**	**-34.7**	**-7.0**	**3.7**	**-49.6**	**-17.7**	**32.0**	**32.5**	**-63.7**	**-2.9**
EO Exp/(Inc)	0.0	0.0	-0.9	7.1	-14.9	-3.1	0.0	0.0	6.30	-18.06
PBT after EO Exp	**-25.8**	**-34.7**	**-6.1**	**-3.4**	**-34.7**	**-14.6**	**32.0**	**32.5**	**-70.0**	**15.2**
Tax rate (%)	-67.6	-29.0	-118.6	-222.3	-43.8	31.3	8.2	18.1	-60.4	126.0
PAT	**-43.2**	**-44.8**	**-13.4**	**-11.0**	**-49.9**	**-10.0**	**29.4**	**26.6**	**-112.3**	**-3.9**
Minority Interest	0.0	-0.3	-0.7	-0.4	-0.6	-0.5	-0.9	0.6	-1.3	-1.3
Share in profit of Associate	-1.3	0.6	-1.1	1.1	0.4	1.1	1.0	0.0	-0.7	2.4
Reported PAT	**-44.5**	**-44.4**	**-15.2**	**-10.3**	**-50.1**	**-9.4**	**29.6**	**27.1**	**-114.4**	**-2.8**
Adj PAT	**-44.5**	**-44.4**	**-16.0**	**-3.2**	**-65.0**	**-12.6**	**29.6**	**27.1**	**-108.1**	**-20.9**
Growth (%)	-47.2	1301.9	-149.6	-105.6	46.0	-71.7	-284.6	-949.8	-5109.7	-80.7

Tube Investments — Buy

CMP: INR2,544 | TP: INR3,200 (+26%) **EPS CHANGE (%): FY24|25E: -1|-3**

- Engineering business to benefit from 2W industry growth in 4QFY23, while exports growth remained subdued.
- EBIT margin across mobility/engineering/metal formed products is likely to expand 10bp/40bp/20bp QoQ to 1.5%/12.8%/11.6% QoQ.

Quarterly performance (S/A) **(INR m)**

Y/E March	FY22				FY23E				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	**12,567**	**16,667**	**17,014**	**17,345**	**19,570**	**19,059**	**17,097**	**18,584**	**63,495**	**74,310**
YoY Change (%)	231.8	53.3	29.9	17.2	55.7	14.4	0.5	7.1	49.2	17.0
EBITDA	**1,576**	**1,928**	**1,865**	**1,744**	**2,040**	**2,512**	**2,144**	**2,410**	**8,743**	**9,107**
Margins (%)	12.5	11.6	11.0	10.1	10.4	13.2	12.5	13.0	13.8	12.3
Depreciation	354	360	369	367	325	346	337	343	1,450	1,351
Interest	30	29	38	22	36	52	60	58	118	206
Other Income	109	97	153	377	120	145	171	143	736	579
PBT before EO expense	**1,302**	**1,637**	**1,611**	**1,731**	**1,800**	**2,258**	**1,919**	**2,151**	**7,911**	**8,128**
Tax	332	423	406	368	457	599	542	557	1,472	2,154
Tax Rate (%)	25.5	25.8	25.2	21.2	25.4	29.6	28.2	25.9	18.6	27.3
Adj PAT	**970**	**1,214**	**1,204**	**1,364**	**1,343**	**1,595**	**1,377**	**1,595**	**4,710**	**5,910**
YoY Change (%)	-284.3	26.6	12.5	-2.1	38.5	31.4	14.3	16.9	62.6	25.5

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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