

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

Festive season to see healthy volume growth; exports recovering

Moderating commodity costs and operating leverage to aid margins

- From a demand standpoint, 2QFY24 was a mixed bag as PV and CV continued to expand YoY but 2W and tractors declined. While we anticipate a YoY decrease in 2W volume, the domestic and export markets appear to be recovering for 2W. Dispatches for SUV remained strong fueled by order book execution and improvement in supply chain situation. However, demand moderated for lower-end PVs. Among all the segments, MHCV appeared to be better placed despite a drop in discounts, driven by healthy demand across most of the underlying industries.
- On a YoY basis, wholesale volumes are estimated to grow ~15% for MHCV, ~11% for PV, 20% for 3W and 1% for LCV. However, we estimate 2QFY24 volumes to decline 2% YoY for 2W and 4% YoY for tractors. Domestic 2W volumes are expected to decline 3% YoY, whereas exports are likely to grow 3.5% YoY.
- We estimate the EBITDA margin of our Auto OEM Universe (ex-JLR) to expand for the sixth consecutive quarter on a YoY basis. EBITDA margin is likely to improve 200bp YoY (+50bp QoQ) driven by lower RM costs, favorable FX and operating leverage benefits.
- We are building our estimates based on stable commodity costs; however, we expect the benefits of favorable mix/FX and operating leverage to accrue and lead to sustained margin recovery. There has not been any material change in our FY24 earnings estimate for our coverage universe except for MRF (+5%).

Signs of demand moderation visible in PVs; 2W witnessing gradual recovery

From a demand perspective, 2QFY24 was a mixed bag as PV and CV continued to expand YoY but 2W and tractors declined. While we anticipate a ~2% YoY drop in 2W volume in 2QFY24, it continues to see gradual recovery especially in the exports market, which is expected to grow ~3.5% YoY. Dispatches for SUV remained strong fueled by order book execution and improvement in supply chain situation. However, demand moderated for lower-end PVs. As a result, we expect PV volumes to grow ~11% YoY in 2QFY24. CV wholesales are likely to grow ~6% YoY driven by better demand in underlying industries and healthy fleet utilization level. However, LCV volumes are projected to remain flat YoY due to high base. Tractor wholesales are anticipated to decline 4% YoY due to erratic monsoon across key regions and high base of last year. 3W volumes are likely to jump 20% YoY as demand is reverting to full normalcy.

Softening commodity costs to result in margin expansion

We estimate the EBITDA margin of our Auto OEM Universe (ex-JLR) to expand for the sixth consecutive quarter on a YoY basis. EBITDA margin is likely to improve 200bp YoY (+50bp QoQ) driven by lower RM costs, favorable FX and operating leverage benefits. Except for MM (weak tractor volumes) and HMCL/ EIM (flat EBITDA margin), all other OEMs are likely to report margin expansion on QoQ basis. We are building our estimates based on stable commodity costs; however, we expect the benefits of favorable mix/FX and operating leverage to accrue and lead to sustained margin recovery.

Sector outlook stable; emerging concerns to be monitored closely

The demand recovery is expected to sustain for 2W, M&HCV and 3W segments. Exports appear to have bottomed out, but broad-based recovery is not yet visible.

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On the other hand, new headwinds are emerging in the form of: 1) likely demand moderation in certain segments such as PVs, LCVs and tractors due to higher inflation/interest rates, and 2) global macro uncertainties that are raising concerns for players having international exposure. However, commodity prices have been favorable since the last few quarters. After witnessing inflationary pressure from the lows of 3QFY23, most of the commodity prices have corrected (especially precious metals). We expect a volume CAGR of 9-11%/5-7%/3-5% for 2W/PV/tractors over FY23-25. For 3W/LCV/MHCV, we expect a volume CAGR of 17-19%/3-5%/9-11% over FY23-25.

Valuation and view

There has not been any material change in our FY24E earnings estimate for our coverage universe except for MRF (+5%). 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. **TTMT and AL** are our top OEM picks. Among auto component stocks, we prefer **ENDU**.

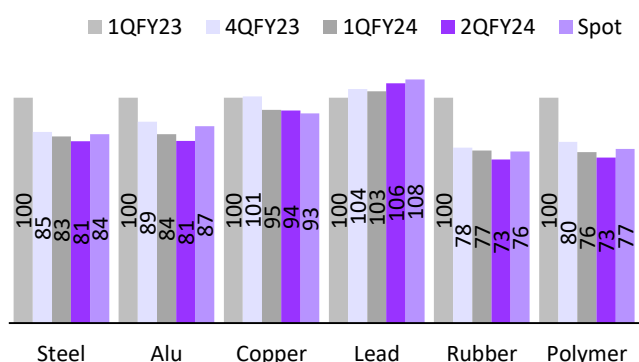
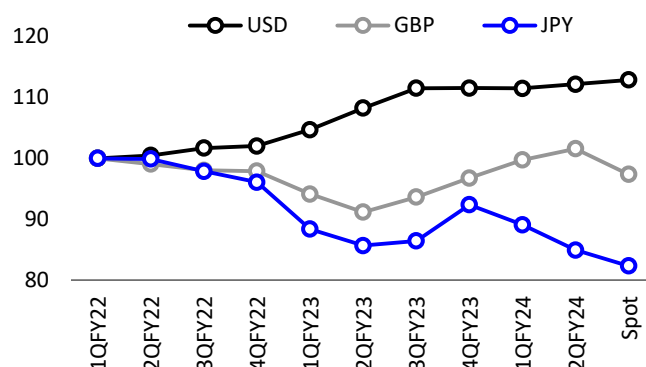
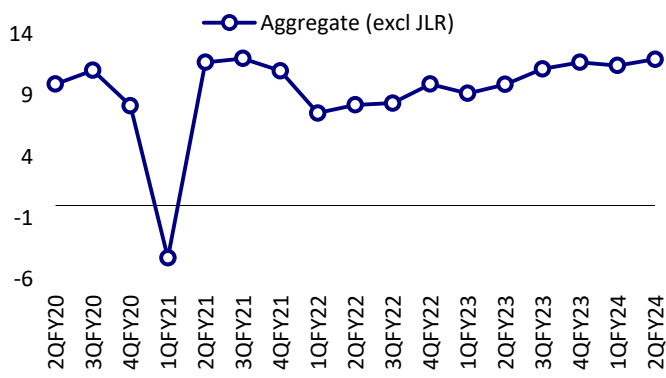
Exhibit 1: Summary of expected quarterly performance (INR m)

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Sep-23	Var % YoY	Var % QoQ	Sep-23	Var % YoY	Var % QoQ	Sep-23	Var % YoY	Var % QoQ
Amara Raja Energy	638	Neutral	28,614	6.0	3.3	3,806	5.7	7.7	2,096	3.7	8.9
Apollo Tyres	369	Buy	63,389	6.4	1.5	10,797	51.6	2.7	4,483	130.5	10.3
Ashok Leyland	177	Buy	99,115	19.9	21.0	10,910	103.0	32.9	5,736	195.8	-0.6
Bajaj Auto	5062	Neutral	1,06,819	4.7	3.6	20,510	16.6	5.0	17,418	13.8	4.6
Balkrishna Inds	2557	Neutral	21,624	-22.9	2.2	5,146	-8.8	5.8	2,998	-25.8	-4.1
Bharat Forge	1092	Buy	22,844	22.6	7.4	6,126	35.5	10.8	3,604	34.2	15.7
Bosch	19024	Neutral	43,207	18.0	3.9	5,619	30.3	20.1	4,506	21.0	10.2
CEAT	2126	Buy	31,260	8.0	6.5	4,173	105.4	7.8	1,634	564.0	13.0
CIE Automotive	480	Buy	24,658	10.6	6.3	3,847	31.1	3.8	2,275	35.0	6.5
Craftsman Auto	4622	Buy	11,626	50.7	12.0	2,502	47.1	16.8	993	63.8	33.3
Eicher Motors	3456	Neutral	40,820	16.0	2.4	10,453	27.2	2.4	9,196	40.0	0.1
Endurance Tech.	1593	Buy	25,873	9.6	5.6	3,470	27.8	8	1,797	36.7	9.9
Escorts Kubota	3184	Neutral	20,359	8.1	-12.5	2,728	78.7	-16.6	2,294	61.0	-18.9
Exide Inds.	261	Buy	40,908	10.0	0.4	4,561	10.6	5.5	2,705	9.8	11.8
Hero Motocorp	3057	Buy	92,507	1.9	5.5	12,694	22.3	5.2	9,357	30.7	-1.0
Mahindra & Mahindra	1554	Buy	2,48,916	18.5	3.5	32,003	28.2	-1.1	28,128	20.3	1.4
Maruti Suzuki	10602	Buy	3,76,349	25.7	16.4	41,735	50.7	39.9	31,015	50.5	24.8
Samvardhana Motherson	96	Buy	2,16,144	18.4	-3.8	18,733	33.5	-2.7	5,933	88.2	-1.3
Motherson Wiring	64	Buy	20,818	13.4	12.0	2,646	46.3	36.3	1,714	47.2	39.2
MRF	107279	Sell	64,053	12.0	1.3	11,224	140.2	0.7	5,778	366.0	-0.6
Sona BLW Precis.	583	Neutral	7,664	16.6	4.7	2,100	26.7	3.3	1,174	26.8	2.7
Tata Motors	630	Buy	10,44,698	31.2	2.2	1,30,205	110.1	-4.0	28,865	LP	-22.5
Tube Investments	2985	Buy	19,477	2.2	9.4	2,442	-2.8	13.1	1,664	3.8	12.7
TVS Motor	1523	Neutral	81,677	13.1	13.2	9,035	22.7	18.3	5,161	26.7	10.4
Automobiles			27,53,419	20.7	4.8	3,57,464	56.5	4.6	1,80,524	86.7	1.0

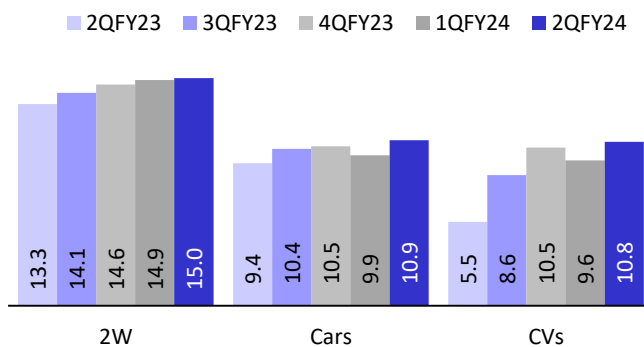
Exhibit 2: Volume snapshot 2QFY24 ('000 units)

	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	FY24E	FY23	YoY (%)
Two wheelers	5,520	5,634	-2.0	4,937	11.8	21,326	19,533	9.2
Three wheelers	298	249	20.0	218	36.8	1,077	870	23.8
Passenger cars	491	566	-13.2	509	-3.4	2,106	2,161	-2.6
UVs & MPVs	829	621	33.5	640	29.6	2,995	2,392	25.2
Total PVs	1,320	1,187	11.2	1,148	15.0	5,101	4,553	12.0
M&HCV	98	86	14.5	82	20.1	418	381	9.8
LCV	171	169	1.4	149	14.6	669	659	1.5
Total CVs	269	254	5.8	231	16.5	1,087	1,040	4.5
Tractors	223	233	-4.4	260	-14.2	995	986	1.0
Total (ex-Tractor)	7,408	7,323	1.2	6,534	13.4	28,591	25,997	10.0

Source: Company, MOFSL

Exhibit 3: Commodity prices remain soft (indexed) in 2Q**Exhibit 4: Trend in key currencies vs. 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: Sequential margin expansion to be led by moderating RM costs , favorable FX and operating leverage benefits

	Volumes ('000 units)					EBITDA margins (%)					Adj PAT (INR M)				
	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)	2QFY24	2QFY23	YoY (bp)	1QFY24	QoQ (bp)	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ (%)
BJAUT	1,054	1151	-8.4	1,027.4	2.6	19.2	17.2	200	19.0	20	17,418	15,300	13.8	16,648	4.6
HMCL	1,417	1428	-0.8	1,352.6	4.7	13.7	11.4	230	13.8	0	9,357	7,161	30.7	9,451	-1.0
TVS Motor	1,074	1027	4.6	953.2	12.7	11.1	10.2	90	10.6	50	5,161	4,075	26.7	4,677	10.4
MSIL	552	517	6.7	498.0	10.9	11.1	9.3	180	9.2	190	31,015	20,615	50.5	24,851	24.8
MM	302	273	10.6	301.1	0.3	12.9	11.9	100	13.4	-60	28,128	23,380	20.3	27,737	1.4
TTMT India CV	105	100	4.3	88.6	18.2	10.8	5.1	570	9.4	140	15,725	2,920	438.5	9,360	68.0
TTMT India PV	139	143	-2.7	140.4	-1.1	6.7	5.7	100	5.2	150	2,546	1,670	52.5	1,860	36.9
TTMT (JLR) *	108	90	19.6	106.3	1.2	14.5	10.3	430	16.3	-170	236	-98	-341.2	323	-26.8
TTMT (Cons)						12.5	7.8	470	13.3	-80	28,865	-12,572	-329.6	37,239	-22.5
Ashok Leyland	50	45	10.0	41.3	20.6	11.0	6.5	450	10.0	100	5,736	1,939	195.8	5,768	-0.6
Eicher (RE)	229	208	10.4	227.7	0.7	25.9	23.7	230	26.0	0	8,165	6,149	32.8	9,139	-10.7
Eicher (VECV)	20	18	11.0	19.6	-0.1	8.5	5.9	260	7.8	70	1,928	701	175.1	1,808	6.6
Eicher (Consol)						25.9	23.7	230	26.0	0	9,196	6,569	40.0	9,183	0.1
Agg. (ex JLR)	5,042	4936	2.1	4,708	7.1	11.9	9.9	200	11.4	50	1,17,232	83,628	40.2	1,09,535	7.0

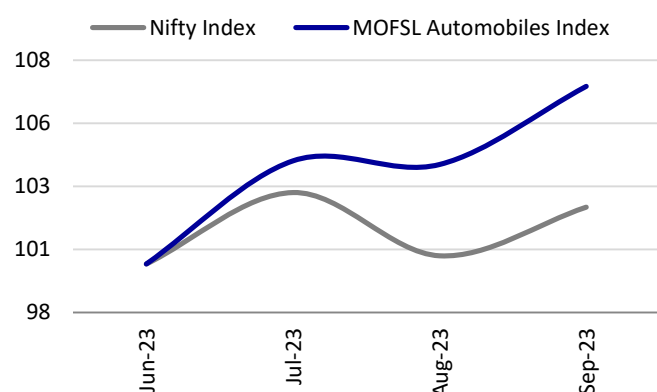
*JLR (in GBPM)

Exhibit 8: Our revised estimates

	FY24E			FY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
BJAUT	273.1	270.8	0.8	307.8	303.5	1.4
HMCL	188.0	187.4	0.3	203.3	199.7	1.8
TVSL	45.1	43.6	3.3	52.3	49.8	4.9
EIM *	143.0	142.9	0.1	162.4	164.2	-1.1
MSIL *	409.0	408.0	0.3	445.8	444.0	0.4
MM	86.1	86.5	-0.4	93.9	92.8	1.2
TTMT *	41.8	41.1	1.8	43.0	42.1	2.1
AL	9.3	9.6	-2.4	12.0	12.1	-1.0
ESCORTS	90.9	91.0	-0.1	108.3	104.8	3.4
AMRJ	46.8	48.0	-2.6	52.8	53.7	-1.6
EXID	12.2	12.7	-3.9	15.1	15.3	-1.2
BOSCH	592	595	-0.6	705	704.6	0.0
ENDU	51.7	52.1	-0.8	62.3	62.6	-0.5
CIEINDIA	29.0	29.3	-1.0	33.3	34.0	-2.2
BHFC	29.9	29.1	2.9	39.8	39.7	0.1
MOTHERSO *	4.2	4.3	-2.7	4.8	4.9	-1.5
SONACOMS	8.7	8.9	-2.5	11.5	11.6	-0.9
CEAT	152.7	158.9	-3.9	180.7	190.3	-5.0
APTY *	28.5	28.6	-0.5	32.4	32.4	0.2
BIL	68.9	72.1	-4.3	94.1	92.1	2.2
MRF	5,170.1	4,916.2	5.2	5,076.3	4,964.1	2.3
MSUMI	1.5	1.5	-0.6	1.8	1.9	-2.2
TIINDIA	58.1	58.6	-0.7	70.9	71.7	-1.0
CRAFTSMA	182.9	187.3	-2.3	227.1	232.7	-2.4

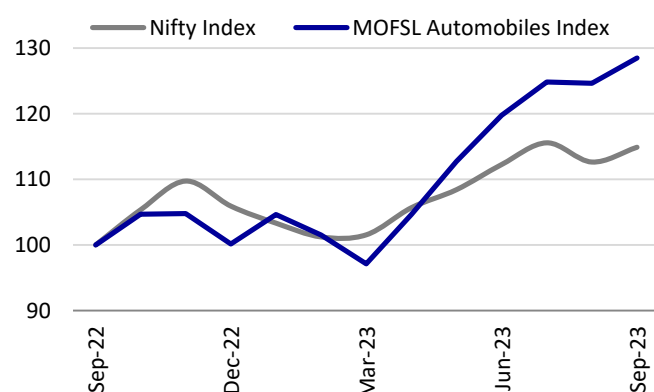
* Consolidated

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		EPS (INR)			PE (x)			PB (x)			ROE (%)		
	INR	Reco	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Automobiles						29.8	21.7	19.6	3.8	4.3	3.7	12.7	19.6	18.8
Amara Raja Energy	638	Neutral	42.7	46.8	52.8	13.6	13.6	12.1	1.9	1.9	1.7	14.8	14.3	14.6
Apollo Tyres	369	Buy	17.1	28.5	32.4	18.7	13.0	11.4	1.3	1.3	1.2	8.8	13.3	13.5
Ashok Leyland	177	Buy	4.5	9.3	12.0	31	19	14.7	4.8	4.9	3.8	16.8	28.8	29.3
Bajaj Auto	5,062	Neutral	214.2	273.1	307.8	18.1	18.5	16.4	4.3	5.3	4.9	23.3	29.4	31.1
Balkrishna Inds	2,557	Neutral	52.1	68.9	94.1	37.4	37.1	27.2	5.0	5.9	5.2	13.9	16.8	20.5
Bharat Forge	1,092	Buy	11.6	29.9	39.8	66.2	36.5	27.5	5.3	6.5	5.4	8.2	19.2	21.6
Bosch	19,024	Neutral	483.0	592.1	704.6	40.0	32.1	27.0	5.2	4.7	4.3	13.1	15.3	16.7
CEAT	2,126	Buy	51.9	152.7	180.7	28.0	13.9	11.8	1.7	2.2	1.8	6.3	16.6	16.9
CIE Automotive	480	Buy	18.1	23.9	29.0	19.4	20.1	16.6	2.6	3.1	2.7	13.3	16.6	17.5
Craftsman Auto	4,622	Buy	117.6	182.9	227.1	27.6	25.3	20.4	5.0	5.6	4.5	19.7	24.8	24.5
Eicher Motors	3,456	Neutral	106.5	143.0	162.4	27.7	24.2	21.3	5.4	5.3	4.6	21.1	23.9	23.1
Endurance Tech.	1,593	Buy	34.7	51.7	62.3	35.8	30.8	25.6	4.0	4.5	3.9	11.7	15.4	16.2
Escorts Kubota	3,184	Neutral	51.3	90.9	108.3	36.9	35.0	29.4	3.0	4.2	3.8	8.6	12.8	13.6
Exide Inds.	261	Buy	10.6	12.2	15.1	16.7	21.4	17.2	1.3	1.9	1.7	8.1	8.6	9.9
Hero Motocorp	3,057	Buy	145.6	188.0	203.3	16.1	16.3	15.0	2.8	3.3	3.0	17.9	21.5	21.1
Mahindra & Mahindra	1,554	Buy	64.9	86.1	93.9	17.9	18.0	16.5	3.2	3.6	3.1	19.1	21.8	20.3
Maruti Suzuki	10,602	Buy	271.8	409.0	445.8	30.5	25.9	23.8	4.1	4.6	4.0	13.3	17.5	16.8
Motherson Wiring	64	Buy	1.1	1.5	1.8	43.9	43.2	35.0	16.1	16.7	13.4	39.8	43.5	42.6
MRF	107279	Sell	1813.6	5170.1	5076.3	46.3	20.7	21.1	2.4	2.7	2.4	5.4	13.9	12.1
Samvardhana M.	96	Buy	2.3	4.2	4.8	29.0	22.7	19.8	2.0	2.7	2.4	7.3	12.2	12.8
Sona BLW Precis.	583	Neutral	6.8	8.7	11.5	60.8	66.9	50.5	10.6	12.9	11.0	18.5	20.7	23.5
Tata Motors	630	Buy	2.2	41.8	43.0	195.6	15.1	14.7	3.6	4.0	3.1	1.8	30.5	23.6
Tube Investments	2,985	Buy	40.5	58.1	70.9	62.7	51.3	42.1	12.4	11.7	9.5	22.3	25.4	25.0
TVS Motor	1,523	Neutral	30.4	45.1	52.3	35.4	33.8	29.1	8.5	9.2	7.2	26.6	30.7	27.6

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: INR638 | TP: INR655 (+3%)

EPS CHANGE (%): FY24 | 25E: -3 | -2

- Expect 6% YoY revenue growth driven by a recovery in 2W OE demand, stable PV volumes and a ramp-up in industrial division.
- Lead price for 2QFY24 has risen 14% YoY and 3.5% QoQ. Moreover, an upward movement in spot lead prices is also seen that may limit gross margin expansion going forward.

Quarterly performance

(INR m)

Y/E March (INR m)	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	26,200	26,995	26,372	24,292	27,699	28,614	28,218	28,022	1,03,859	1,12,554
YoY Change (%)	38.9	19.2	11.5	11.4	5.7	6.0	7.0	15.4	19.4	8.4
RM Cost (% of sales)	73.4	69.5	66.6	67.0	71.1	70.8	71.0	71.3	69.2	71.1
Staff Cost (% of sales)	5.1	5.6	6.1	6.0	5.8	5.7	5.7	5.8	5.7	5.8
Other Exp (% of sales)	11.5	11.6	12.2	13.1	10.3	10.2	10.1	10.0	12.1	10.2
EBITDA	2,609	3,602	3,969	3,373	3,535	3,806	3,725	3,623	13,552	14,688
Margins (%)	10.0	13.3	15.0	13.9	12.8	13.3	13.2	12.9	13.0	13.1
Depreciation	963	1,019	1,145	1,145	1,111	1,130	1,155	1,182	4,272	4,577
Interest	46	54	58	62	56	70	70	79	221	275
Other Income	170	237	261	226	216	200	220	224	893	860
PBT before EO expense	1,770	2,765	3,026	2,392	2,584	2,806	2,720	2,587	9,952	10,696
Extra-Ord expense	0	0	0	477	0	0	0	0	477	0
PBT after EO	1,770	2,765	3,026	1,915	2,584	2,806	2,720	2,587	9,476	10,696
Tax	455	744	798	535	659	710	688	649	2,532	2,706
Tax Rate (%)	25.7	26.9	26.4	28.0	25.5	25.3	25.3	25.1	26.7	25.3
Adj PAT	1,315	2,022	2,228	1,729	1,925	2,096	2,032	1,938	7,293	7,990
YoY Change (%)	6.1	40.3	54.0	75.5	46.4	3.7	-8.8	12.1	42.7	9.6

E: MOFSL Estimates

Apollo Tyres

Buy

CMP: INR369 | TP: INR500 (+36%)

EPS CHANGE (%): FY24 | 25E: 0 | 0

- Revenue growth should be driven by 5%/10% YoY growth in standalone and EU operations.
- While global RM price corrections remain range bound at 2-5%; spot rubber prices have started inching up.
- For India business, demand momentum was positive for TBR/PCR; however, replacement demand remained subdued.
- EBITDA margin expansion is likely to be 5pp YoY to 17% led by a combination of benign RM costs and operating leverage. The EU business margin is likely to expand 90bp QoQ to 15.4%.

Consolidated - Quarterly performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3Q	4Q		
Net Revenues	59,420	59,560	64,228	62,473	62,446	63,389	68,596	64,402	2,45,681	2,58,833
YoY Change (%)	29.6	17.3	12.5	12.0	5.1	6.4	6.8	3.1	17.3	5.4
Total Expenditure	52,522	52,440	55,094	52,489	51,931	52,592	56,776	53,823	2,12,545	2,15,123
EBITDA	6,898	7,120	9,134	9,985	10,515	10,797	11,820	10,578	33,137	43,710
Margins (%)	11.6	12.0	14.2	16.0	16.8	17.0	17.2	16.4	13.5	16.9
Depreciation	3,437	3,485	3,544	3,724	3,620	3,735	3,820	3,836	14,191	15,011
Interest	1,182	1,320	1,420	1,390	1,355	1,250	1,200	1,170	5,312	4,975
Other Income	106	69	67	169	355	175	175	165	411	871
PBT before EO expense	2,384	2,383	4,237	5,039	5,896	5,987	6,975	5,737	14,044	24,594
Extra-Ord expense	0	0	0	-226	132	0	0	0	-226	132
PBT	2,384	2,383	4,237	5,265	5,764	5,987	6,975	5,737	14,269	24,463
Tax Rate (%)	20.0	18.5	31.1	22.1	31.1	25.1	24.6	25.5	22.6	26.5
Reported PAT	1,907	1,945	2,921	4,103	3,968	4,483	5,258	4,276	11,046	17,984
Adj PAT	1,907	1,945	2,921	3,928	4,066	4,483	5,258	4,276	10,872	18,084
YoY Change (%)	48.4	10.1	30.5	245.9	113.2	130.5	80.0	8.8	69.0	66.3
Margins (%)	3.2	3.3	4.5	6.3	6.5	7.1	7.7	6.6	4.4	7.0

E: MOFSL Estimates

Ashok Leyland**Buy****CMP: INR177 | TP: INR205 (+16%)****EPS CHANGE (%): FY24|25E: -2|-1**

- 2QFY24 volumes grew 10% YoY, wherein MHCV grew 15% YoY despite moderation in discounts and high interest rates. However, discounts have inched up marginally at the beginning of the festive season.
- EBITDA margin is likely to expand on YoY/QoQ basis to 11% driven by softening RM costs and operating leverage benefits.

Quarterly Performance (S/A)										(INR Million)
	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Volumes (nos)	39,651	45,295	47,562	59,697	41,329	49,846	54,898	64,647	1,92,205	2,10,719
Growth %	120.4	64.5	39.6	22.5	4.2	10.0	15.4	8.3	49.8	9.6
Realizations (INR '000)	1,822	1,825	1,899	1,947	1,981	1,988	1,993	2,023	1,880	1,999
Change (%)	11.0	12.8	16.9	8.5	8.8	9.0	5.0	3.9	11.3	6.3
Net operating revenues	72,229	82,660	90,297	1,16,257	81,893	99,115	1,09,432	1,30,797	3,61,441	4,21,237
Change (%)	144.8	85.4	63.1	33.0	13.4	19.9	21.2	12.5	66.7	16.5
RM/sales %	79.3	78.0	76.3	75.6	73.7	74.3	73.8	73.7	77.1	73.9
Staff/sales %	6.2	6.4	6.1	5.1	6.6	5.7	5.3	4.9	5.8	5.5
Other exp/sales %	10.1	9.1	8.8	8.3	9.7	9.0	9.0	9.1	9.0	9.2
EBITDA	3,203	5,373	7,973	12,757	8,208	10,910	12,998	16,204	29,307	48,319
EBITDA Margins(%)	4.4	6.5	8.8	11.0	10.0	11.0	11.9	12.4	8.1	11.5
Interest	689	771	804	628	699	660	620	602	2,891	2,581
Other Income	256	200	316	389	512	425	450	113	1,161	1,500
Depreciation	1,824	1,768	1,890	1,838	1,794	1,850	1,900	1,946	7,320	7,490
PBT before EO Item	946	3,035	5,596	10,681	6,227	8,825	10,928	13,769	20,258	39,749
EO Exp/(Inc)	-130	-82	-69	-564	6	0	0	0	-846	6
PBT after EO	1,077	3,117	5,665	11,245	6,221	8,825	10,928	13,769	21,104	39,743
Effective Tax Rate (%)	36.8	36.1	36.2	33.2	7.3	35.0	35.0	36.4	34.6	31.2
Adj PAT	595	1,939	3,568	7,145	5,768	5,736	7,103	8,754	13,248	27,361
Change (%)	-121.2	-333.0	-1,054.2	70.8	868.8	195.8	99.1	22.5	7,587.8	106.5

Bajaj Auto**Neutral****CMP: INR5,062 | TP: INR5,175 (+2%)****EPS CHANGE (%): FY24|25E: 1|1**

- While exports volume declined 9% YoY, overall demand sentiments still seems to be improving as concerns related to currency and macros are getting stabilized.
- 2W domestic volumes declined 9% YoY partly as the festive season inventory stocking has shifted to 3Q from 2Q last year.
- Margin to expand 20bp QoQ (+200bp YoY) largely due to savings from declining commodity cost and price hikes.

Quarterly performance										(INR m)
	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volumes ('000 units)	934	1,151	983	860	1,027	1,054	1,188	1,181	3,928	4,450
Growth YoY (%)	-7.2	0.6	-16.8	-12.0	10.0	-8.4	20.8	37.4	(8.8)	13.3
Realization (INR/unit)	85,739	88,642	94,736	1,03,553	1,00,347	1,01,351	1,01,756	1,02,781	92,742	1,01,607
Growth YoY (%)	16.8	17.7	24.1	26.8	17.0	14.3	7.4	-0.7	21.1	9.6
Net Sales	80,050	1,02,028	93,151	89,047	1,03,098	1,06,819	1,20,850	1,21,426	3,64,276	4,52,192
Change (%)	8.4	18.4	3.3	11.7	28.8	4.7	29.7	36.4	10.4	24.1
EBITDA	12,970	17,587	17,768	17,166	19,539	20,510	23,222	23,312	65,491	86,582
EBITDA Margins (%)	16.2	17.2	19.1	19.3	19.0	19.2	19.2	19.2	18.0	19.1
Other Income	3,193	3,332	2,691	2,598	3,463	3,500	3,500	3,493	11,814	13,956
Interest	43	109	85	157	121	120	120	129	395	490
Depreciation	673	670	740	742	835	835	840	851	2,824	3,361
PBT after EO	15,447	20,140	19,635	18,865	22,046	23,055	25,762	25,824	74,086	96,687
Effective Tax Rate (%)	24.0	24.0	24.0	24.0	24.5	24.4	24.4	24.4	24.0	24.4
Adj. PAT	11,733	15,300	14,914	14,329	16,648	17,418	19,463	19,519	56,276	73,047
Change (%)	10.6	31.3	22.8	16.9	41.9	13.8	30.5	36.2	20.6	29.8

E: MOFSL Estimates

Balkrishna Industries**Neutral****CMP: INR2,557 | TP: INR2,360 (-8%)****EPS CHANGE (%): FY24|25E: -4|2**

- Revenue is expected to decline 23% YoY, hit by 12% YoY decline in tonnage and realization due to recessionary fears in export markets. Domestic markets continue to remain stable.
- Gross margin should continue to improve, led by softening RM costs.

Quarterly performance (Standalone)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volumes (Ton)	83,153	78,872	66,480	72,676	67,209	69,407	73,128	80,456	3,01,181	2,90,200
YoY Change (%)	21.2	8.4	-5.5	-5.8	-19.2	-12.0	10.0	10.7	4.3	-3.6
Realizations (INR '000/ton)	327.9	355.8	333.2	319.9	314.7	311.5	314.7	314.9	334.4	314.0
YoY Change (%)	23.0	24.5	12.7	1.4	-4.0	-12.4	-5.6	-1.6	14.7	-6.1
Net Revenues	27,263	28,063	22,153	23,246	21,150	21,624	23,011	25,333	1,00,725	91,117
YoY Change (%)	49.1	34.9	6.6	-4.4	-22.4	-22.9	3.9	9.0	19.6	-9.5
EBITDA	5,470	5,640	4,233	4,942	4,863	5,146	5,707	6,395	20,284	22,111
Margins (%)	20.1	20.1	19.1	21.3	23.0	23.8	24.8	25.2	20.1	24.3
Depreciation	1,262	1,341	1,449	1,515	1,537	1,550	1,570	1,578	5,566	6,235
Interest	27	43	136	250	208	200	175	163	456	746
Forex loss/(gain)	-260	-490	1,660	-30	-330	-125	-125	-125	880	-705
Other Income	-150	580	430	280	660	450	475	472	1,140	2,057
PBT before EI	4,290	5,327	1,417	3,487	4,108	3,971	4,562	5,252	14,521	17,893
Extra-Ord expense	0	0	0	23	0	0	0	0	23	0
PBT	4,290	5,327	1,417	3,465	4,108	3,971	4,562	5,252	14,499	17,893
Rate (%)	25.4	24.1	29.8	26.1	23.9	24.5	24.5	24.6	25.7	24.4
Reported PAT	3,199	4,043	995	2,559	3,125	2,998	3,444	3,958	10,774	13,526
Adj PAT	3,199	4,043	995	2,576	3,125	2,998	3,444	3,958	10,791	13,526
YoY Change (%)	-10.5	1.2	-69.7	-30.5	-2.3	-25.8	246.1	53.7	-25.9	25.3
Margins (%)	11.7	14.4	4.5	11.1	14.8	13.9	15.0	15.6	10.7	14.8

E: MOFSL Estimates

Bharat Forge**Buy****CMP: INR1092 | TP: INR1260 (+15%)****EPS CHANGE (%): FY24|25E: +3|0**

- Tonnage growth is expected to be 16% YoY led by gradual recovery in global macros coupled with stable domestic market demand and ramp-up of new businesses.
- Non-autos (across both domestic and exports) to see high growth on YoY basis over the low base of 2QFY23.
- EBITDA margin is expected to improve 250bp YoY (+80bp QoQ) to 26.8% led by operating leverage benefits.

S/A Quarterly performance

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Tonnage	57,915	61,149	62,755	64,648	67,780	70,933	71,541	73,184	2,46,467	2,83,437
Change (%)	8.2	7.1	17.6	12.3	17.0	16.0	14.0	13.2	11.3	15.0
Realization (INR '000/ton)	303.8	304.8	311.1	308.9	313.9	322.1	326.7	330.9	307.3	323.6
Change (%)	18.5	9.1	3.6	6.2	3.3	5.7	5.0	7.1	9.0	5.3
Net operating income	17,594	18,639	19,521	19,973	21,273	22,844	23,375	24,217	75,727	91,709
Change (%)	28.2	16.8	21.8	19.3	20.9	22.6	19.7	21.2	21.3	21.1
EBITDA	4,600	4,522	4,936	5,226	5,530	6,126	6,321	6,635	19,284	24,612
EBITDA Margins (%)	26.1	24.3	25.3	26.2	26.0	26.8	27.0	27.4	25.5	26.8
Non-Operating Income	259	477	377	391	472	425	475	413	1,505	1,785
Interest	263	357	849	658	705	675	675	665	2,127	2,721
Depreciation	1064	1066	1079	1051	1089	1090	1095	1103	4,260	4,377
Fx loss/(gain)	250	-8	-415	347	43	0	0	0	173	43
PBT after EO items	3,252	3,579	3,844	3,154	4,165	4,786	5,026	5,279	13,827	19,256
Eff. Tax Rate (%)	25.1	25.1	24.8	22.5	25.2	24.7	24.7	24.2	24.4	24.7
Rep. PAT	2,436	2,681	2,892	2,445	3,115	3,604	3,784	4,002	10,454	14,505
Change (%)	46.2	-14.0	-14.3	-6.7	27.9	34.4	30.9	63.7	-3.0	38.7
Adj. PAT	2,460	2,686	2,859	2,754	3,115	3,604	3,784	4,002	10,776	14,505
Change (%)	14.8	-11.5	8.6	4.4	26.7	34.2	32.4	45.3	3.1	34.6

E: MOFSL Estimates

Bosch**Neutral****CMP: INR19,024 | TP: INR18,550 (-2%)****EPS CHANGE (%): FY24|25E: -1|0**

- We expect ~18% YoY revenue growth led by growth in underlying CV industry; however, tractors are showing signs of demand moderation.
- EBITDA margin is likely to expand driven by benefits of RM cost pass through (which comes with a quarter lag) and operating leverage benefits. The company's sustained focus on localization too should support margins.

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

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	35,444	36,616	36,599	40,634	41,584	43,207	42,455	47,126	1,49,293	1,74,372
YoY Change (%)	45.1	25.5	17.7	22.7	17.3	18.0	16.0	16.0	26.7	16.8
RM Cost (% of sales)	64.6	64.9	60.0	64.0	64.5	63.3	61.0	63.5	63.4	63.1
Staff Cost (% of sales)	7.6	7.5	7.4	8.1	7.4	7.2	7.3	7.1	7.7	7.2
Other Expenses (% of sales)	15.6	16.4	23.3	15.9	17.9	16.5	20.0	15.5	16.8	17.2
EBITDA	4,495	4,311	4,037	5,224	4,679	5,619	4,987	6,589	18,067	21,875
Margins (%)	12.7	11.8	11.0	12.9	11.3	13.0	11.7	14.0	12.1	12.5
Depreciation	648	919	1,083	1,206	921	950	1,150	1,263	3,856	4,284
Interest	36	19	20	46	308	25	25	27	121	385
Other Income	566	1,497	1,312	1,359	1,875	1,300	1,300	1,273	4,734	5,748
PBT before EO expense	4,377	4,870	4,246	5,331	5,325	5,944	5,112	6,573	18,824	22,954
PBT after EO Expense	4,377	4,870	4,246	5,331	5,325	5,944	5,112	6,573	18,824	22,954
Tax	1,035	1,146	1,057	1,341	1,235	1,438	1,237	1,581	4,579	5,492
Tax Rate (%)	23.6	23.5	24.9	25.2	23.2	24.2	24.2	24.1	24.3	23.9
Reported PAT	3,342	3,724	3,189	3,990	4,090	4,506	3,875	4,992	14,245	17,462
Adj PAT	3,342	3,724	3,189	3,990	4,090	4,506	3,875	4,992	14,245	17,462
YoY Change (%)	28.7	0.1	35.7	13.8	22.4	21.0	21.5	25.1	17.0	22.6

E: MOFSL Estimates

Ceat**Buy****CMP: INR2,126 | TP: INR2,850 (+34%)****EPS CHANGE (%): FY24|25E: -4|-5**

- Healthy 2W/PV OEM demand coupled with recovery in exports should drive revenue growth.
- RM basket in 2QFY24 is expected to be largely stable sequentially. However, operational efficiencies should keep other expenses in check.

Consolidated - Quarterly performance**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	28,184	28,945	27,272	28,748	29,352	31,260	30,272	31,394	1,13,149	1,22,278
YoY Change (%)	47.8	18.1	13.0	10.9	4.1	8.0	11.0	9.2	20.8	8.1
RM cost (%)	68.3	67.5	65.5	59.9	58.9	59.1	59.3	59.3	65.3	59.2
Employee cost (%)	6.1	5.8	6.7	7.4	6.7	6.7	6.7	6.6	6.5	6.7
Other expenses (%)	19.7	19.7	19.2	19.9	21.2	20.9	20.9	20.8	19.6	21.0
EBITDA	1,653	2,031	2,376	3,678	3,871	4,173	3,981	4,177	9,738	16,202
Margins (%)	5.9	7.0	8.7	12.8	13.2	13.4	13.2	13.3	8.6	13.3
Depreciation	1,114	1,151	1,175	1,253	1,209	1,240	1,260	1,309	4,693	5,018
Interest	521	577	657	666	701	700	680	676	2,421	2,758
Other Income	28	98	20	24	33	40	45	48	169	165
PBT before EO expense	45	401	565	1,783	1,993	2,273	2,086	2,239	2,793	8,591
Exceptional item	7	237	5	86	0	0	0	0	334	0
PBT	38	164	560	1,698	1,993	2,273	2,086	2,239	2,459	8,591
Tax Rate (%)	31.0	64.6	26.7	26.5	26.5	27.0	27.0	27.4	29.2	27.0
MI & Profit of Asso. Cos.	-67	-20	57	-90	18	25	25	27	-120	95
Reported PAT	92	78	354	1,337	1,446	1,634	1,498	1,598	1,862	6,176
Adj PAT	98	246	357	1,398	1,446	1,634	1,498	1,598	2,098	6,176
YoY Change (%)	-59	-42	-325	382	1,383	564	319	14	164	194

Craftsman Auto**Buy****CMP: INR4,622 | TP: INR5,450 (+18%)****EPS CHANGE (%): FY24 | 25E: -2 | -2**

- Standalone revenue is expected to grow ~11% YoY led by 16% YoY growth in the auto powertrain division, which was due to stable OEM demand. DR Axion is expected to grow sequentially led by stable PV OEM demand.
- Aluminium costs are expected to remain stable QoQ. However, operating leverage is likely to drive EBITDA margin expansion by 110bp sequentially in the S/A business.

Quarterly performance (Consolidated)**(INR m)**

	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net operating income	6,758	7,713	7,490	9,804	10,376	11,626	11,356	12,339	31,826	45,697
Change (%)	56.6	35.6	35.8	49.8	53.5	50.7	51.6	25.9	44.2	43.6
Total Cost	5,124	6,012	5,907	7,919	8,234	9,124	8,908	9,582	24,990	35,848
RM/Sales (%)	47.8	51.2	50.4	54.3	52.5	52.7	53.0	53.4	51.2	52.9
Staff Cost (% of Sales)	8.4	7.4	7.8	6.2	6.5	6.3	6.5	6.1	7.3	6.3
Other Exp. (% of Sales)	19.6	19.3	20.6	20.3	20.4	19.5	19.0	18.2	20.0	19.2
EBITDA	1,634	1,701	1,583	1,884	2,142	2,502	2,447	2,757	6,836	9,849
EBITDA Margins (%)	24.2	22.1	21.1	19.2	20.6	21.5	21.6	22.3	21.5	21.6
Non-Operating Income	13	17	46	49	37	30	30	36	125	133
Interest	254	233	296	419	424	430	430	424	1202	1708
Depreciation	532	547	538	599	683	690	700	709	2216	2782
Minority Int/Share of Profit	0	0	-2	-1	62	63	55	61	21	243
PBT after EO items	861	939	797	916	1,011	1,349	1,292	1,598	3,522	5,248
Eff. Tax Rate (%)	35.5	35.4	35.3	12.4	26.3	26.4	26.3	26.5	29.5	26.4
Rep. PAT	556	606	516	802	745	993	952	1,175	2,484	3,863
Change (%)	143.3	22.7	40.2	56.2	34.0	63.8	84.5	46.5	54.8	55.5
Adj. PAT	556	606	516	802	745	993	952	1,175	2,484	3,863
Change (%)	143.3	22.7	40.2	56.2	34.0	63.8	84.5	46.5	54.8	55.5

Eicher Motors**Neutral****CMP: INR3,456 | TP: INR3,600 (+4%)****EPS CHANGE (%): FY24 | 25E: - | -1**

- Overall RE volumes grew ~10% YoY in 2QFY24, led by continued traction in Hunter and easing supply challenges. However, exports volume declined 21% YoY.
- Benefits of lower RM costs and operating leverage should offset unfavorable product mix; hence, S/A EBITDA margin is likely to remain flat QoQ.
- VECV margin is likely to improve YoY/QoQ led by higher CV volumes and moderating discounts.

Quarterly performance (Consolidated)

INR m	FY23				FY24E				FY23	FY24E
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Operating income	33,975	35,194	37,210	38,043	39,864	40,820	43,111	43,314	1,44,422	1,67,109
Growth (%)	72.1	56.4	29.2	19.1	17.3	16.0	15.9	13.9	40.2	15.7
EBITDA	8,311	8,216	8,572	9,337	10,208	10,453	11,220	11,117	34,436	42,999
EBITDA Margins (%)	24.5	23.3	23.0	24.5	25.6	25.6	26.0	25.7	23.8	25.7
PAT	5,769	6,127	6,770	7,322	8,179	8,147	8,672	8,485	25,988	33,483
Share of JV Loss/(PAT)/ Min. Int.	-338	-441	-639	-1,734	-1,004	-1,049	-1,268	-2,307	-3,152	-5,628
Recurring PAT	6,107	6,569	7,408	9,056	9,183	9,196	9,940	10,792	29,139	39,111
Growth (%)	157.5	76.0	62.4	48.4	50.4	40.0	34.2	19.2	73.8	34.2

Standalone (Royal Enfield)

(INR Million)	FY23				FY24E				FY23	FY24E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Royal Enfield ('000 units)	187	208	221	219	228	229	240	241	835	938
Growth (%)	51.4	68.3	30.6	17.7	21.6	10.4	8.4	10.2	38.6	12.3
Net Realn (INR '000/unit)	173.5	163.5	162.2	175.3	171.3	173.9	175.6	175.6	168.5	174.1
Change - YoY (%)	12.4	-7.5	-3.1	1.9	-1.3	6.4	8.3	0.1	0.2	3.4
Net operating income	32,479	33,972	35,902	38,314	39,012	39,871	42,161	42,267	1,40,666	1,63,310
Growth (%)	70.2	55.7	26.5	19.9	20.1	17.4	17.4	10.3	39.0	16.1
EBITDA	7,882	8,036	8,569	9,448	10,127	10,346	11,113	10,985	33,935	42,570
EBITDA Margins (%)	24.3	23.7	23.9	24.7	26.0	25.9	26.4	26.0	24.1	26.1

Endurance Technologies

Buy

CMP: INR1,593 | TP: INR2,000 (+26%)

EPS CHANGE (%): FY24|25E: -1|-1

- India business to benefit from the recovery in 2W industry, while the EU business is recovering due to improving supply chain situation and low base.
- Expect QoQ EBITDA margin expansion driven by steel price correction (~32% of mix in India) in 2Q.

Consolidated – Quarterly performance

Y/E March	FY23				FY24E				FY23	FY24E
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	21,138	23,606	20,952	22,343	24,500	25,873	25,856	26,649	88,040	1,02,877
YoY Change (%)	24.8	25.1	10.9	7.5	15.9	9.6	23.4	19.3	16.6	16.9
RM Cost (% of sales)	60.4	62.3	59.9	59.3	59.1	59.7	59.6	58.7	60.5	59.3
Staff Cost (% of sales)	8.8	7.4	9.2	9.4	8.9	7.3	8.1	7.4	8.7	7.9
Other Exp. (% of sales)	19.4	18.8	19.4	18.5	18.8	18.7	18.4	19.6	19.0	19.2
EBITDA	2,398	2,716	2,395	2,854	3,213	3,470	3,487	3,804	10,363	13,974
Margins (%)	11.3	11.5	11.4	12.8	13.1	13.4	13.5	14.3	11.8	13.6
Depreciation	991	993	1,016	1,216	1,129	1,150	1,180	1,197	4,216	4,656
Interest	19	61	46	80	90	73	62	63	206	288
Other Income	47	84	115	208	166	135	150	139	454	590
PBT before EO expense	1,434	1,747	1,448	1,767	2,159	2,382	2,395	2,683	6,395	9,620
Exceptional Item	103	0	0	0	0	0	0	0	103	0
PBT after EO	1,331	1,747	1,448	1,767	2,159	2,382	2,395	2,683	6,293	9,620
Eff. Tax Rate (%)	22.3	24.7	25.3	22.8	24.3	24.6	24.4	24.2	23.8	24.4
Rep. PAT	1,034	1,315	1,082	1,365	1,635	1,797	1,810	2,034	4,796	7,276
Adj. PAT	1,112	1,315	1,082	1,365	1,635	1,797	1,810	2,034	4,875	7,276
YoY Change (%)	-8.3	-1.4	14.4	0.2	47.0	36.7	67.2	49.1	0.4	49.3

Escorts

Neutral

CMP: INR3,184 | TP: INR2,930 (-8%)

EPS CHANGE (%): FY24|25E: -1|3

- As the tractor industry growth remained subdued due to high base and erratic monsoon in 2Q, volumes for ESCORTS declined ~7% YoY.
- Benefits of moderating RM costs should be offset by operating de-leverage. This is likely to result in EBITDA margin compression of 60bp QoQ to 13.4%. .

Standalone quarterly performance (INR m)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3QE	4Q	1Q	2QE	3QE	4QE		
Net Sales	20,149	18,835	22,637	21,830	23,277	20,359	26,371	25,053	83,450	95,060
YoY Change (%)	20.5	12.2	15.6	16.8	15.5	8.1	16.5	14.8	16.0	13.9
Total Expenditure	18,133	17,308	20,733	19,471	20,008	17,631	22,521	21,544	75,645	81,704
EBITDA	2,016	1,527	1,903	2,358	3,269	2,728	3,850	3,508	7,804	13,356
Margins (%)	10.0	8.1	8.4	10.8	14.0	13.4	14.6	14.0	9.4	14.1
Depreciation	364	365	376	380	402	410	415	419	1,484	1,646
Interest	26	23	26	28	27	28	28	27	103	110
Other Income	354	776	913	763	945	775	825	835	2,806	3,380
PBT	1,981	1,187	2,414	2,470	3,786	3,065	4,232	3,897	8,051	14,980
Rate (%)	25.6	26.1	22.8	24.9	25.3	25.2	25.2	25.0	24.6	25.2
Adj. PAT	1,475	1,425	1,864	2,039	2,828	2,294	3,168	2,922	6,802	11,212
YoY Change (%)	-20.4	-19.4	-7.5	0.8	91.8	61.0	69.9	43.3	-11.2	64.8

Exide Industries

Buy

CMP: INR261 | TP: INR300 (+15%)

EPS CHANGE (%): FY24|25E: -4|-1

- Expect revenue growth of 10% YoY, driven by recovery in 2W OE demand and ramp up in industrial division.
- Lag impact of the decline in lead prices by 1% in 1QFY24 should benefit EBITDA margin in 2Q.
- This coupled with operating leverage should aid EBITDA margin expansion of 60bp QoQ to 11.2%.
- However, lead prices increased ~3% QoQ in 2QFY24, which is likely to hurt profitability in coming quarters.

S/A Quarterly performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	38,994	37,189	34,121	35,430	40,726	40,908	41,628	40,593	1,45,919	1,63,855
Growth YoY (%)	56.8	13.0	6.7	3.7	4.4	10.0	22.0	14.6	17.6	12.3
Gross operating income	38,994	37,189	34,121	35,430	40,726	40,908	41,628	40,593	1,45,919	1,63,855
Growth YoY (%)	56.8	13.0	6.7	3.7	4.4	10.0	22.0	14.6	17.6	12.3
RM (%)	72.1	69.5	67.7	70.2	71.7	71.4	71.7	71.7	69.9	71.6
Employee cost (%)	5.5	5.9	6.3	6.2	5.8	5.9	5.9	6.1	6.0	5.9
Other Exp (%)	12.5	13.5	14.3	13.3	11.8	11.6	11.7	11.7	13.4	11.7
Total Cost	35,127	33,065	30,111	31,758	36,404	36,347	37,174	36,287	1,30,239	1,46,211
EBITDA	3,866	4,124	4,010	3,672	4,322	4,561	4,454	4,307	15,680	17,644
EBITDA Margin (%)	9.9	11.1	11.8	10.4	10.6	11.2	10.7	10.6	10.7	10.8
Change (%)	48.4	-0.2	7.6	4.9	11.8	10.6	11.1	17.3	12.1	12.5
Non-Operating Income	322	356	234	412	192	350	375	468	1,324	1,385
Interest	64	62	82	83	98	80	80	67	295	325
Depreciation	1,091	1,120	1,153	1,193	1,194	1,225	1,240	1,264	4,558	4,922
PBT after EO Exp	3,034	3,298	3,009	2,808	3,222	3,606	3,509	3,444	12,151	13,782
Effective Tax Rate (%)	25.4	25.3	25.8	26.0	24.9	25.0	25.0	25.1	25.6	25.0
Adj. PAT	2,263	2,462	2,232	2,078	2,419	2,705	2,632	2,580	9,036	10,336
Change (%)	80.5	5.1	9.4	-24.7	6.9	9.8	17.9	24.2	7.5	14.4

Hero MotoCorp

Buy

CMP: INR3,057 | TP: INR3,675 (+20%)

EPS CHANGE (%): FY24|25E: - |2

- Volumes declined 1% YoY in 2QFY24. This was offset by ASP growth of ~3% YoY.
- EBITDA margin should expand 230bp YoY/ flat QoQ led by lower RM costs and price hikes, resulting in EBITDA margin of 13.7%.

Quarterly performance (S/A)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Volumes ('000 nos)	1,390	1,428	1,240	1,270	1,353	1,417	1,472	1,412	5,329	5,653
Growth YoY (%)	35.7	-0.7	-4.1	6.9	-2.7	-0.8	18.8	11.1	7.8	6.1
Net Realization	60,370	63,545	64,782	65,382	64,819	65,305	65,338	66,043	63,443	65,382
Growth YoY (%)	12.7	8.1	6.2	4.7	7.4	2.8	0.9	1.0	7.3	3.1
Net Op Revenues	83,925	90,754	80,310	83,068	87,673	92,507	96,192	93,253	3,38,057	3,69,624
Growth YoY (%)	53.0	7.4	1.9	11.9	4.5	1.9	19.8	12.3	15.6	9.3
RM Cost (% sales)	72.8	72.0	69.4	68.0	69.4	69.1	69.1	68.9	70.6	69.1
Staff Cost (% sales)	6.4	6.0	6.8	6.7	6.6	6.4	6.3	6.5	6.5	6.4
Other Exp (% sales)	9.6	10.6	12.3	12.3	10.3	10.8	11.0	11.2	11.2	10.8
EBITDA	9,408	10,383	9,241	10,830	12,063	12,694	13,067	12,570	39,862	50,393
EBITDA Margins (%)	11.2	11.4	11.5	13.0	13.8	13.7	13.6	13.5	11.8	13.6
Other Income	530	921	1,832	2,369	2,222	1,500	1,500	1,488	5,652	6,710
Interest	70	33	49	47	47	50	50	53	199	200
Depreciation	1,630	1,634	1,620	1,686	1,690	1,705	1,725	1,762	6,570	6,881
PBT before EO Exp/(Inc)	8,238	9,637	9,404	11,467	12,548	12,439	12,792	12,243	38,746	50,022
Effective Tax Rate (%)	24.2	25.7	24.4	25.1	24.7	24.8	24.8	24.9	24.9	24.8
Adj. PAT	6,245	7,161	7,111	8,589	9,451	9,357	9,623	9,199	29,106	37,630
Growth (%)	70.9	-9.9	3.6	37.0	51.3	30.7	35.3	7.1	17.7	29.3

MRF**Sell****CMP: INR1,07,279 | TP: INR96,500 (-10%)****EPS CHANGE (%): FY24|25E: 5 | 2**

- Strong revenue growth led by stable growth in underlying OE segments, replacement demand recovery and price hikes.
- EBITDA margin is likely to remain stable in 2Q at 17.5% as lower gross margin should offset the benefits of operating leverage.
- We raise our FY24 EPS estimate by ~5% to factor in the decline in RM costs.

Standalone - Quarterly performance**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	55,989	57,190	55,349	57,254	63,233	64,053	61,438	63,970	2,25,782	2,52,693
YoY Change (%)	35.6	18.4	14.6	10.1	12.9	12.0	11.0	11.7	18.9	11.9
Total Expenditure	51,207	52,517	49,863	48,823	52,091	52,829	51,206	53,298	2,02,409	2,09,423
EBITDA	4,783	4,673	5,486	8,431	11,142	11,224	10,232	10,672	23,373	43,270
Margins (%)	8.5	8.2	9.9	14.7	17.6	17.5	16.7	16.7	10.4	17.1
Depreciation	2,969	3,083	3,149	3,285	3,317	3,440	3,550	3,589	12,486	13,896
Interest	635	704	802	839	780	800	800	788	2,981	3,168
Other Income	341	764	700	678	739	740	745	472	2,482	2,696
PBT before EO expense	1,519	1,650	2,235	4,985	7,783	7,724	6,627	6,767	10,389	28,902
Extra-Ord expense	0	0	0	-803	0	0	0	0	-803	0
PBT	1,519	1,650	2,235	5,788	7,783	7,724	6,627	6,767	11,192	28,902
Tax	395	410	543	1,682	1,969	1,947	1,670	1,785	3,030	7,370
Rate (%)	26.0	24.9	24.3	29.1	25.3	25.2	25.2	26.4	27.1	25.5
Reported PAT	1,123	1,240	1,692	4,106	5,814	5,778	4,957	4,983	8,162	21,532
Adj PAT	1,123	1,240	1,692	3,537	5,814	5,778	4,957	4,983	7,576	21,532
YoY Change (%)	-30.4	-32.4	16.0	125.6	417.6	366.0	192.9	40.9	17.0	184.2

Mahindra & Mahindra**Buy****CMP: INR1,554 | TP: INR1,770 (+14%)****EPS CHANGE (%): FY24|25E: - | 1**

- Strong volume growth in autos led by improving supply chain and execution of order book, was offset by weakness in tractor volumes YoY. This resulted in overall volume growth of ~11% YoY.
- However, unfavorable mix (lower FES contribution) should lead to EBITDA margin contraction of ~50bp QoQ to 12.9%. PBIT margin for auto should expand 30bp QoQ, while it should contract 40bp QoQ for FES.

Quarterly Performance**(INR m)**

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Volumes (nos)	2,71,971	2,73,223	2,81,859	2,78,948	3,01,147	3,02,139	3,29,547	3,18,652	11,05,375	12,51,485
Growth YoY (%)	45.6	43.3	31.6	21.9	10.7	10.6	16.9	14.2	34.8	13.2
Net Realization	725,262	768,974	768,247	809,160	798,814	823,846	809,275	833,200	768,610	816,367
Growth YoY (%)	15.2	10.2	7.2	7.4	10.1	7.1	5.3	3.0	9.1	6.2
Net Op. Income	1,97,250	2,10,101	2,16,537	2,25,714	2,40,561	2,48,916	2,66,695	2,65,501	8,49,603	10,21,672
Net Raw Materials	1,51,125	1,60,768	1,64,471	1,69,219	1,81,149	1,88,678	2,01,088	2,00,958	6,45,582	7,71,873
RM Cost (% of sales)	76.6	76.5	76.0	75.0	75.3	75.8	75.4	75.7	76.0	75.6
Staff	8,442	9,224	9,342	9,490	10,447	10,792	10,930	10,534	36,499	42,704
Staff (% of sales)	4.3	4.4	4.2	4.2	4.3	4.8	5.1	4.0	4.3	4.2
Other expenditure	14,348	15,137	14,583	19,031	16,613	17,442	18,680	19,251	63,098	71,987
Oth. Exp. (% of Sales)	7.3	7.2	6.7	8.4	6.9	7.0	7.0	7.3	7.4	7.0
Total Cost	1,73,915	1,85,128	1,88,395	1,97,740	2,08,209	2,16,913	2,30,698	2,30,743	7,45,179	8,86,563
EBITDA	23,335	24,973	28,142	27,974	32,351	32,003	35,996	34,757	1,04,424	1,35,108
EBITDA Margins (%)	11.8	11.9	13.0	12.4	13.4	12.9	13.5	13.1	12.3	13.2
Other income	2,279	13,134	6,700	3,339	9,699	14,000	6,500	3,587	25,452	33,786
Interest	703	641	686	698	323	635	620	602	2,728	2,180
Depreciation	6,955	7,913	8,292	8,385	8,281	8,600	8,800	8,937	31,545	34,619
EO Income/(Exp)	-410	-2,479	-6,289	-5,118	0	0	0	0	-14,295	0
PBT after EO	17,547	27,074	19,576	17,111	33,445	36,768	33,076	28,805	81,308	1,32,095
Effective Tax Rate (%)	20.0	23.6	21.9	9.5	17.1	23.5	23.5	23.6	19.5	21.9
Reported PAT	14,036	20,680	15,281	15,490	27,737	28,128	25,303	21,998	65,486	1,03,166
Adj PAT	14,040	23,380	20,290	19,750	27,737	28,128	25,303	21,998	77,700	1,03,166
Change (%)	50.3	38.6	52.0	66.7	97.6	20.3	24.7	11.4	51.8	32.8

CIE Automotive**Buy****CMP: INR480 | TP: INR580 (+21%)****EPS CHANGE (%): CY23|24E: -1|-2**

- Strong growth in standalone business was led by growth in underlying PV industry and benefits from global supply chain recovery.
- Softening RM costs along with the cost-cutting initiatives in both India and EU, to support margins on YoY basis.

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

(INR m)	CY22				CY23E				CY22	CY23E
Y/E December	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	20,608	22,160	22,294	22,468	24,402	23,203	24,658	26,198	87,530	98,461
YoY Change (%)	-5.9	8.5	6.6	34.6	18.4	4.7	10.6	16.6	29.4	12.5
EBITDA	2,804	3,058	2,934	2,924	3,806	3,704	3,847	4,068	11,720	15,425
Margins (%)	13.6	13.8	13.2	13.0	15.6	16.0	15.6	15.5	13.4	15.7
Depreciation	717	747	731	767	825	833	805	843	2,962	3,306
Interest	40	-1	109	79	240	221	215	220	227	896
Other Income	107	98	134	244	160	195	202	215	583	772
Share of profit from associates	4	11	3	4	3	-3	5	10	22	15
PBT before EO expense	2,155	2,409	2,229	2,321	2,901	2,846	3,029	3,219	9,114	11,995
EO Exp/(Inc)	0	0	-38	-379	0	0	0	0	-379	0
PBT after EO exp	2,155	2,409	2,267	2,700	2,901	2,846	3,029	3,219	9,492	11,995
Tax Rate (%)	23.9	23.8	24.5	28.0	24.2	24.9	25.0	25.0	25.3	24.8
Adj. PAT	1,643	1,847	1,685	1,662	2,203	2,136	2,275	2,424	6,828	9,038
YoY Change (%)	7.7	35.6	13.0	96.3	34.1	15.7	35.0	45.8	69.2	32.4

Maruti Suzuki**Buy****CMP: INR10,602 | TP: INR12,000 (+13%)****EPS CHANGE (%): FY24|25E: -|-**

- Traction in new model launches and higher discounts for lower-end models aided volume growth of 7% YoY in 2QFY24.
- EBITDA margin is likely to expand ~180bp YoY to 11.1%, led by benefits of lower RM costs and operating leverage.
- This coupled with expected ASP growth of 18% YoY (5% QoQ), due to mix and price hike, should result in revenue growth of 26% YoY.
- However, initial signs of demand moderation might act as near-term headwinds in the coming quarters.

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

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volumes ('000 units)	467.9	517.4	465.9	514.9	498.0	552.2	560.5	576.4	1,966.2	2,187.2
Change (%)	32.3	36.3	8.2	5.4	6.4	6.7	20.3	11.9	19.0	11.2
Realizations (INR/car)	5,66,319	5,78,490	6,23,387	6,22,379	6,49,095	6,81,550	6,74,735	6,89,535	5,97,727	6,74,518
Change (%)	12.7	6.9	15.5	13.7	14.6	17.8	8.2	10.8	11.9	12.8
Net operating revenues	2,64,998	2,99,308	2,90,443	3,20,480	3,23,269	3,76,349	3,78,212	3,97,482	11,75,229	14,75,311
Change (%)	49.1	45.7	24.9	19.9	22.0	25.7	30.2	24.0	33.1	25.5
RM Cost (% of sales)	74.6	73.1	72.7	73.3	72.8	72.6	72.3	72.3	73.4	72.5
Staff Cost (% of sales)	4.4	3.8	4.1	3.5	4.5	3.3	3.4	3.1	3.9	3.6
Other Cost (% of sales)	13.8	13.9	13.4	12.8	13.5	13.0	12.9	13.0	13.3	13.1
EBITDA	19,121	27,689	28,331	33,503	29,830	41,735	43,005	45,926	1,10,077	1,60,495
EBITDA Margins (%)	7.2	9.3	9.8	10.5	9.2	11.1	11.4	11.6	9.4	10.9
Depreciation	6,514	7,226	7,101	7,392	7,475	7,650	7,700	7,713	28,233	30,538
EBIT	12,607	20,463	21,230	26,111	22,355	34,085	35,305	38,213	81,844	1,29,957
EBIT Margins (%)	4.8	6.8	7.3	8.1	6.9	9.1	9.3	9.6	7.0	8.8
Interest	274	305	296	991	465	450	450	435	1,866	1,800
Non-Operating Income	885	6,125	8,608	7,428	10,012	6,750	7,000	6,991	21,613	30,753
PBT	13,218	26,283	29,542	32,548	31,902	40,385	41,855	44,768	1,01,591	1,58,909
Effective Tax Rate (%)	23.4	21.6	20.4	19.4	22.1	23.2	23.2	23.6	20.8	23.1
Adjusted PAT	10,128	20,615	23,513	26,236	24,851	31,015	32,144	34,225	80,492	1,22,236
Change (%)	129.8	333.7	132.5	42.7	145.4	50.5	36.7	30.5	113.7	51.9

Samvardhana Motherson Sumi**Buy****CMP: INR96 | TP: INR115 (+19%)****EPS CHANGE (%): FY24 | 25E: -3 | -2**

- Easing chip shortage situation and healthy global order book are expected to result in ~18% YoY revenue growth for 2QFY24. EBITDA margin is likely to improve 100bp YoY/ 10bp QoQ to 8.7%.
- Our estimates are yet to factor in the acquisitions considering limited data for the acquired company.

Quarterly performance (Consol.)

Y/E March	FY23				FY24E				INR m	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY23	FY24E
Net Sales	1,76,545	1,82,608	2,02,672	2,24,769	2,24,622	2,16,144	2,31,150	2,44,696	7,87,007	9,16,612
YoY Change (%)	7.6	26.7	23.3	31.0	27.2	18.4	14.1	8.9	22.2	16.5
EBITDA	11,166	14,031	16,163	20,205	19,246	18,733	21,385	22,365	62,077	81,730
Margins (%)	6.3	7.7	8.0	9.0	8.6	8.7	9.3	9.1	7.9	8.9
Depreciation	7,324	7,487	8,150	8,397	8,389	8,450	8,500	8,579	31,358	33,918
Interest	1,694	1,837	1,494	2,784	2,526	2,450	2,200	2,040	7,809	9,216
Other income	581	940	811	751	529	825	800	1,046	2,570	3,200
PBT after EO Expense	2,729	4,663	7,320	9,773	8,860	8,658	11,485	12,792	24,485	41,795
Tax Rate (%)	34.0	30.3	29.6	26.0	29.5	30.0	30.0	30.4	28.9	30.0
Min. Int & Share of profit	389	485	609	695	241	127	144	83	2,178	596
Reported PAT	1,412	2,464	4,539	6,540	6,009	5,933	7,896	8,823	14,956	28,661
Adj PAT	1,412	3,153	4,546	6,540	6,009	5,933	7,896	8,823	15,652	28,661
YoY Change (%)	-55.1	123.6	100.3	362.1	325.5	88.2	73.7	34.9	90.0	83.1

Motherson Wiring India**Buy****CMP: INR64 | TP: INR70 (+8%)****EPS CHANGE (%): FY24 | 25E: -1 | -2**

- Healthy YoY growth was driven by traction for new models in PV (especially in the premium category) and growth in CV volumes, partially offset by weakness in tractor segment.
- Decline in copper prices and operating leverage benefits should lead to EBITDA margin expansion of 230bp QoQ to 12.7%.

Quarterly performance

Y/E March	FY23				FY24E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY23	FY24E
Net Sales	16,709	18,352	16,868	18,644	18,588	20,818	20,194	22,618	70,574	82,219
YoY Change (%)	50.0	31.1	15.6	12.2	11.2	13.4	19.7	21.3	25.2	16.5
RM Cost (% of sales)	64.9	66.2	64.3	66.9	65.7	65.0	64.8	65.0	65.6	65.1
Staff Cost (% of sales)	16.4	17.3	17.8	15.6	17.6	16.1	16.1	15.4	16.8	16.2
Other Expenses (% of sales)	6.6	6.6	7.3	6.2	6.3	6.2	6.3	6.1	6.5	6.2
EBITDA	2,028	1,808	1,790	2,093	1,941	2,646	2,586	3,066	7,814	10,239
Margins (%)	12.1	9.9	10.6	11.2	10.4	12.7	12.8	13.6	11.1	12.5
Depreciation	277	295	317	348	338	350	360	388	1,237	1,437
Interest	69	59	65	86	77	75	75	73	278	300
Other Income	77	107	7	127	136	65	70	51	223	321
PBT before EO expense	1,759	1,562	1,415	1,786	1,661	2,286	2,221	2,655	6,522	8,823
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT after EO Expense	1,759	1,562	1,415	1,786	1,661	2,286	2,221	2,655	6,522	8,823
Tax Rate (%)	28	25	25	22	26	25	25	25	25	25
Reported PAT	1,260	1,165	1,062	1,385	1,231	1,714	1,666	1,988	4,871	6,600
Adj PAT	1,260	1,165	1,062	1,385	1,231	1,714	1,666	1,988	4,871	6,600
YoY Change (%)	106.5	2.1	-19.6	-13.2	-2.2	47.2	56.9	43.6	4.3	35.5

Sona Comstar**Neutral****CMP: INR583 | TP: INR595 (+2%)****EPS CHANGE (%): FY24 | 25E: -3 | -1**

- Revenue growth (YoY) was driven by execution/ramp-up of new orders, especially in the domestic traction motor segment. However, UAW strike in the EU impacted the performance adversely.
- Weak product mix to offset benefits of RM cost moderation, resulting in an EBITDA margin of 27.4% in 2QFY24 (-40bp QoQ).

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

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net operating revenues	5,892	6,574	6,850	7,440	7,322	7,664	8,258	9,195	26,756	32,439
Change (%)	17.7	12.2	38.6	35.3	24.3	16.6	20.6	23.6	25.6	21.2
EBITDA	1,425	1,657	1,862	2,014	2,034	2,100	2,279	2,564	6,958	8,977
EBITDA Margins (%)	24.2	25.2	27.2	27.1	27.8	27.4	27.6	27.9	26.0	27.7
Depreciation	400	429	470	481	511	535	555	575	1,780	2,176
EBIT	1,025	1,228	1,392	1,533	1,523	1,565	1,724	1,989	5,178	6,801
EBIT Margins (%)	17.4	18.7	20.3	20.6	20.8	20.4	20.9	21.6	19.4	21.0
Interest	29	43	51	46	53	50	50	45	169	199
Non-Operating Income	10	28	33	45	54	50	50	48	116	202
PBT	1,006	1,213	1,373	1,498	1,495	1,565	1,724	1,992	5,091	6,776
Effective Tax Rate (%)	24.6	23.7	22.0	20.0	25.1	25.0	25.0	25.0	22.4	25.0
Adjusted PAT	758	925	1,071	1,232	1,142	1,174	1,293	1,495	3,979	5,103
Change (%)	5.4	4.9	23.9	35.1	50.6	26.8	20.7	21.4	17.1	28.3

TVS Motor Company**Neutral****CMP: INR1,523 | TP: INR1,400 (-8%)****EPS CHANGE (%): FY24 | 25E: 3 | 5**

- In 2QFY24, domestic 2W volumes witnessed a sharp growth (+9% YoY) but exports were still under stress as volumes declined ~5% YoY.
- EBITDA margin to expand 90bp YoY/50bp QoQ driven by softening RM costs and price hikes.

S/A quarterly performance**Y/E March (INR m)**

	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Vols ('000 units)	906.8	1,027.4	879.4	866.5	953.2	1,074.4	1,115.2	1,113.3	3,680	4,256
Growth (%)	37.9	12.1	0.1	1.2	5.1	4.6	26.8	28.5	11.2	15.6
Realn (INR '000/unit)	66.3	70.3	74.4	76.2	75.7	76.0	75.7	75.5	71.7	75.7
Growth (%)	10.8	15.1	14.6	18.0	14.3	8.2	1.7	(0.9)	14.2	5.7
Net Sales	60,087	72,192	65,454	66,048	72,179	81,677	84,438	84,066	2,63,781	3,22,361
Growth (%)	52.7	29.0	14.7	19.4	20.1	13.1	29.0	27.3	27.0	22.2
Total RM Cost	45,728	54,975	49,429	49,823	53,818	60,767	62,738	62,674	1,99,928	2,39,997
RM (% of sales)	76.1	76.2	75.5	75.4	74.6	74.4	74.3	74.6	75.8	74.5
Employee Expenses	3,209	3,456	3,409	3,377	3,789	3,870	3,886	3,928	13,451	15,473
Emp cost (% of sales)	5.3	4.8	5.2	5.1	5.2	4.7	4.6	4.7	5.1	4.8
Other expenses	5,156	6,396	6,027	6,050	6,935	8,004	7,937	7,587	23,655	30,463
Other exp (% of sales)	8.6	8.9	9.2	9.2	9.6	9.8	9.4	9.0	9.0	9.5
EBITDA	5,995	7,365	6,589	6,798	7,638	9,035	9,877	9,877	26,747	36,427
EBITDA Margin (%)	10.0	10.2	10.1	10.3	10.6	11.1	11.7	11.7	10.1	11.3
Interest	376	352	316	363	474	460	450	449	1,407	1,833
Depreciation	1,520	1,535	1,583	1,674	1,636	1,700	1,730	1,750	6,312	6,815
Other Income	222	14	65	88	576	25	60	36	389	696
PBT before EO Exp	4,321	5,492	4,755	4,849	6,104	6,900	7,757	7,714	19,417	28,475
EO Exp	0	0	0	-617	0	0	0	0	-617	
PBT after EO Exp	4,321	5,492	4,755	5,466	6,104	6,900	7,757	7,714	20,034	28,475
Total Tax	1,115	1,418	1,227	1,364	1,427	1,739	1,955	1,941	5,123	7,062
Tax rate (%)	25.8	25.8	25.8	24.9	23.4	25.2	25.2	25.2	25.6	24.8
Reported PAT	3,205	4,075	3,528	4,103	4,677	5,161	5,802	5,773	14,910	21,413
Adjusted PAT	3,205	4,075	3,527	3,640	4,677	5,161	5,802	5,773	14,451	21,413
Growth (%)	325.3	56.1	22.4	32.6	45.9	26.7	64.5	58.6	60.7	48.2

Tata Motors

Buy

CMP: INR630 | TP: INR740 (+17%)

EPS CHANGE (%): FY24|25E: 2|2

- India business performance was a mixed bag as CV volumes grew 3.5% YoY while PV volumes fell 3% YoY.
- However, led by lower RM costs, cost-control measures and operating leverage (in CVs) EBIT margins for CV/PV are likely to expand 180bp/80bp YoY in 2QFY24.
- JLR volumes to grow YoY due to easing chip shortage situation and continued traction in new models. We estimate an EBIT margin of 7% for JLR in 2QFY24 (vs. 1% in 2QFY23), supported by mix, softening RM costs and cost-control measures.

Quarterly performance [Consol]

(INR b)

INR b	FY23				FY24				FY23	FY24
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
JLR Volumes (incl JV; '000 units)	82.6	89.9	92.3	107.4	106.3	107.6	114.7	123.5	372.2	451.9
JLR Realizations (GBP/unit)	61,352	69,847	75,901	75,035	74,024	74,395	73,651	73,297	70,976	73,815
JLR EBITDA Margins (%)	6.7	10.3	11.9	14.8	16.3	14.5	15.1	15.8	11.3	15.4
India CV Volumes ('000 units)	103.7	100.5	95.0	118.7	88.6	104.7	107.2	123.5	417.9	424.0
India CV Realizations (INR '000/unit)	1575.7	1642.6	1784.5	1798.4	1925.4	1938.3	1963.0	2010.9	1721.9	1963.0
India CV EBITDA Margins (%)	5.4	5.1	8.5	10.2	9.4	10.8	11.4	12.6	7.5	7.5
India PV Volumes ('000 units)	130.4	142.8	132.3	135.5	140.4	138.9	148.7	149.7	541.0	577.7
India PV Realizations (INR '000/unit)	894.6	885.7	893.0	898.2	921.8	924.6	915.3	923.9	892.8	921.3
India PV EBITDA Margins (%)	6.2	5.7	7.0	7.3	5.2	6.7	7.8	8.2	6.5	6.5
Net Consol. Op Income	719.3	796.1	884.9	1059.3	1022.4	1044.7	1085.8	1210.2	3459.7	4363.0
Growth (%)	8.3	29.7	22.5	35.1	42.1	31.2	22.7	14.2	24.2	26.1
Consol. EBITDA	31.8	62.0	96.4	128.1	135.6	130.2	142.7	175.4	318.3	584.0
EBITDA Margins (%)	4.4	7.8	10.9	12.1	13.3	12.5	13.1	14.5	9.2	13.4
Depreciation	58.4	59.0	60.7	70.5	66.3	67.5	69.0	73.0	248.6	275.9
Other Income	8.9	10.4	11.3	15.8	13.6	10.0	11.0	12.6	46.3	47.2
Interest Expenses	24.2	24.9	26.8	26.6	26.2	25.0	25.0	25.9	102.4	102.1
PBT before EO	-49.6	-17.7	32.0	50.0	53.3	39.1	51.2	75.3	14.7	219.0
EO Exp/(Inc)	-14.9	-3.1	0.0	2.2	6.8	0.0	0.0	0.0	-15.91	6.77
PBT after EO Exp	-34.7	-14.6	32.0	47.8	46.5	39.1	51.2	75.3	30.6	212.2
Tax rate (%)	-43.8	31.3	8.2	-13.0	33.6	27.0	27.0	26.2	23.0	28.2
PAT	-49.9	-10.0	29.4	54.0	30.9	28.6	37.4	55.6	23.5	152.5
Minority Interest	-0.6	-0.5	-0.9	-0.9	-1.0	-0.7	-0.8	-0.9	-2.8	-3.4
Share in profit of Associate	0.4	1.1	1.0	0.9	2.1	1.0	1.4	1.9	3.4	6.3
Reported PAT	-50.1	-9.4	29.6	54.1	32.0	28.9	37.9	56.6	24.1	155.4
Adj PAT	-65.0	-12.6	29.6	56.2	37.2	28.9	37.9	56.6	8.2	160.3
Growth (%)	46.0	-71.7	-284.6	-1862.6	-157.3	-329.6	28.2	0.6	-107.6	1845.4

Tube Investments

Buy

CMP: INR2,985 | TP: INR3,735 (+25%)

EPS CHANGE (%): FY24|25E: -1|-1

- Sequential recovery in 2W business along with exports to drive YoY/QoQ growth for engineering division.
- Revenue to grow 2% YoY led by ~5% YoY growth in engineering business, partially offset by 5% YoY decline in mobility business. Revenue growth for the metal formed division is expected to remain flattish YoY.
- EBIT margin for mobility business is likely to expand to 2% (vs. 1.1% in 1QFY24); engineering business margin likely to expand to 12.3% (from 11.8% in 1QFY24) while margin for metal formed business is likely to be flattish QoQ at 12.8%.

Quarterly performance (S/A)

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	19,570	19,059	17,097	16,634	17,801	19,477	20,332	21,429	72,360	79,040
YoY Change (%)	55.7	14.4	0.5	-4.1	-9.0	2.2	18.9	28.8	13.8	9.2
EBITDA	2,040	2,512	2,144	2,106	2,160	2,442	2,634	2,818	8,803	10,054
Margins (%)	10.4	13.2	12.5	12.7	12.1	12.5	13.0	13.1	12.2	12.7
Depreciation	325	346	337	448	331	365	400	436	1,456	1,532
Interest	36	52	60	68	70	55	55	53	216	233
Other Income	120	145	171	1,717	219	200	250	2,002	2,152	2,672
PBT before EO expense	1,800	2,258	1,919	3,306	1,979	2,222	2,429	4,331	9,283	10,961
Tax	457	599	542	507	502	558	610	1,082	2,104	2,751
Tax Rate (%)	25.4	29.6	28.2	16.8	25.4	25.1	25.1	25.0	24.0	25.1
Adj PAT	1,343	1,603	1,377	2,729	1,477	1,664	1,819	3,249	7,053	8,210
YoY Change (%)	38.5	32.0	14.3	100.2	10.0	3.8	32.1	19.0	46.7	16.4

NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
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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

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