

## In consolidation phase, tepid growth prospects

Escorts reported muted performance in Q4FY19. Revenues increased by 13.6% YoY to ₹ 1,632 crore but were impacted by realization hit due to adverse mix in tractor segment. Segment wise revenues; tractors up 12.5% YoY to ₹ 1,231 crore, construction equipment up 10.2% YoY to ₹ 293 crore, railway equipment up 36.1% YoY to ₹ 104 crore. EBITDA in Q4FY19 grew 9.2% YoY to ₹ 190 crore with consequent EBITDA margins at 11.6%, down 50 bps QoQ and YoY primarily tracking 120 bps sequential increase in other expenses. Consequent PAT stood at ₹ 121.3 crore, up 7.8% YoY.

## Volumes to taper across tractor space; Escorts not untouched!

The domestic tractor industry has been at the forefront of farm mechanization in India. The tractor industry posted record sales volume of 7.9 lakh units in FY19 (up ~10% YoY). This is following robust 22.1% YoY growth in FY18 (7.1 lakh units) and 18% YoY growth in FY17 (5.8 lakh units). Thus, on a higher base amidst muted farm income we expect tractor industry to consolidate and revert to its long term CAGR of ~7%. Escorts has outpaced industry growth during this time, growing at ~23% CAGR over FY16-19E which translated into meaningful market share gains (stood at 11.9% as of FY19). However, we believe a high base, likelihood of slightly below normal monsoon and muted farm gate prices will arrest the industry volume growth with Escorts not remaining untouched either. Hence, we pencil in 7% volume CAGR at Escorts over FY19-21E.

## Margin trajectory to stabilize; meaningful expansion unlikely!

Over the years Escorts has transformed into a capital efficient player with healthy ~15% RoE levels led by margin expansion from 4.1% in FY15 to 11.8% in FY19. Operating efficiencies on the back of enhanced volumes has been instrumental in the higher margin trajectory. With future growth in the core tractor segment expected to taper, similar benefits are unlikely to accrue in coming years. At the same time, fledgling railways segment also suffers volatile margins due to clouded business visibility. We estimate Escorts to register 12% EBITDA margins in FY20E and FY21E.

## Valuation & Outlook

At Escorts we expect sales, EBITDA and PAT CAGR growth to moderate to 8.9%, 9.6% and 10.8% CAGR respectively over FY19-21E. In our estimation the domestic tractor industry and Escorts will suffer tepid volume growth over the next few years. In parallel, enhanced competitive intensity would result in limited scope for further margin gains at Escorts. We value the company at 12.5x FY21E EPS of ₹ 48.6/share, arriving at a target price of ₹ 600 and assign a **HOLD** rating to the stock.



### Particulars

Particular	Amount
Market Capitalization (₹ Crore)	7,722.5
Total Debt (FY19P) (₹ Crore)	286.7
Cash & Investments (FY19P) (₹ Crore)	622.2
EV (₹ Crore)	7,387.1
52 week H/L (₹)	990 / 542
Equity capital (₹ crore)	122.6
Face value	₹ 10

### Key Highlights

- Hit on tractor realizations front stymies topline growth (up 13.6% YoY). FY20E industry guidance (5-8%) to limit growth prospects
- In Q4FY19, EBITDA margins (11.6%) impacted by 120 bps QoQ expansion in other expenses
- Working capital gets stretched tracking front loading of tractor production by the company. NWC days as of FY19 end were at 24 days vs. negative 10 days as of FY18 end.
- P/E multiple to correct following muted growth prospects, assign HOLD rating to the stock with revised target price of ₹ 600

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### Key Financial Summary

Key Financials	FY17	FY18	FY19	FY20E	FY21E	CAGR (FY19-21E)
Net Sales	4,093.2	4,995.1	6,196.4	6,758.5	7,352.1	8.9%
EBITDA	323.7	557.2	733.4	813.2	881.0	9.6%
EBITDA Margins (%)	7.9	11.2	11.8	12.0	12.0	
Net Profit	160.4	344.8	484.8	528.9	595.4	10.8%
EPS (₹)	13.1	28.1	39.6	43.1	48.6	
P/E	48.1	22.4	15.9	14.6	13.0	
RoNW (%)	10.8	13.8	15.6	15.0	14.6	
RoCE (%)	13.7	21.0	21.7	22.1	21.7	

**Exhibit 1: Variance Analysis**

	Q4FY19	Q4FY19E	Q4FY18	YoY (Chg %)	Q3FY19 Q	(Chg %)	Comments
Total Operating Income	1,631.7	1,695.0	1,436.1	13.6	1,655.1	-1.4	Topline came lower than our estimates primarily tracking lower realisation in the tractor segment due to adverse product mix
Raw Material Expenses	993.2	1,050.9	924.7	7.4	1,026.9	-3.3	RM costs came in lower at 68.8% of sales, down 75 bps QoQ
(Inc)/Dec in Stock in Trade and WIP	37.3	0.0	-8.6		9.8		
Purchase of Traded Goods	92.2	118.7	51.6	78.7	114.5	-19.5	
Employee Expenses	118.0	122.0	109.3	8.0	119.6	-1.3	
Other Expenditure	201.2	189.8	185.5	8.5	183.7	9.5	Other expenses jumped sharply and was up 123 bps QoQ to 12.3% of sales as against the normal trend of <12% of sales
EBITDA	189.8	213.6	173.8	9.2	200.5	-5.3	
EBITDA Margin (%)	11.6	12.6	12.1	-47 bps	12.1	-48 bps	Margins for the quarter came in lower at 11.6% primarily tracking higher than expected other expenses partially mitigated by lower RM costs
Interest	7.5	3.7	6.3	19.3	4.3	75.2	
Depreciation	21.8	24.9	18.8	15.8	21.5	1.3	
Total Tax	56.5	68.1	58.7	-3.7	69.9	-19.2	
PAT	121.3	135.2	112.5	7.8	140.1	-13.4	Lower PAT is tracking lower than expected EBITDA margins. PAT however for the quarter was up 8% on YoY basis

**Key Metrics**

Tractor Segment revenue (₹)	1,231	1,256	1,094	12.5	1,293	-4.8	Tractor segment sales came in lower on account of adverse product mix with ASP's for the quarter coming in at ₹ 4.9 lakh/unit vs. our estimates of ₹ 5.0 lakh/unit
Construction Equipment revenue (₹ crore)	293	348	266	10.2	266	10.2	
Railway Equipment revenue (₹ crore)	104	91	76	36.1	97	7.1	Railways segment revenues came in robust at ₹ 104 crore, up 36% YoY

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

(₹ Crore)	FY20E			FY21E		Comments
	Old	New	% Change	Introduced		
Revenue	6,786	6,759	-0.4	7,352		Broadly maintained topline estimates for FY20E. Introduced FY21E numbers. We expect topline at Escorts to grow at a CAGR of ~9% over FY19-21E
EBITDA	847	813	-4.0	881		
EBITDA Margin (%)	12.5	12.0	(50) bps	12.0		With muted volume growth we expect limited scope of further margin expansion. We have penciled in EBITDA margins of 12% for FY20E & FY21E
PAT	541	529	-2.2	595		
EPS (₹)	44.1	43.1	-2.2	48.6		At the earnings level, we expect PAT at Escorts to grow at a CAGR of ~11% over FY19-21E

Source: Company, ICICI Direct Research

**Exhibit 3: Assumptions**

	Current				Earlier		Comments
	FY18	FY19P	FY20E	FY21E	FY20E	FY21E	
Tractor volumes (nos)	80,417	96,412	103,193	110,417	105,625		Marginally revised estimates for FY20E. Introduced FY21E numbers. We have build in 7% volume CAGR over FY19-21E.
Average ASP (₹)	492,166	492,053	490,525	494,593	489,621		Realisations are expected to be largely flat tracking stable commodity prices

Source: Company, ICICI Direct Research

## Conference call highlights

### Management outlook/guidance and demand

- Management estimates 5-8% YoY tractor industry volume growth for FY20E provided monsoons are supportive and sees Escorts growth outpacing industry growth.
- Q1FY19E growth guidance revised from double digit earlier to flattish factoring in delay in harvesting season, impact of a high base and slower demand around the festive Navratra period and ongoing elections.
- North, Central and East markets are expected to grow faster than South and West markets due to higher water reservoir levels.
- Market share gains of 1% are targeted in FY20E.
- Industry exports growth for FY20E is estimated at 4-5% YoY while Escorts growth would be much higher, with expectation of 4,500-5,000 units in FY20E.
- Tractor segment realizations in Q4FY19 stood at ~₹ 4.9 lakh/unit, impacted adversely by adverse product mix (higher share of low hp tractors).
- Construction Equipment segment is seen growing in mid-teens over the medium to long term.
- Escorts expects 15-20% growth in the railway segment, where the order book stands at ₹ 490 crore which is to be executed in 14-15 months.

### Sales, costs and margins

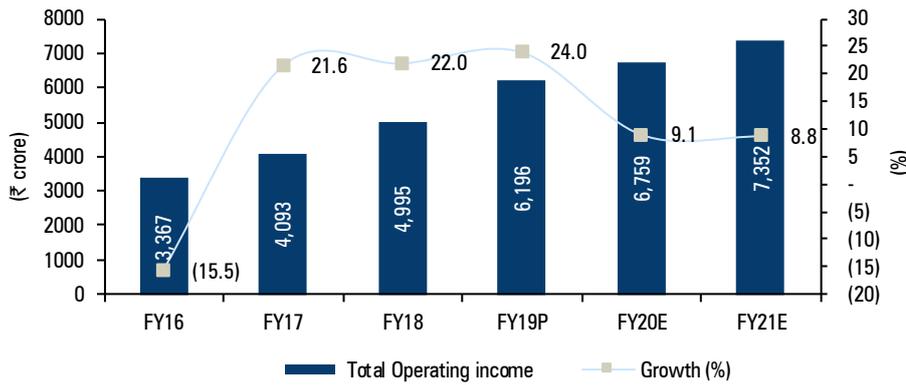
- EBITDA margins are expected to improve by 40-50 bps YoY over FY19 provided the company matches industry growth rates.
- In the construction equipment space, Escorts undertook a pending price hike to the tune of 4-5% in January 2019 to pass on input cost increase. The same impacted volumes in the segment negatively. It expects ~4.5% EBIT margins in the segment for FY20E vs. 3.6% margins clocked in FY19.
- Margins in the railways segment were hurt by deterioration in product mix and higher import content. FY20E margins could be in the range of 17-18% as against 19.9% clocked in FY19.

### Other

- Channel inventory and factory gate inventory stood at higher than normal levels due to demand postponement. The same along with pending GST dues of ₹ 177 crore threw working capital cycle out of gear and increased debt levels.
- Escorts will undertake ₹ 250-300 crore worth capex in FY20E on expansion of machining capacity (₹ 80-90 crore), transition to new emission norms, portfolio revamp and maintenance capex (₹ 60-70 crore).

Financial story in charts

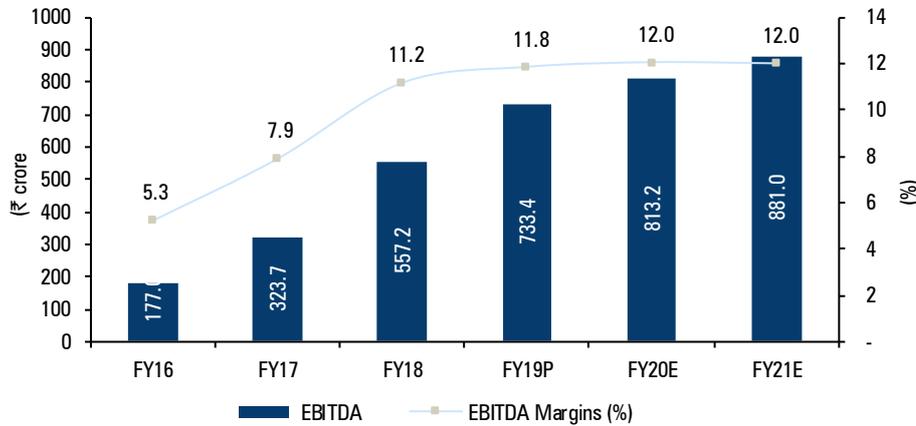
Exhibit 4: Topline trend



Source: Company, ICICI Direct Research

We expect sales to grow at a CAGR of 8.9% over FY19-21E on the back of 7.0% CAGR volume growth during this period.

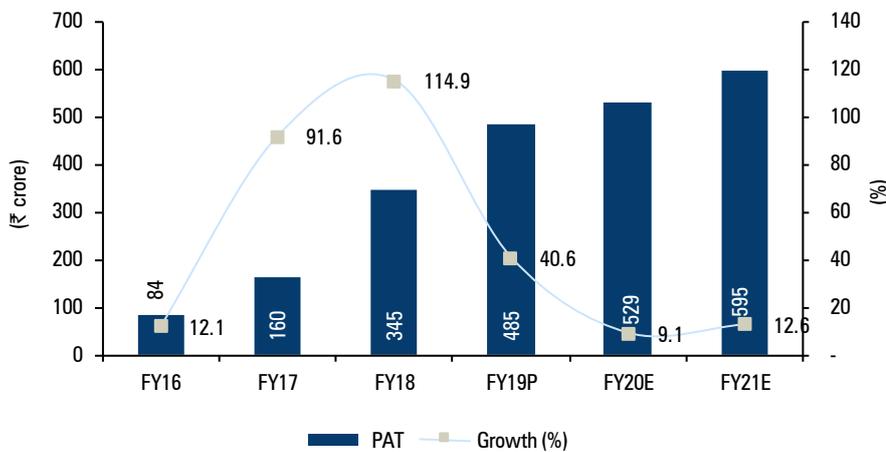
Exhibit 5: EBITDA margin trend



Source: Company, ICICI Direct Research

We build limited margin expansion of 20 bps, estimating 12.0% EBITDA margins at Escorts for FY20E and FY21E.

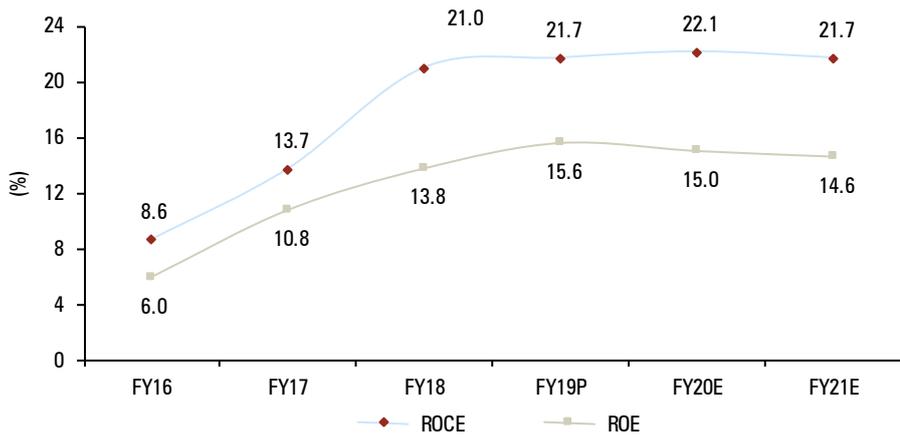
Exhibit 6: Profitability trend



Source: Company, ICICI Direct Research

PAT is expected to grow at a CAGR of 10.8% over FY19-21E to ₹ 595 crore

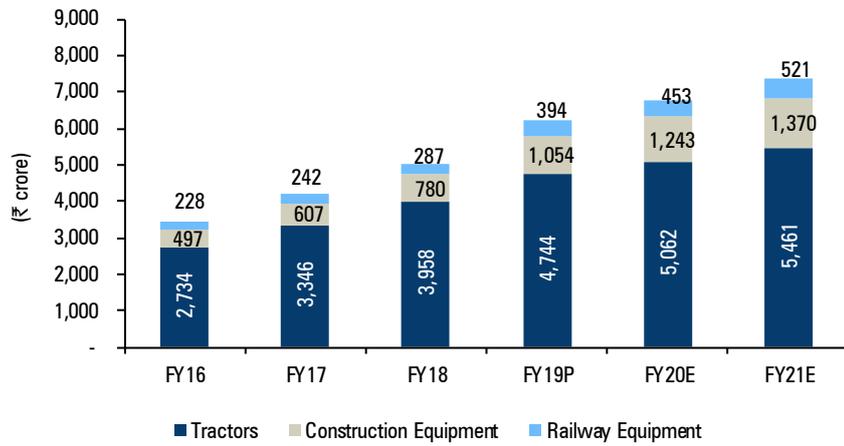
Exhibit 7: Return ratios



Escorts is expected to continue to clock stable healthy return ratios

Source: Company, ICICI Direct Research

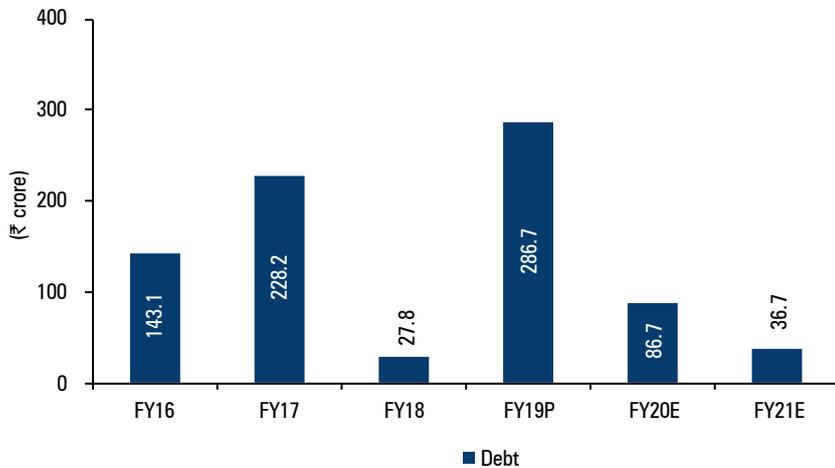
Exhibit 8: Segment mix



Tractors continue to dominate the total sales with their share in total sales pie at ~75%

Source: Company, ICICI Direct Research

Exhibit 9: Debt levels



Debt levels at Escorts are expected to normalize in coming years

Source: Company, ICICI Direct Research

**Exhibit 10: Escorts market share across major tractor states**

Tractor Sales	FY18 (units)	FY19 (units)	YoY	% Share in total Sales (FY19)
<b>Andhra Pradesh</b>	<b>74,745</b>	<b>73,761</b>	<b>-1.3%</b>	<b>9.4%</b>
Escorts	3,354	2,795	-16.7%	<b>3.0%</b>
Market Share %	4.5	3.8		(70) bps
<b>Bihar</b>	<b>43,155</b>	<b>57,852</b>	<b>34.1%</b>	<b>7.4%</b>
Escorts	6,907	9,390	35.9%	<b>10.1%</b>
Market Share %	16.0	16.2		22 bps
<b>Gujarat</b>	<b>48,769</b>	<b>55,374</b>	<b>13.5%</b>	<b>7.0%</b>
Escorts	4,190	5,125	22.3%	<b>5.5%</b>
Market Share %	8.6	9.3		66 bps
<b>Haryana</b>	<b>36,568</b>	<b>40,874</b>	<b>11.8%</b>	<b>5.2%</b>
Escorts	7,271	8,509	17.0%	<b>9.1%</b>
Market Share %	19.9	20.8		93 bps
<b>Karnataka</b>	<b>36,600</b>	<b>41,618</b>	<b>13.7%</b>	<b>5.3%</b>
Escorts	979	1,496	52.8%	<b>1.6%</b>
Market Share %	2.7	3.6		92 bps
<b>Madhya Pradesh</b>	<b>72,958</b>	<b>86,041</b>	<b>17.9%</b>	<b>11.0%</b>
Escorts	10,818	13,991	29.3%	<b>15.0%</b>
Market Share %	14.8	16.3		143 bps
<b>Maharashtra</b>	<b>73,253</b>	<b>63,100</b>	<b>-13.9%</b>	<b>8.0%</b>
Escorts	3,629	3,506	-3.4%	<b>3.8%</b>
Market Share %	5.0	5.6		60 bps
<b>Rajasthan</b>	<b>64,735</b>	<b>65,198</b>	<b>0.7%</b>	<b>8.3%</b>
Escorts	9,572	10,070	5.2%	<b>10.8%</b>
Market Share %	14.8	15.4		65 bps
<b>Uttar Pradesh</b>	<b>114,635</b>	<b>134,341</b>	<b>17.2%</b>	<b>17.1%</b>
Escorts	20,162	23,687	17.5%	<b>25.4%</b>
Market Share %	17.6	17.6		4 bps
<b>Total Tractor Industry</b>	<b>711,478</b>	<b>785,548</b>	<b>10.4%</b>	<b>100.0%</b>
Escorts (Domestic Sales)	78,423	93,323	19.0%	<b>100.0%</b>
Market Share %	11.0	11.9		85 bps

*Escorts has gained market share by 85 bps in FY19. Madhya Pradesh witnessed the maximum increase, with market share gains of 143 bps on YoY basis*

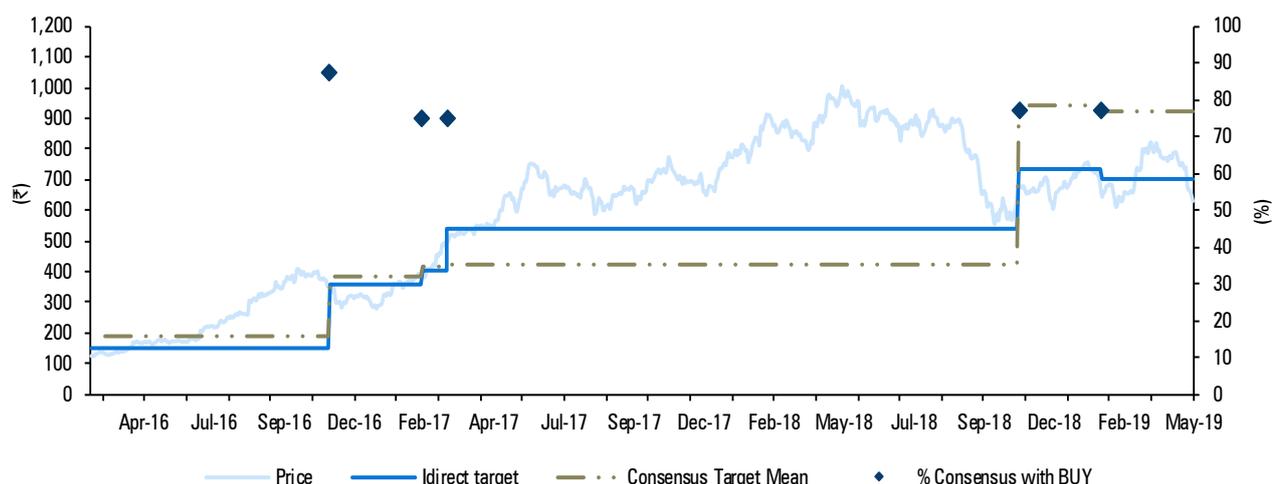
Source: CRISIL, ICICI Direct Research

**Exhibit 11: Valuation Summary**

	Sales	Growth	EPS	Growth	PE	EV/EBITDA	RoNW	RoCE
	(₹ cr)	(%)	(₹)	(%)	(x)	(x)	(%)	(%)
FY17	4093	27.5	13.1	11.5	50.4	25.0	8.1	11.7
FY18	4995	22.0	28.1	114.9	23.5	13.1	13.5	18.8
FY19P	6196	24.0	39.6	40.6	16.7	10.6	16.0	19.6
FY20E	6759	9.1	43.1	9.1	15.3	8.9	15.0	19.8
FY21E	7352	8.8	48.6	12.6	13.6	7.7	0.0	0.0

Source: Bloomberg, ICICI Direct Research

Exhibit 12: Recommendation history vs. consensus



Source: Reuters, ICICI Direct Research

Exhibit 13: Top 10 shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Behuria (Sutanu)	31-Dec-18	27.5	33.7	0.00
2	Harpashad & Co., Pvt. Ltd.	31-Dec-18	8.6	10.5	0.00
3	Jhunjhunwala (Rakesh Radheshyam)	31-Dec-18	8.2	10.0	0.00
4	UTI Asset Management Co. Ltd.	31-Mar-19	2.5	3.1	0.00
5	Mathur (Girish Behari)	31-Dec-18	2.5	3.1	0.00
6	T. Rowe Price International (UK) Ltd.	31-Dec-18	2.4	3.0	0.00
7	Goldman Sachs Asset Management International	30-Sep-18	2.3	2.8	0.25
8	The Vanguard Group, Inc.	31-Mar-19	1.5	1.8	0.19
9	Big Apple Clothing Pvt. Ltd.	31-Dec-18	1.4	1.8	0.00
10	AAA Portfolio Pvt. Ltd.	31-Dec-18	1.4	1.7	0.00

Source: Reuters, ICICI Direct Research

Exhibit 14: Recent activity

Buys			Sells		
Investor name	Value (\$ mn)	Shares (mn)	Investor name	Value (\$ mn)	Shares (mn)
Nanda (Nikhil)	4.29	0.42	Canara Robeco Asset Management Company Ltd.	-4.07	-0.48
Norges Bank Investment Management (NBIM)	3.95	0.39	Amundi Asset Management	-4.30	-0.46
Principal Global Investors (Equity)	4.39	0.38	HDFC Asset Management Co., Ltd.	-4.76	-0.41
Schroder Investment Management (Hong Kong) Ltd.	2.68	0.26	Nanda (Ritu)	-4.17	-0.41
Goldman Sachs Asset Management International	2.12	0.25	HSBC Global Asset Management (Hong Kong) Limited	-3.00	-0.36

Source: Reuters, ICICI Direct Research

Exhibit 15: Shareholding pattern

(in %)	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Promoter	40.1	40.1	40.1	40.1	40.1
FII	24.4	24.1	22.4	21.7	24.6
DII	5.4	5.7	6.1	4.9	3.3
Others	30.2	30.1	31.4	33.4	32.0

Source: Company, ICICI Direct Research

## Financial Summary

Exhibit 16: Profit and loss statement					₹ crore
(Year-end March)	FY18	FY19P	FY20E	FY21E	
Total operating Income	4,995.1	6,196.4	6,758.5	7,352.1	
Growth (%)	22.0	24.0	9.1	8.8	
Raw Material Expenses	3,147.8	4,039.4	4,203.8	4,573.0	
Employee Expenses	431.1	471.7	508.0	552.7	
Other expenses	649.0	751.6	794.2	867.5	
Total Operating Expenditure	4,437.9	5,463.1	5,945.3	6,471.1	
<b>EBITDA</b>	<b>557.2</b>	<b>733.4</b>	<b>813.2</b>	<b>881.0</b>	
Growth (%)	155.3	31.6	10.9	8.3	
Depreciation	72.5	85.4	99.0	110.4	
Interest	28.6	18.5	13.0	5.5	
Other Income	59.4	80.8	94.1	130.2	
PBT	508.9	723.0	795.3	895.3	
Total Tax	164.1	238.1	266.4	299.9	
<b>PAT</b>	<b>344.8</b>	<b>484.8</b>	<b>528.9</b>	<b>595.4</b>	
Growth (%)	114.9	40.6	9.1	12.6	
<b>EPS (₹)</b>	<b>28.1</b>	<b>39.6</b>	<b>43.1</b>	<b>48.6</b>	

Source: Company, ICICI Direct Research

Exhibit 17: Cash flow statement					₹ crore
(Year-end March)	FY18	FY19P	FY20E	FY21E	
Profit after Tax	344.8	484.8	528.9	595.4	
Add: Depreciation	72.5	85.4	99.0	110.4	
(Inc)/dec in Current Assets	-128.6	-769.0	131.7	-314.6	
(Inc)/dec in CL and Provisions	391.7	-49.9	200.8	174.4	
<b>CF from operating activities</b>	<b>680.2</b>	<b>-248.7</b>	<b>960.3</b>	<b>565.6</b>	
(Inc)/dec in Investments	-484.9	93.8	-300.0	-300.0	
(Inc)/dec in Fixed Assets	-105.3	-147.3	-347.0	-47.0	
Others	0.0	0.0	0.0	0.0	
(Inc)/dec in Deferred Tax Asset	47.0	0.0	0.0	0.0	
<b>CF from investing activities</b>	<b>-608.5</b>	<b>-80.9</b>	<b>-704.8</b>	<b>-410.5</b>	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	-200.4	258.9	-200.0	-50.0	
Dividend paid & dividend tax	-19.7	-36.8	-36.8	-44.1	
Inc/(dec) in Sec. premium	0.1	0.0	0.0	0.0	
Others	231.8	26.7	0.0	0.0	
<b>CF from financing activities</b>	<b>11.7</b>	<b>248.9</b>	<b>-236.8</b>	<b>-94.1</b>	
Net Cash flow	83.5	-80.8	18.7	60.9	
Opening Cash	228.4	311.9	231.1	249.8	
<b>Closing Cash</b>	<b>311.9</b>	<b>231.1</b>	<b>249.8</b>	<b>310.7</b>	

Source: Company, ICICI Direct Research

Exhibit 18: Balance Sheet					₹ crore
(Year-end March)	FY18	FY19P	FY20E	FY21E	
<b>Liabilities</b>					
Equity Capital	122.6	122.6	122.6	122.6	
Reserve and Surplus	2,425.5	2,900.3	3,392.4	3,943.6	
ESOP	0.0	0.0	0.0	0.0	
<b>Total Shareholders funds</b>	<b>2548.1</b>	<b>3022.8</b>	<b>3515.0</b>	<b>4066.2</b>	
<b>Total Debt</b>	<b>27.8</b>	<b>286.7</b>	<b>86.7</b>	<b>36.7</b>	
Other non-current Liabilities	29.1	63.7	63.7	63.7	
Long-term Provisions	15.3	24.5	24.5	24.5	
<b>Total Liabilities</b>	<b>2620.3</b>	<b>3397.7</b>	<b>3689.8</b>	<b>4191.0</b>	
<b>Assets</b>					
Gross Block	2,371.0	2,501.6	2,751.6	2,901.6	
Less: Acc Depreciation	849.1	924.7	1,010.7	1,107.7	
Net Block	1,521.9	1,577.0	1,741.0	1,793.9	
Capital WIP	46.8	53.1	153.1	53.1	
<b>Total Fixed Assets</b>	<b>1568.7</b>	<b>1630.1</b>	<b>1894.0</b>	<b>1847.0</b>	
Net Intangible Asset	53.1	53.8	37.8	21.5	
Investments	898.7	862.0	1,212.0	1,562.0	
Inventory	541.1	821.9	659.4	952.0	
Debtors	600.0	932.0	1,018.4	1,007.1	
Loans and Advances	18.1	20.0	21.5	23.6	
Other Current Assets	149.6	298.9	241.8	272.9	
<b>Cash</b>	<b>311.9</b>	<b>231.1</b>	<b>249.8</b>	<b>310.7</b>	
Total Current Assets	1,620.6	2,303.9	2,190.9	2,566.4	
Creditors	1,225.5	1,212.5	1,388.7	1,510.7	
Provisions & Other Curr.Liab	406.2	386.8	411.3	463.8	
Total Current Liabilities	1,631.7	1,599.3	1,800.1	1,974.5	
<b>Net Current Assets</b>	<b>-11.1</b>	<b>704.6</b>	<b>390.8</b>	<b>591.9</b>	
Deferred Tax Asset	-19.7	-52.9	-52.9	-52.9	
Other non-current assets	102.5	117.7	125.6	139.1	
<b>Application of Funds</b>	<b>2620.3</b>	<b>3397.7</b>	<b>3689.8</b>	<b>4191.0</b>	

Source: Company, ICICI Direct Research

Exhibit 19: Key ratios				
(Year-end March)	FY18	FY19P	FY20E	FY21E
<b>Per share data (₹)</b>				
EPS	28.1	39.6	43.1	48.6
Cash EPS	34.0	46.5	51.2	57.6
BV	207.9	246.6	286.7	331.7
DPS	1.4	2.5	2.5	3.0
Cash Per Share	25.4	18.9	20.4	90.4
<b>Operating Ratios</b>				
EBITDA Margin (%)	11.2	11.8	12.0	12.0
PBT / Net sales (%)	10.2	11.7	11.8	12.2
PAT Margin (%)	6.9	7.8	7.8	8.1
Inventory days	35.5	40.1	40.0	40.0
Debtor days	43.8	54.9	55.0	50.0
Creditor days	89.5	71.4	75.0	75.0
<b>Return Ratios (%)</b>				
RoE	13.5	16.0	15.0	14.6
RoCE	18.8	19.6	19.8	21.7
RoIC	27.3	23.8	27.5	26.0
<b>Valuation Ratios (x)</b>				
P/E	23.5	16.7	15.3	13.6
EV / EBITDA	13.1	10.6	8.9	7.3
EV / Net Sales	1.5	1.3	1.1	0.9
Market Cap / Sales	1.6	1.3	1.2	1.1
Price to Book Value	3.2	2.7	2.3	1.9
<b>Solvency Ratios</b>				
Debt/EBITDA	0.0	0.4	0.1	0.0
Debt / Equity	0.0	0.1	0.0	0.0
Current Ratio	1.0	1.4	1.2	1.4
Quick Ratio	0.8	1.3	1.1	0.8

Source: Company, ICICI Direct Research

Exhibit 20: ICICI Direct Research coverage universe (Auto & Auto Ancillary)

Sector / Company	CMP		Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)			FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Amara Raja (AMARAJ)	635	630	Hold	10852	27.6	29.8	34.8	24.3	22.5	19.2	12.8	11.5	10.0	23.3	22.1	22.4	16.0	15.2	15.5
Apollo Tyre (APOTYR)	192	225	Buy	10998	12.7	14.2	22.5	15.8	14.1	8.9	6.7	6.7	5.7	7.8	9.1	11.0	7.4	9.1	11.1
Ashok Leyland (ASHLEY)	86	85	Hold	25085	5.3	6.4	7.8	16.1	13.4	11.0	7.3	6.6	5.0	28.1	28.2	31.9	21.9	23.2	24.3
Bajaj Auto (BAAUTO)	2970	2380	Hold	85950	140.6	149.7	167.2	17.8	16.7	14.9	11.9	11.3	9.3	22.9	21.1	21.7	21.5	20.3	20.2
Balkrishna Ind. (BALIND)	832	820	Hold	16076	38.2	42.5	49.8	21.1	18.9	16.2	14.2	11.6	9.5	22.4	21.0	22.4	18.1	21.0	22.4
Bharat Forge (BHAFOR)	463	535	Buy	32590	16.2	23.5	27.6	29.0	20.0	17.0	13.9	11.5	9.9	18.2	21.1	23.3	17.3	20.8	21.4
Bosch (MICO)	17300	17565	Hold	52801	449.1	545.6	622.9	40.4	33.2	29.1	25.1	22.4	18.9	14.4	14.9	15.2	21.4	22.2	22.6
Eicher Motors (EICMOT)	20335	21250	Hold	55433	718.9	848.4	1112.9	27.2	24.6	18.9	19.0	16.7	12.3	39.1	34.6	35.3	29.9	26.0	26.4
Escorts (ESCORT)	630	600	Hold	7723	28.1	39.6	43.1	23.5	16.7	15.3	13.1	10.6	8.9	18.8	19.6	19.8	13.5	16.0	15.0
Exide Industries (EXIIND)	209	200	Reduce	17774	8.2	9.1	10.1	27.3	21.7	21.2	14.5	12.7	11.2	19.0	18.4	18.7	12.9	12.9	12.9
Hero Moto (HERHON)	2511	2700	Hold	50144	185.1	169.5	171.2	13.6	14.8	14.7	8.2	9.2	8.7	42.4	37.1	34.2	31.4	26.3	24.1
JK Tyre & Ind (JKIND)	84	82	Hold	1905	2.9	10.0	22.0	3.9	8.6	3.9	9.2	5.8	4.1	7.7	12.2	16.1	3.6	12.9	19.2
Mahindra CIE (MAHAUT)	225	275	Buy	8517	13.2	15.1	17.4	17.1	14.9	12.9	8.9	7.6	6.5	12.4	11.8	12.0	13.2	13.9	14.9
Maruti Suzuki (MARUTI)	6653	5815	Sell	200960	255.6	248.3	256.3	27.0	27.8	26.9	14.5	15.8	14.4	21.1	16.3	15.9	18.5	16.3	15.2
Motherson (MOTSUM)	131	125	Hold	41337	5.1	5.3	7.0	25.7	24.5	18.6	9.3	8.5	6.8	16.3	15.2	18.0	17.4	15.7	18.0
Tata Motors (TELCO)	185	145	Hold	54824	26.8	-83.4	16.6	5.6	NA	9.1	2.4	3.3	2.6	9.1	5.1	9.9	10.3	5.9	12.6
Wabco India (WABTVS)	6232	7000	Hold	11821	143.8	172.2	212.3	46.9	39.2	31.8	30.4	26.2	20.8	17.9	17.8	18.2	25.1	25.7	26.0

Source: Reuters, ICICI Direct Research

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