

Result Preview



Company

Amara Raja Batteries
 Apollo Tyres
 Ashok Leyland
 Bajaj Auto
 Balkrishna Industries
 Bharat Forge
 BOSCH
 Ceat
 Eicher Motors
 Endurance Technologies
 Escorts
 Exide Industries
 Hero MotoCorp
 Mahindra CIE
 Mahindra & Mahindra
 Maruti Suzuki
 Motherson Sumi Systems
 MRF
 Tata Motors
 TVS Motor Company

Supply-side issues to hurt performance in 2QFY22E

Commodity prices stable, though the impact will reflect with a lag in 2QFY22E

- Demand evolution has been a mixed bag since the lifting of the second COVID-related lockdown restrictions from mid-Jun'21. Demand has bounced back quickly for PVs, but 2Ws have seen a slower recovery. CVs are recovering gradually, but demand for Tractors has been sluggish. The semiconductor shortage has hurt supplies for PVs, Premium 2Ws, and LCVs, which will potentially impact the upcoming festive season.
- Prices for core commodities have seen some stabilization since 1QFY22 and a 20-50% reduction in the precious metals basket. We expect the same to impact with some lag in 2QFY22E and then stabilize thereafter.
- EBITDA margin for our OEM (excluding JLR) universe is likely to decline by 280bp YoY (+130bp over 1QFY22) to 9% in 2QFY22E due to higher commodity prices and operating leverage. All OEMs are likely to deliver YoY margin erosion (except TVSL and CV players).
- We revise our FY22E EPS estimates to factor in the impact of supply-side issues on volumes and commodity cost inflation. We downgrade our FY22E EPS estimates for AL (-31%), MSS (-29%), MSIL (-21%), EIM (-13%), HMCL (-10%) and TVSL (-8%), but upgrade MRF (+6%).

CVs and 3Ws grow on a low base, the other segments decline

Wholesale volumes grew strongly for CVs (+44.5% YoY, +70% QoQ) and 3Ws (+37% YoY, +25.5% QoQ) on a low base. Volumes declined for PVs (-3% YoY, +6% QoQ), 2Ws (-8% YoY, +42% QoQ) and Tractors (-6% YoY, -3% QoQ). Supply-side issues impacted volumes for PVs, Premium Motorcycles, and LCVs.

EBITDA margins to contract due to cost inflation and operating leverage

We expect EBITDA margin to decline YoY due to commodity cost pressures and adverse operating leverage, partially offset by price hikes. EBITDA margin for our OEM (excluding JLR) universe is likely to decline by 280bp YoY (+130bp QoQ) to 9% in 2QFY22E. All OEMs (except TVSL and CV OEMs) are likely to deliver a YoY margin erosion. Prices of core commodities have seen some stabilization since 1QFY22 and a 20-50% reduction in the precious metals basket. We expect the same to impact with some lag in 2QFY22 and then stabilize thereafter.

Demand evolution a mixed bag so far

The evolution in Retail demand has been a mixed bag since the lifting of the second COVID-related lockdown from mid-Jun'21. Demand has bounced back quickly for PVs, but 2Ws have seen a slower recovery. While CVs are expected to see a good recovery from Oct'21, the outlook for Tractors is cautious due to a very high base last year. We expect volume recovery in all segments to sustain in FY22, with core demand growing 5-7% for 2Ws/PVs, supported by benefits from a lower base over Apr-Aug'20. For 3Ws and CVs, we expect a recovery towards 2HFY22E.

Valuation and view

We revise our FY22E EPS estimate to factor in the impact of supply-side issues on volumes and commodity cost inflation. We downgrade our FY22E EPS estimates for AL (-31%), MSS (-29%), MSIL (-21%), EIM (-13%), HMCL (-10%), and TVSL (-8%), but upgrade MRF (+6%). The semiconductor shortage is expected to continue in

2HFY22E, though supplies would improve from the lows of Sep'21. We would near/exceed the peak volumes of FY19 for PVs/LCVs in FY23E, for 2Ws in FY24E, and for M&HCVs and 3Ws in FY25E, based on our volume estimates. We prefer companies with: a) higher visibility in terms of a demand recovery, b) a strong competitive positioning, c) margin drivers, and d) balance sheet strength. **MSIL** and **TTMT** are our top OEM picks. Among Auto Component stocks, we prefer **BHFC** and **APTY**.

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

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Sep-21	Var % YoY	Var % QoQ	Sep-21	Var % YoY	Var % QoQ	Sep-21	Var % YoY	Var % QoQ
Amara Raja Batt.	766	Neutral	21,488	11.0	13.9	2,775	-18.5	11.1	1,466	-27.2	18.3
Apollo Tyres	228	Buy	48,719	13.8	6.3	6,557	-5.6	15.7	1,812	40.8	41.0
Ashok Leyland	130	Buy	44,058	55.3	49.3	1,398	73.8	LP	-944	Loss	Loss
Bajaj Auto	3826	Neutral	84,861	18.6	14.9	13,080	3.3	16.8	11,751	3.2	10.7
Balkrishna Inds	2522	Neutral	18,303	18.0	0.1	5,262	3.2	-0.3	3,496	3.0	-2.2
Bharat Forge	742	Buy	14,306	62.3	4.3	3,972	139.3	1.4	2,349	224.2	9.7
Bosch	15486	Neutral	28,263	14.0	15.7	4,169	44.7	35.9	3,390	21.7	30.5
CEAT	1336	Buy	22,159	12.0	16.2	1,977	-32.4	19.0	499	-72.6	107.9
Eicher Motors	2747	Buy	19,450	-8.8	-1.5	3,298	-30.0	-9.1	3,153	-8.2	33.0
Endurance Tech.	1576	Buy	19,812	13.7	17.0	2,988	4.8	22	1,519	4.9	26.2
Escorts	1496	Neutral	15,904	-3.0	-4.9	1,920	-36.2	-17.7	1,522	-33.8	-17.8
Exide Inds.	180	Buy	28,635	4.0	15.2	3,090	-21.2	18.6	1,636	-28.5	30.5
Hero Motocorp	2857	Buy	79,748	-14.9	45.3	9,345	-27.4	81.5	6,836	-28.3	87.1
Mahindra & Mahindra	841	Buy	1,22,094	6.0	3.8	14,957	-24.8	-8.3	11,171	-13.5	19.6
Mahindra CIE	245	Buy	19,491	15.0	-4.6	2,483	64.6	-4.4	1,141	87.8	-16.2
Maruti Suzuki	7178	Buy	1,93,121	3.0	8.7	9,460	-51.1	15.2	7,512	-45.2	70.4
Motherson Sumi	227	Buy	1,46,612	-6.5	-13.0	12,276	-21.0	-16.0	2,247	-39.6	-22.5
MRF	79780	Neutral	48,143	15.0	16.6	7,168	-16.1	47.1	3,177	-21.2	96.9
Tata Motors	342	Buy	6,11,662	14.3	-7.9	43,656	-22.9	-17.0	-31,466	Loss	Loss
TVS Motor	561	Neutral	55,929	21.4	42.2	5,460	26.9	99.4	2,907	48.1	283.8
Automobiles			1642,758	9.0	2.3	155,290	-18.1	3.5	35,174	-52.9	593.6

Exhibit 2: Volume snapshot in 2QFY22 ('000 units)

	2QFY22	2QFY21	YoY (%)	1QFY22	QoQ (%)	1HFY22	1HFY21	YoY (%)
Two-Wheelers	5,014	5,452	-8.0	3,540	41.6	8,554	7,081	20.8
Three-Wheelers	203	148	37.3	162	25.5	365	211	72.7
Passenger Cars	404	495	-18.4	417	-3.1	820	606	35.3
UVs and MPVs	415	347	19.6	357	16.2	771	434	77.8
Total PVs	818	841	-2.7	773	5.8	1,592	1,040	53.0
M&HCVs	56	27	105.4	35	60.3	92	33	176.6
LCVs	151	116	30.1	87	73.8	237	146	62.9
Total CVs	207	143	44.5	122	69.9	329	179	84.0
Tractors	222	235	-5.7	229	-3.4	451	381	18.3
Total (excluding Tractors)	6,242	6,584	-5.2	4,597	35.8	10,840	8,511	27.4

Source: Company, MOFSL

Exhibit 3: Commodity prices reasonably stable (indexed)

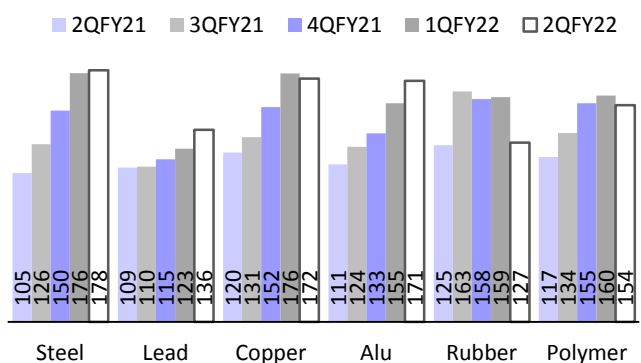


Exhibit 4: Trend in key currencies v/s INR (indexed)

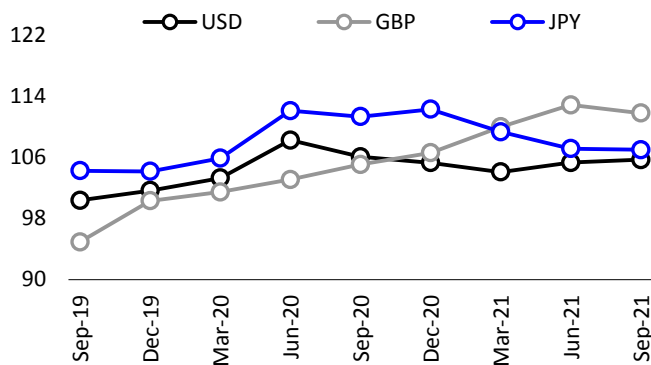
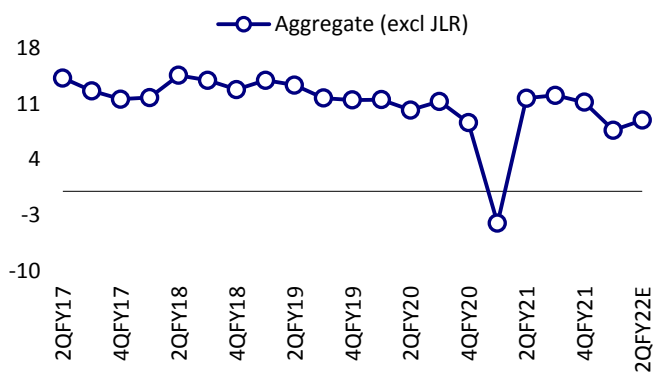
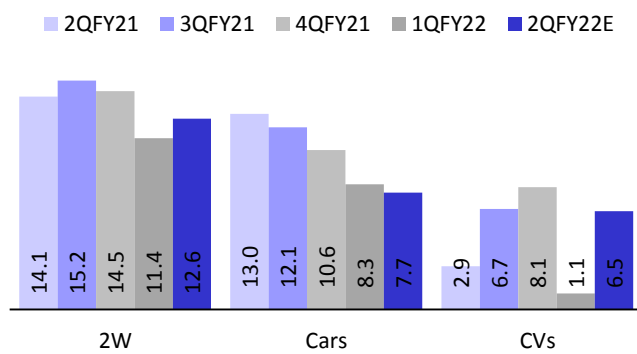


Exhibit 5: Margins to improve QoQ



Source: MOFSL

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



Source: MOFSL

Exhibit 7: Revised estimates

	FY22E			FY23E		
	Revised	Old	Change (%)	Revised	Old	Change (%)
Bajaj Auto	191.8	196.1	-2.2	226.8	226.9	0.0
Hero MotoCorp	160.7	178.2	-9.8	204.7	215.6	-5.1
TVS Motor	23.1	25.0	-7.9	31.1	32.7	-5.0
Eicher Motors*	67.9	78.0	-12.9	129.5	121.2	6.8
Maruti*	147.9	187.7	-21.2	296.7	304.7	-2.6
M&M (including MVML)	37.0	38.9	-4.8	47.5	45.1	5.5
Tata Motors*	3.3	3.2	2.5	34.9	34.7	0.6
Ashok Leyland	1.6	2.3	-31.3	6.4	7.3	-12.6
Escorts	83.9	83.7	0.3	84.8	83.6	1.4
Amara Raja	36.9	36.2	2.0	46.3	45.8	1.1
Bharat Forge*	20.3	21.9	-7.2	30.8	30.8	0.2
BOSCH	477.1	481.7	-1.0	595.6	595.6	0.0
Ceat	75.1	74.0	1.4	122.6	121.2	1.2
Endurance Tech*	50.1	48.6	3.1	66.3	64.9	2.1
Exide Industries	8.9	10.4	-14.6	12.2	12.9	-4.8
Mahindra CIE*	14.6	15.6	-6.3	17.7	17.7	-0.1
Motherson Sumi*	5.5	7.7	-29.2	11.0	11.7	-5.9
Apollo Tyres*	18.0	18.0	0.0	23.1	23.1	0.0
Balkrishna Industries	77.7	79.7	-2.5	92.7	94.9	-2.3
MRF	3,117.8	2,941.9	6.0	3,794.4	3,861.9	-1.7

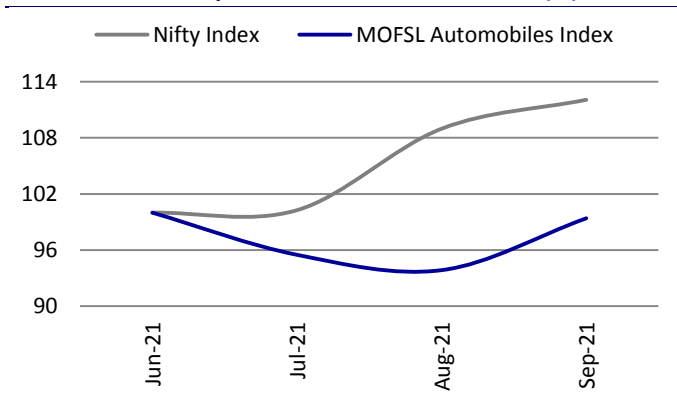
*Source: Company, MOFSL

Exhibit 8: Margins to contract in 2QFY22E

	Volumes ('000 units)			EBITDA margin (%)			Adjusted PAT (INR m)		
	2QFY22	YoY (%)	QoQ (%)	2QFY22E	YoY (bp)	QoQ (bp)	2QFY22E	YoY (%)	QoQ (%)
BJAUT	1,144	8.6	13.8	15.4	-230	30	11,751	3.2	10.7
HMCL	1,439	-20.7	40.4	11.7	-200	230	6,836	-28.3	87.1
TVS Motor	917	5.6	39.4	9.8	40	280	2,907	48.1	283.8
MSIL	380	-3.5	7.3	4.9	-540	30	7,512	-45.2	70.4
MM	191	2.9	2.0	12.3	-500	-160	11,171	-13.5	19.6
TTMT (standalone)	171	55.2	49.2	7.3	440	480	-1,905	-83.7	-85.3
TTMT (JLR)*	80	-12.4	-17.6	6.2	-480	-280	-325	-378.1	13.8
TTMT (consolidated)				7.1	-340	-80	-31,466	894.2	-29
Ashok Leyland	28	41.7	53.1	3.2	30	790	-944	-35.1	-66.4
Eicher (RE)	123	-18.0	-0.2	16.5	-620	-100	2,443	-32.3	-8.6
Eicher (VECV)	15	85.3	160.7	7.8	90	680	1,008	-1,506.8	-239.9
Eicher (consolidated)				16.5	-620	-100	3,153	-8.2	33.0
Agg. (excluding JLR)	4,407	-4.2	26.3	9.0	-280	130	40,481	1.6	163.3

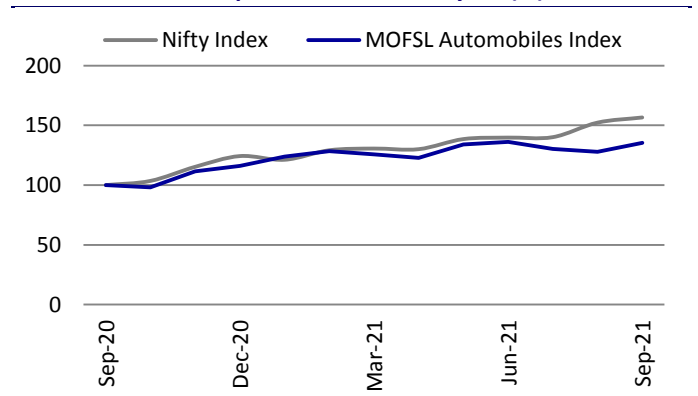
* JLR PAT is in GBP m; Source: Company, MOFSL

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



Source: Bloomberg, MOFSL

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



Source: Bloomberg, MOFSL

Exhibit 11: Comparative valuation

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Automobiles						37.5	31.7	17.6	3.4	3.5	3.0	9.2	11.0	17.2
Amara Raja Batt.	766	Neutral	37.9	36.9	46.3	22.5	20.8	16.6	3.5	2.8	2.5	16.5	14.3	16.2
Apollo Tyres	228	Buy	11.5	18.0	23.1	19.5	12.6	9.9	1.1	1.1	1.0	6.2	8.7	10.4
Ashok Leyland	130	Buy	-1.0	1.6	6.4	-110	83	20.4	4.8	5.3	4.5	-4.2	6.5	24.0
Bajaj Auto	3,826	Neutral	167.8	191.8	226.8	21.9	19.9	16.9	4.2	4.3	4.2	21.5	21.8	25.2
Balkrishna Inds	2,522	Neutral	60.9	77.7	92.7	27.7	32.4	27.2	5.4	6.9	5.8	21.4	23.0	23.1
Bharat Forge	742	Buy	1.9	20.3	30.8	315.5	36.5	24.1	5.1	5.6	4.8	1.7	16.4	21.4
Bosch	15,486	Neutral	335.4	477.1	595.6	42.0	32.5	26.0	4.2	4.2	3.7	10.4	13.6	15.2
CEAT	1,336	Buy	114.3	75.1	122.6	13.7	17.8	10.9	1.9	1.5	1.3	14.9	8.8	13.1
Eicher Motors	2,747	Buy	50.7	74.7	129.5	51.4	36.8	21.2	6.2	5.8	4.8	12.9	16.7	24.6
Endurance Tech.	1,576	Buy	36.0	50.1	66.3	40.4	31.5	23.8	5.7	5.5	4.7	15.4	18.5	21.3
Escorts	1,496	Neutral	86.3	83.9	84.8	14.9	17.8	17.6	2.6	2.6	2.3	21.4	15.7	13.8
Exide Inds.	180	Buy	8.9	8.9	12.2	20.6	20.3	14.7	2.3	2.1	1.2	11.0	10.2	8.4
Hero Motocorp	2,857	Buy	148.4	160.7	204.7	19.6	17.8	14.0	3.8	3.6	3.3	20.2	20.6	24.5
Mahindra & Mahindra	841	Buy	33.8	37.0	47.5	23.5	22.7	17.7	2.7	2.6	2.3	11.6	11.9	13.8
Mahindra CIE	245	Buy	2.8	14.6	17.7	57.0	16.8	13.9	1.2	1.8	1.6	2.2	10.9	12.2
Maruti Suzuki	7,178	Buy	145.3	147.9	296.7	47.2	48.5	24.2	4.0	4.0	3.6	8.2	8.0	14.7
Motherson Sumi	227	Buy	3.4	5.5	11.0	59.3	41.3	20.5	5.1	5.2	4.4	9.0	13.1	23.1
MRF	79,780	Neutral	3,012.0	3,117.8	3,794.4	27.3	25.6	21.0	2.6	2.3	2.1	10.0	9.4	10.4
Tata Motors	342	Buy	0.6	3.3	34.9	535.5	105.1	9.8	2.1	2.3	1.9	0.4	2.2	21.2
TVS Motor	561	Neutral	12.9	23.1	31.1	45.4	24.3	18.0	6.7	5.3	4.3	15.7	23.8	26.2

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: INR766 | TP: INR833 (+9%)

EPS CHANGE (%): FY22|23E: 2|1.1

- Adverse mix on a QoQ basis (greater OEM share) and higher lead prices to impact margin.
- Our estimates are yet to factor in AMRJ's planned investment in net chemistries.
- Lead prices were up 11% QoQ in 1QFY22, the impact of which will reflect in 2QFY22 (with a quarter lag).

Quarterly performance

(INR m)

Y/E March (INR m)	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	11,510	19,358	19,601	21,027	18,859	21,488	23,129	24,644	71,497	88,119
YoY Change (%)	-36.6	14.2	12.1	33.0	63.8	11.0	18.0	17.2	4.5	23.2
RM Cost (as a percentage of sales)	66.5	65.3	66.1	67.4	68.9	70.0	70.3	69.0	66.4	69.6
Staff Cost (as a percentage of sales)	7.3	6.0	6.0	5.1	6.3	5.6	5.4	5.3	6.0	5.6
Other Exp. (as a percentage of sales)	13.0	11.1	12.2	12.4	11.6	11.5	11.5	12.0	12.1	11.7
EBITDA	1,524	3,404	3,064	3,165	2,499	2,775	2,971	3,387	11,159	11,632
Margins (%)	13.2	17.6	15.6	15.1	13.2	12.9	12.8	13.7	15.6	13.2
Depreciation	748	782	791	871	963	970	975	981	3,192	3,889
Interest	27	25	26	28	32	27	28	14	105	100
Other Income	88	113	352	321	166	200	220	274	874	860
PBT after EO	837	2,710	2,599	2,588	1,670	1,978	2,188	2,666	8,736	8,503
Tax	210	695	667	693	431	512	567	692	2,265	2,202
Tax Rate (%)	25.1	25.6	25.7	26.8	25.8	25.9	25.9	26.0	25.9	25.9
Adj. PAT	627	2,015	1,932	1,895	1,239	1,466	1,621	1,974	6,470	6,300
YoY Change (%)	-55.5	-8.0	17.5	38.7	97.7	-27.2	-16.1	4.2	-2.1	-2.6

E: MOFSL estimates

Apollo Tyres

Buy

CMP: INR228 | TP: INR290 (+27%)

EPS CHANGE (%): FY22|23E: 0|0

- Replacement demand remains strong, whereas OEM sales have recovered on a QoQ basis.
- EU business revenue to normalize from the negative effect of slower transition from the Netherlands plant in 1QFY22.
- RM basket is higher by 3-4% QoQ in 2QFY22. It has taken a 3-4% price hike in the Replacement market. However, under-recoveries from previous quarters remain.
- Adverse mix on a QoQ basis (higher OEM share) and higher commodity prices to impact margin.

Consolidated quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Revenue	28,734	42,827	50,797	50,257	45,845	48,719	56,010	56,465	1,72,820	2,07,039
YoY Change (%)	-33.7	7.4	15.5	39.0	59.5	13.8	10.3	12.4	5.7	19.8
EBITDA	2,373	6,948	9,152	8,147	5,668	6,557	8,555	9,413	26,825	30,192
Margins (%)	8.3	16.2	18.0	16.2	12.4	13.5	15.3	16.7	15.5	14.6
Depreciation	3,091	3,308	3,273	3,477	3,404	3,465	3,510	3,589	13,150	13,968
Interest	1,172	1,167	1,049	1,042	1,046	1,000	965	926	4,430	3,937
Other Income	268	385	228	619	405	280	230	240	1,294	1,154
PBT before EO expense	-1,622	2,857	5,058	4,246	1,623	2,372	4,310	5,137	10,539	13,442
Extra-Ord. expense	0	6,009	-1,095	13	9	0	0	0	4,927	9
PBT	-1,622	-3,153	6,153	4,234	1,613	2,372	4,310	5,137	5,612	13,433
Rate (%)	17.0	21.9	27.9	32.2	20.8	23.6	23.7	23.5	37.6	23.3
Reported PAT	-1,346	-2,463	4,438	2,873	1,278	1,812	3,289	3,928	3,502	10,277
Adj. PAT	-1,346	1,287	3,755	2,880	1,285	1,812	3,289	3,928	6,577	10,285
YoY Change (%)	-195.1	55.0	115.9	269.9	-195.5	40.8	-12.4	36.4	38.1	56.4
Margins (%)	-4.7	3.0	7.4	5.7	2.8	3.7	5.9	7.0	3.8	5.0

E: MOFSL estimates

Ashok Leyland**Buy****CMP: INR130 | TP: INR170 (+31%)****EPS CHANGE (%): FY22|23E: -31.3|-12.6**

- LCV contribution to drive improvement in the mix and dilute the impact of cost inflation.
- M&HCV market share remains under pressure due to continued weakness in Buses, shift to CNG in ICVs, and weakness in southern markets.
- The company is expected to report a loss in 2QFY22E due to adverse operating leverage.
- EPS downgrade due to cut in volumes.

Standalone quarterly performance**(INR m)**

	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Volumes (units)	3,814	19,433	33,410	44,020	17,987	27,543	40,675	59,329	1,00,677	1,45,534
Growth (%)	-90.4	-32.8	7.1	72.7	371.6	41.7	21.7	34.8	-19.6	44.6
Realizations (INR'000)	1,707	1,460	1,441	1,590	1,641	1,600	1,632	1,696	1,520	1,653
Change (%)	18.9	7.5	12.0	5.6	-3.9	9.6	13.2	6.6	9.0	8.7
Net operating revenue	6,509	28,366	48,135	70,005	29,510	44,058	66,365	1,00,604	1,53,015	2,40,537
Change (%)	-88.5	-27.8	19.9	82.4	353.4	55.3	37.9	43.7	-12.4	57.2
RM/sales (%)	64.1	71.2	74.4	76.9	74.1	75.0	75.0	75.3	74.5	75.0
Staff/sales (%)	54.4	13.2	9.4	5.7	14.4	10.3	6.9	4.8	10.4	7.6
Other exp./sales (%)	32.6	12.8	10.9	9.7	16.2	11.5	9.5	9.4	11.6	10.6
EBITDA	-3,332	804	2,538	5,342	-1,401	1,398	5,687	10,662	5,351	16,345
EBITDA Margins (%)	-51.2	2.8	5.3	7.6	-4.7	3.2	8.6	10.6	3.5	6.8
Interest	768	872	656	771	707	760	650	656	3,068	2,773
Other Income	256	219	341	380	134	175	190	201	1,195	700
Depreciation	1,637	1,712	1,944	2,185	1,835	2,075	2,125	2,139	7,477	8,174
PBT before EO Item	-5,481	-1,561	278	2,766	-3,809	-1,262	3,102	8,068	-3,999	6,098
EO Exp./(Inc.)	17	17	460	-374	17	0	0	0	120	0
PBT after EO	-5,498	-1,578	-182	3,139	-3,826	-1,262	3,102	8,068	-4,119	6,098
Effective Tax Rate (%)	29.3	7.1	-6.2	23.2	26.2	25.2	25.2	25.4	23.8	24.7
Adj. PAT	-3,875	-1,454	157	2,127	-2,810	-944	2,320	6,019	-3,045	4,589
Change (%)	-259.1	-277.8	-46.3	-1,899.0	-27.5	-35.1	1,380.3	183.0	-188.9	-250.7

E: MOFSL estimates

Bajaj Auto**Neutral****CMP: INR3,826 | TP: INR4,250 (+11%)****EPS CHANGE (%): FY22|23E: -2.2|0.0**

- Strong exports partially offset a domestic sales loss in the Premium segment due to a shortage of chips.
- Price hikes taken in Jun-Sep'21 to dilute the impact of commodity cost inflation.
- RoDTEP scheme will boost margin by 40-50bp.

Quarterly performance**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Volumes ('000 units)	443	1,053	1,307	1,170	1,006	1,144	1,335	1,285	3,973	4,770
Growth YoY (%)	-64.5	-10.2	8.7	17.9	127.0	8.6	2.2	9.8	(13.9)	20.1
Realization (INR/unit)	69,493	67,935	68,180	73,492	73,419	74,153	74,338	74,319	69,826	74,095
Growth YoY (%)	11.7	3.4	7.3	7.0	5.6	9.2	9.0	1.1	7.7	6.1
Net Sales	30,792	71,559	89,099	85,961	73,860	84,861	99,255	95,490	2,77,411	3,53,467
Change (%)	-60.3	-7.2	16.6	26.1	139.9	18.6	11.4	11.1	(7.3)	27.4
RM/Sales (%)	67.1	70.7	70.8	71.9	73.0	73.8	73.0	72.3	70.7	73.0
Staff cost/Sales (%)	11.0	4.5	3.6	3.6	4.9	4.3	3.7	3.9	4.6	4.1
Oth. Exp./Sales (%)	8.7	7.1	6.2	6.9	6.9	6.6	6.4	6.5	7.0	6.6
EBITDA	4,085	12,662	17,296	15,241	11,198	13,080	16,817	16,753	49,285	57,848
EBITDA Margins (%)	13.3	17.7	19.4	17.7	15.2	15.4	16.9	17.5	17.8	16.4
Other Income	3,379	2,858	3,692	2,836	3,293	3,000	3,000	3,084	12,765	12,377
Interest	10	27	10	20	23	20	20	22	67	85
Depreciation	638	643	650	662	641	660	675	677	2,593	2,653
PBT after EO	6,817	14,851	20,328	17,395	13,827	15,400	19,122	19,138	59,390	67,487
Effective Tax Rate (%)	22.5	23.4	23.4	23.4	23.3	23.7	23.7	24.0	23.3	23.7
Adj. PAT	5,280	11,382	15,563	13,321	10,612	11,751	14,591	14,542	45,546	51,495
Change (%)	(53.1)	(18.8)	23.4	1.7	101.0	3.2	(6.2)	9.2	(10.7)	13.1

E: MOFSL estimates

Balkrishna Industries**Neutral****CMP: INR2,522 | TP: INR2,530 (0%)****EPS CHANGE (%): FY22|23E: -2.5|-2.3**

- Replacement demand remains strong, whereas OEM sales have recovered on a QoQ basis.
- There will be a continued impact of a sharp increase in Logistic costs.
- Taken a price hike of 3-4% in Jul'21 to pass on commodity and Logistic cost inflation.
- BIL wouldn't be claiming benefits under the RoDTEP scheme as it avails benefits under the Advance License Scheme.

Standalone quarterly performance**(INR m)**

Y/E March	FY21				FY22			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE
Volumes (t)	38,096	61,224	59,810	68,002	68,608	67,346	68,183	70,542
YoY Change (%)	-25.7	35.5	26.4	17.3	80.1	10.0	14.0	3.7
Realizations (INR'000/t)	247.2	253.5	250.2	257.3	266.5	271.8	275.9	277.3
YoY Change (%)	4.2	3.4	0.0	7.4	7.8	7.2	10.2	7.8
Net Revenue	9,417	15,518	14,966	17,499	18,281	18,303	18,809	19,560
YoY Change (%)	-22.7	40.2	26.5	26.0	94.1	18.0	25.7	11.8
Total Expenditure	6,981	10,421	10,282	12,041	13,004	13,041	13,241	13,406
EBITDA	2,436	5,097	4,684	5,458	5,277	5,262	5,567	6,154
Margins (%)	25.9	32.8	31.3	31.2	28.9	28.8	29.6	31.5
Depreciation	996	1,012	1,019	1,034	1,041	1,100	1,150	1,157
Interest	24	34	17	23	21	22	22	24
Other Income	203	454	594	544	632	500	500	526
PBT before EO expense	1,619	4,505	4,241	4,945	4,847	4,640	4,895	5,499
Rate (%)	24.7	24.6	24.1	24.7	26.2	24.2	24.2	24.2
Adj. PAT	1,218	3,395	3,219	3,722	3,575	3,496	3,712	4,169
YoY Change (%)	-30.8	16.7	45.9	44.7	193.5	3.0	15.3	12.0
Margins (%)	12.9	21.9	21.5	21.3	19.6	19.1	19.7	21.3

E: MOFSL estimates

Bharat Forge**Buy****CMP: INR742 | TP: INR990 (+33%)****EPS CHANGE (%): FY22|23E: -7.2|0**

- No material impact of semiconductor shortage in 2Q, but the same will have an impact in 3QFY22E.
- RoDTEP scheme will boost margin by 50-60bp.
- Pickup in US Class 8 trucks' net ordering and recovery in crude oil to benefit the shale oil business in FY23E.
- FY22E EPS cut to factor in for impact of chip shortage.

Standalone quarterly performance**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Tonnage	17,840	40,775	50,943	55,837	53,512	55,862	55,018	65,508	165,396	229,900
Change (%)	-70.7	-23.8	8.4	39.0	200.0	37.0	8.0	17.3	-18.0	39.0
Realization (INR'000/t)	239.3	216.2	203.3	234.1	256.4	256.1	257.7	254.2	220.8	256.0
Change (%)	8.2	-8.1	-11.3	6.7	7.1	18.5	26.7	8.6	-2.5	16.0
Net operating income	4,270	8,815	10,357	13,073	13,718	14,306	14,176	16,653	36,515	58,853
Change (%)	-68.3	-30.0	-3.8	48.4	221.3	62.3	36.9	27.4	-20.0	61.2
EBITDA	17	1,660	2,333	3,338	3,918	3,972	3,839	4,771	7,348	16,499
EBITDA Margins (%)	0.4	18.8	22.5	25.5	28.6	27.8	27.1	28.7	20.1	28.0
Non-Operating Income	420	313	352	320	333	330	340	297	1,405	1,300
Interest	299	75	268	137	406	150	150	154	779	860
Depreciation	808	883	964	1006	1019	1040	1050	1056	3,661	4,165
Forex loss/(gain)	46	94	185	-253	-4	0	0	0	72	-4
PBT after EO items	-716	892	1,214	2,760	2,214	3,112	2,979	3,858	4,149	12,162
Eff. Tax Rate (%)	21.4	21.2	23.6	25.6	24.3	24.5	24.5	24.6	24.8	24.5
Rep. PAT	-563	702	927	2,054	1,675	2,349	2,248	2,907	3,121	9,179
Change (%)	-132.3	-71.3	-27.5	-380.3	-397.5	234.3	142.5	41.5	-34.1	194.1
Adj. PAT	-563	724	968	2,061	2,140	2,349	2,248	2,907	3,190	9,672
Change (%)	-132.3	-70.4	-24.2	11,691.5	-480.1	224.2	132.2	41.1	-41.9	203.2

E: MOFSL estimates

BOSCH**Neutral****CMP: INR15,486 | TP: INR16,650 (+8%)****EPS CHANGE (%): FY22|23E: -1|0**

- Expect BOS to grow faster than the underlying industry, led by strong CV volumes.
- Weak Tractor volumes in 2QFY22 to restrict overall growth.
- Margin recovery led by improving mix and operating leverage.
- Restructuring exercise has been completed and will drive margin.

Standalone quarterly performance**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	9,915	24,792	30,296	32,177	24,435	28,263	33,326	37,029	97,180	1,23,053
YoY Change (%)	-64.0	7.2	19.4	43.8	146.4	14.0	10.0	15.1	-1.3	26.6
RM Cost (as a percentage of sales)	57.7	59.4	57.9	61.4	58.9	58.5	58.5	58.6	59.4	58.6
Staff Cost (as a percentage of sales)	24.5	12.4	8.1	9.1	11.1	9.8	9.0	8.4	11.2	9.4
Other Expenses (as a percentage of sales)	28.1	16.6	22.2	15.2	17.5	17.0	20.5	15.5	19.1	17.6
EBITDA	-1,021	2,881	3,581	4,605	3,066	4,169	3,999	6,489	10,039	17,723
Margins (%)	-10.3	11.6	11.8	14.3	12.5	14.8	12.0	17.5	10.3	14.4
Depreciation	728	796	969	921	671	850	950	1,044	3,414	3,515
Interest	18	13	68	41	32	35	30	33	140	130
Other Income	1,734	1,015	1,113	1,171	990	1,180	1,100	1,175	5,040	4,445
PBT before EO expense	-34	3,086	3,657	4,815	3,353	4,464	4,119	6,587	11,524	18,523
Extra-Ord. expense	1,674	4,000	1,467	-1,586	0	0	0	0	5,555	0
PBT after EO Expense	-1,707	-914	2,190	6,400	3,353	4,464	4,119	6,587	5,969	18,523
Tax Rate (%)	46.9	29.1	15.2	24.7	22.5	24.1	24.1	24.8	14.2	24.1
Adj. PAT	530	2,785	3,116	3,459	2,598	3,390	3,128	4,952	9,890	14,068
YoY Change (%)	-84.6	-11.1	10.6	13.1	390.4	21.7	0.4	43.2	-20.6	42.2

Ceat**Buy****CMP: INR1,336 | TP: INR1,800(+35%)****EPS CHANGE (%): FY22|23E: +1.4|+1.2**

- Replacement demand remains strong, whereas OEM sales have recovered on a QoQ basis.
- It has taken a 3-4% price hike in the Replacement market. However, under-recoveries from previous quarters remain.
- Expect RM basket to be higher by 3-4% QoQ in 2QFY22.
- Adverse mix on a QoQ basis (higher OEM share) and higher commodity prices to impact margin.

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

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	11,202	19,785	22,213	22,897	19,064	22,159	23,990	23,788	76,096	89,001
YoY Change (%)	-36.1	17.0	26.1	45.5	70.2	12.0	8.0	3.9	12.3	17.0
RM cost (%)	59.7	53.5	54.5	58.0	61.1	61.0	58.5	56.9	56.1	59.3
Employee cost (%)	13.5	8.1	8.1	8.0	9.3	8.1	7.6	8.0	8.9	8.2
Other expenses (%)	17.6	23.5	22.7	22.6	20.9	22.0	22.3	22.3	22.1	21.9
EBITDA	1,020	2,925	3,277	2,608	1,662	1,977	2,788	3,052	9,830	9,479
Margins (%)	9.1	14.8	14.8	11.4	8.7	8.9	11.6	12.8	12.9	10.7
Depreciation	785	839	873	899	965	975	990	1,036	3,396	3,966
Interest	488	450	419	399	460	450	450	447	1,755	1,807
Other Income	28	38	41	32	39	38	41	62	138	180
PBT before EO expense	-225	1,674	2,025	1,342	276	590	1,389	1,631	4,816	3,885
Exceptional item	218	0	123	0	0	0	0	0	341	0
PBT	-443	1,674	1,903	1,342	276	590	1,389	1,631	4,476	3,885
Tax	-56	-15	696	-110	115	153	361	419	516	1,049
Tax Rate (%)	12.6	-0.9	36.6	-8.2	41.8	26.0	26.0	25.7	11.5	27.0
Minority Int. and Profit of Asso. Cos.	-40	-130	-115	-76	-79	-62	-55	-4	-361	-200
Reported PAT	-348	1,819	1,321	1,528	240	499	1,083	1,215	4,320	3,036
Adj. PAT	-155	1,819	1,430	1,528	240	499	1,083	1,215	4,622	3,036
YoY Change (%)	-125	308	170	116	-255	-73	-24	-20	100.2	-34

E: MOFSL estimates

Eicher Motors**Buy****CMP: INR2,747 | TP: INR3,270 (+19%)****EPS CHANGE (%): FY22 | 23E: -4.2 | 6.8**

- Semiconductor shortages restrict ramp-up of new Classic.
- Margin to decline QoQ due to cost inflation and operating deleverage.
- VECV benefitting from good recovery in ICVs.
- Earnings downgrade on lower volumes in RE.

Consolidated quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Operating income	8,182	21,336	28,283	29,403	19,743	19,450	29,633	39,244	87,204	1,08,070
Growth (%)	-65.7	-2.7	19.3	33.2	141.3	-8.8	4.8	33.5	-4.7	23.9
EBITDA	38	4,711	6,720	6,844	3,630	3,298	7,154	10,601	18,313	91,957
EBITDA Margins (%)	0.5	22.1	23.8	23.3	18.4	17.0	24.1	27.0	21.0	85.1
PAT	102	3,472	5,012	4,571	2,765	2,605	5,510	7,705	13,146	85,859
Share of JV Loss/(PAT)/ Min. Int.	654	39	-314	-690	394	-548	-685	-975	-311.3	-1,814
Recurring PAT	-552	3,433	5,326	5,633	2,371	3,153	6,195	8,680	13,829	20,400
Growth (%)	-112.2	-40.0	6.8	85.1	-529.7	-8.2	16.3	54.1	-24.3	47.5

Standalone (Royal Enfield)

Net operating income	7,692	21,233	28,041	29,224	19,078	18,950	28,933	38,481	86,190	1,05,442
Growth (%)	-67.3	-2.7	18.6	34.1	148.0	-10.8	3.2	31.7	-5.1	22.3
EBITDA	12	4,838	6,580	6,685	3,345	3,136	6,792	10,133	17,865	23,406
EBITDA Margins (%)	0.2	22.8	23.5	22.9	17.5	16.5	23.5	26.3	20.7	22.2
Depreciation	971	1,036	1,219	1,234	1,105	1,200	1,300	1,368	4,460	4,973
Other income	1,153	998	1,241	1,129	1,340	1,300	1,300	1,486	4,520	5,426
Interest cost	30	18	22	22	19	25	25	31	92	100
PBT before EO item	163	4,782	6,580	6,557	3,561	3,211	6,767	10,220	17,833	23,758
Exceptional Exp./(Inc.)	0	0	0	250	0	0	0	0	250	0
PBT after EO item	163	4,782	6,580	6,307	3,561	3,211	6,767	10,220	17,583	23,758
Tax	40	1,173	1,696	1,627	889	768	1,619	2,408	4,536	5,684
Effective tax rate (%)	24.7	24.5	25.8	25.8	25.0	23.9	23.9	23.6	25.8	23.9
Reported PAT	123	3,609	4,885	4,681	2,672	2,443	5,148	7,811	13,047	18,074
Recurring PAT	123	3,609	4,885	4,866	2,672	2,443	5,148	7,811	13,233	18,074
Growth (%)	-97.5	-36.7	-0.1	40.6	2,072.4	-32.3	5.4	60.5	-30.5	36.6

VECV: Quarterly performance

Net Op. Income	6,410	17,030	26,800	36,020	16,390	32,504	34,905	43,105	86,764	1,26,905
Growth (%)	-71.6	-15.0	23.8	71.4	155.7	90.9	30.2	19.7	1.8	46.3
EBITDA	-720	1,180	2,305	3,200	180	2,551	10,410	3,917	6,182	9,783
EBITDA Margins (%)	-11.2	6.9	8.6	8.9	1.1	7.8	29.8	9.1	7.1	7.7
Recurring PAT	-1,200	-72	580	1,274	-720	1,008	1,259	1,787	850	3,334
Growth (%)	-416.3	-147.7	93.6	-695.3	-40.0	-1,506.8	117.0	40.3	45.8	292.2

Endurance Technologies

Buy

CMP: INR1,576 | TP: INR1,950 (+24%)

EPS CHANGE (%): FY22|23E: 3.1|2.1

- The QoQ recovery in the underlying 2W industry leads to a sequential growth in India revenue.
- EU business to witness the impact of semiconductor shortages.
- QoQ margin improvement due to operating leverage in India, diluted by a QoQ decline in the EU.
- Slower recovery in India 2W volumes may pose a risk to our estimates.

Consolidated quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	6,031	17,422	20,409	21,329	16,937	19,812	23,263	23,608	65,191	83,619
YoY Change (%)	-67.6	-1.6	24.4	33.0	180.8	13.7	14.0	10.7	-5.2	28.3
RM Cost (as a percentage of sales)	47.9	54.9	54.1	57.3	53.8	56.7	57.0	56.0	54.8	56.0
Staff Cost (as a percentage of sales)	21.9	9.6	8.9	9.1	11.5	9.5	8.4	8.5	10.4	9.3
Other Exp. (as a percentage of sales)	23.1	19.1	19.8	18.1	20.3	18.7	18.4	18.3	19.3	18.8
EBITDA	427	2,852	3,521	3,322	2,443	2,988	3,806	4,055	10,123	13,292
Margins (%)	7.1	16.4	17.3	15.6	14.4	15.1	16.4	17.2	15.5	15.9
Depreciation	856	973	1,045	1,118	983	1,025	1,075	1,251	3,991	4,334
Interest	42	35	42	19	15	21	21	26	138	83
Other Income	109	71	58	69	127	105	110	106	307	448
PBT before EO expense	-361	1,916	2,493	2,254	1,573	2,047	2,820	2,883	6,301	9,322
Exceptional Items	0	-279	112	0	315	0	0	0	-167	0
PBT after EO	-361	2,195	2,380	2,254	1,258	2,047	2,820	2,883	6,468	9,322
Eff. Tax Rate (%)	31.0	23.9	20.2	16.9	23.3	25.8	25.7	25.5	19.7	24.5
Rep. PAT	-249	1,672	1,901	1,873	966	1,519	2,096	2,147	5,196	7,042
Adj. PAT	-249	1,447	1,991	1,873	1,203	1,519	2,096	2,147	5,061	7,042
YoY Change (%)	-119.2	-14.4	60.5	67.0	-583.1	4.9	5.3	14.6	-5.4	39.1

E: MOFSL estimates

Escorts

Neutral

CMP: INR1,496 | TP: INR1,377 (-8%)

EPS CHANGE (%): FY22|23E: +0.3|+1.4

- Cautious outlook given by OEMs for 2HFY22 due to a high base.
- Catch-up in monsoon activity during Sep'21 augurs well for demand during the Rabi season.
- RM cost inflation and operating deleverage to keep margin in check.
- Yet to factor in benefits from the Kubota alliance.

Standalone quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	10,616	16,397	20,174	22,105	16,715	15,904	21,132	22,839	69,293	76,591
YoY Change (%)	-25.4	23.9	23.5	60.1	57.4	-3.0	4.7	3.3	20.3	10.5
EBITDA	1,196	3,009	3,641	3,447	2,332	1,920	3,003	3,320	11,292	10,838
Margins (%)	11.3	18.3	18.0	15.6	14.0	12.1	14.2	14.5	16.3	14.2
Depreciation	264	274	315	304	314	315	320	320	1,157	1,268
Interest	19	32	33	26	30	25	25	21	110	100
Other Income	298	376	472	399	472	450	425	408	1,546	1,755
PBT	1,211	3,078	3,765	3,516	2,461	2,030	3,083	3,387	11,571	11,224
Rate (%)	23.9	25.3	25.5	22.8	24.8	25.0	25.0	25.1	24.5	24.4
Adj. PAT	922	2,299	2,807	2,713	1,852	1,522	2,313	2,538	8,741	8,487
YoY Change (%)	5.3	106.0	83.4	93.3	101.0	-33.8	-17.6	-6.5	77.4	-2.9
Margins (%)	8.7	14.0	13.9	12.3	11.1	9.6	10.9	11.1	12.6	11.1

E: MOFSL estimates

Exide Industries

Buy

CMP: INR180 | TP: INR227 (+26%)

EPS CHANGE (%): FY22|23E: -14.6|-4.8

- Adverse mix on a QoQ basis (greater OEM share) and higher lead prices to impact margin.
- Our estimates are yet to factor in AMRJ's planned investment in net chemistries.
- Lead prices were up 11% QoQ in 1QFY22, the impact of which will reflect in 2QFY22 (with a quarter lag).
- Earnings cut to largely reflect higher lead prices.

Standalone quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	15,476	27,534	28,010	29,388	24,864	28,635	31,371	32,688	1,00,408	1,17,559
Growth YoY (%)	-44.3	5.5	16.2	43.0	60.7	4.0	12.0	11.2	1.9	17.1
RM (%)	68.8	65.0	64.1	65.7	68.5	69.5	69.0	67.1	65.5	68.5
Employee cost (%)	9.0	6.9	7.4	6.3	7.4	6.5	6.1	6.0	7.2	6.4
Other Exp. (%)	12.6	13.9	14.1	14.0	13.6	13.3	13.5	13.7	13.8	13.5
EBITDA	1,485	3,920	4,028	4,123	2,606	3,090	3,565	4,295	13,556	13,555
EBITDA Margin (%)	9.6	14.2	14.4	14.0	10.5	10.8	11.4	13.1	13.5	11.5
Change (%)	-63.6	6.8	25.9	52.6	75.5	-21.2	-11.5	4.2	-0.7	0.0
Non-Operating Income	70	148	201	235	152	225	250	431	654	1,057
Interest	14	63	76	85	109	80	60	71	238	320
Depreciation	914	953	953	974	1,009	1,050	1,070	1,143	3,794	4,271
PBT after EO Exp.	627	3,052	3,200	3,300	1,640	2,185	2,685	3,512	10,179	10,021
Effective Tax Rate (%)	29.9	25.0	24.6	26.0	23.5	25.1	25.1	25.2	25.5	24.9
Adj. PAT	440	2,288	2,414	2,441	1,254	1,636	2,011	2,625	7,583	7,527
Change (%)	-80.4	-3.6	13.2	45.3	185.4	-28.5	-16.7	7.5	-10.0	-0.7

Hero MotoCorp

Buy

CMP: INR2,857 | TP: INR3,235 (+13%)

EPS CHANGE (%): FY22|23E: -9.8|-5.1

- Demand recovery slower than expected after the lifting of the second COVID-related lockdown.
- However, price hikes and cost cutting to dilute the impact.
- RM cost inflation and operating deleverage to impact margin on a YoY basis.
- EPS downgrades led by cut in volume estimates.

Standalone quarterly performance

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Volumes ('000 units)	565	1,815	1,845	1,567	1,024	1,439	1,919	1,770	5,792	6,153
Growth YoY (%)	-69.4	7.3	19.8	17.4	81.4	-20.7	4.0	13.0	-9.6	6.2
Net Realization	52,625	51,620	52,977	55,434	53,559	55,434	55,711	56,560	53,182	55,532
Growth YoY (%)	20.8	15.3	16.7	18.6	1.8	7.4	5.2	2.0	18.2	4.4
Net Op. Revenue	29,715	93,673	97,758	86,860	54,871	79,748	1,06,927	1,00,127	3,08,006	3,41,672
Growth YoY (%)	-63.0	23.7	39.7	39.2	84.7	-14.9	9.4	15.3	6.8	10.9
RM Cost (as a percentage of sales)	70.5	71.1	70.5	70.4	72.5	72.0	71.3	70.5	70.7	71.4
Staff Cost (as a percentage of sales)	12.9	5.5	5.3	5.6	7.9	6.3	4.9	5.3	6.2	5.8
Other Exp. (as a percentage of sales)	13.0	9.7	9.8	10.0	10.2	10.0	9.8	9.9	10.1	9.9
EBITDA	1,081	12,864	14,136	12,112	5,148	9,345	14,993	14,325	40,192	43,810
EBITDA Margins (%)	3.6	13.7	14.5	13.9	9.4	11.7	14.0	14.3	13.0	12.8
Other Income	1,485	1,413	2,027	874	1,386	1,400	1,450	1,369	5,799	5,605
Interest	63	46	47	63	61	50	45	44	218	200
Depreciation	1,708	1,732	1,698	1,631	1,630	1,700	1,770	1,800	6,769	6,899
PBT before EO Exp./ (Inc.)	795	12,500	14,418	11,291	4,844	8,995	14,628	13,850	39,004	42,316
Effective Tax Rate (%)	22.9	23.7	24.8	23.4	24.6	24.0	24.0	23.8	24.0	24.0
Adj. PAT	613	9,535	10,845	8,650	3,654	6,836	11,117	10,560	29,642	32,168
Growth (%)	-90.3	3.3	23.2	39.4	496.1	-28.3	2.5	22.1	-3.0	8.5

Mahindra & Mahindra**Buy****CMP: INR841 | TP: INR962 (+14%)****EPS CHANGE (%): FY22|23E: -4.8|+5.5**

- SUVs and Pickups see a good recovery in demand, but were restricted by supply-chain constraints.
- Adverse mix (lower contribution from Tractors and LCVs) and higher RM cost impacts margin.
- Cautious outlook given by OEMs for 2HFY22 on account of a high base.
- EPS cut to account for lower volumes in the Auto segment.

Quarterly performance (including MVML)**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Total Volumes (units)	95,308	1,85,270	2,23,978	2,02,223	1,86,777	1,90,600	2,19,441	2,37,692	7,06,779	8,34,509
Growth YoY (%)	-56.3	-3.2	3.3	33.3	96.0	2.9	-2.0	17.5	-9.1	18.1
Net Realization	5,86,460	6,21,920	6,23,567	6,59,576	6,29,777	6,40,578	6,42,275	6,82,088	6,28,435	6,50,430
Growth YoY (%)	-0.1	8.9	11.5	11.1	7.4	3.0	3.0	3.4	9.0	3.5
Net Op. Income	55,894	1,15,223	1,39,665	1,33,382	1,17,628	1,22,09	1,40,94	1,62,12	4,44,16	5,42,79
Growth YoY (%)	-56.4	5.4	15.2	48.1	110.4	6.0	0.9	21.6	-1.0	22.2
RM Cost (as a percentage of sales)	64.8	66.8	68.9	69.2	69.6	71.5	72.0	71.6	68.0	71.3
Staff (as a percentage of sales)	13.8	6.9	6.3	6.0	7.5	7.0	6.3	5.5	7.3	6.5
Oth. Exp. (as a percentage of sales)	11.1	9.1	8.3	10.2	9.0	9.3	9.5	9.9	9.4	9.4
EBITDA	5,732	19,893	22,955	19,605	16,317	14,957	17,265	21,740	68,186	70,279
EBITDA Margins (%)	10.3	17.3	16.4	14.7	13.9	12.3	12.3	13.4	15.4	12.9
Other income	1,338	3,839	5,618	1,178	2,052	6,500	3,400	3,260	11,973	15,212
Interest	768	1,179	1,039	971	714	800	800	743	3,957	3,057
Depreciation	5,813	5,870	6,043	5,899	5,586	5,900	6,200	6,549	23,624	24,235
EO Income/(Exp.)	288	-10,815	-11,240	-8,399	-785	0	0	0	-30,165	-785
PBT after EO	777	5,869	10,252	5,514	11,284	14,757	13,665	17,709	22,413	57,415
Effective Tax Rate (%)	12.7	72.4	48.2	70.5	24.2	24.3	24.3	24.4	58.8	24.3
Reported PAT	678	1,618	5,308	1,625	8,556	11,171	10,345	13,392	9,229	43,463
Adj. PAT	390	12,916	17,079	10,020	9,340	11,171	10,345	13,392	40,405	44,247
Change (%)	-95.8	-4.7	74.1	210.2	2,294.9	-13.5	-39.4	33.6	13.0	9.5

E: MOFSL estimates

Mahindra CIE**Buy****CMP: INR245 | TP: INR292 (+19%)****EPS CHANGE (%): CY21|22E: -6.3|-0.1**

- Revenue to decline QoQ due to fall in the EU business on account of chip shortages. However, the same will be diluted by a QoQ recovery in India.
- Cost cutting initiatives in both India and EU to support margin.
- Focus on new products and exports to drive growth.
- EPS cut to reflect the impact of the semiconductor shortage in the EU and India business.

Consolidated quarterly performance**(INR m)**

Y/E December	CY20				CY21				CY20	CY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	16,627	7,355	16,943	19,576	21,894	20,425	19,491	23,677	60,501	85,487
YoY Change (%)	-23.5	-65.7	-9.3	13.6	31.7	177.7	15.0	20.9	-23.5	41.3
EBITDA	1,822	-963	1,508	2,475	2,868	2,598	2,483	3,183	5,016	11,132
Margins (%)	11.0	-13.1	8.9	12.6	13.1	12.7	12.7	13.4	8.3	13.0
Depreciation	815	518	849	882	883	886	930	970	3,064	3,669
Interest	182	167	142	57	142	131	130	121	548	524
Other Income	49	179	420	74	194	116	140	184	549	633
PBT before EO expense	873	-1,468	937	1,611	2,037	1,697	1,563	2,275	1,953	7,572
EO Exp./(Inc.)	-1	2	0	0	1,425	0	0	0	0	1,425
PBT after EO exp.	874	-1,470	937	1,611	612	1,697	1,563	2,275	1,952	6,147
Tax Rate (%)	28.3	12.5	35.2	30.6	83.6	19.7	27.0	34.3	45.4	33.3
Adj. PAT	626	-1,286	607	1,119	1,526	1,362	1,141	1,495	1,067	5,523
YoY Change (%)	-59.1	-201.9	4.2	500.2	143.5	-205.9	87.8	33.7	-70.1	417.9
Margins (%)	3.8	-17.5	3.6	5.7	7.0	6.7	5.9	6.3	1.8	6.5

Maruti Suzuki**Buy****CMP: INR7,178 | TP: INR8,725 (+22%)****EPS CHANGE (%): FY22 | 23E: -21.2 | -2.6**

- Demand strong, but supply-side constraints result in lower volumes.
- New product lifecycle to kick start with the upcoming launch of the new Celerio in 2QFY22.
- Raised prices in Jul'21 and Sep'21. Discount moderation and better volumes drive QoQ margin improvement.
- Downgrade FY22E EPS on account of the volume cut due to the semiconductor shortage.

Standalone quarterly performance**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Financial performance										
Volumes ('000 units)	76.6	393.1	495.9	492.8	353.6	379.5	444.1	542.0	1,458.4	1,719.3
Change (%)	-81.0	16.2	13.4	28.2	361.6	-3.5	-10.4	10.0	-6.7	17.9
Realizations (INR/car)	5,36,104	4,76,802	4,73,038	4,87,538	5,02,545	5,08,827	5,05,011	5,11,010	4,82,264	5,07,237
Change (%)	9.4	-5.0	-0.1	3.0	-6.3	6.7	6.8	4.8	-0.3	5.2
Net operating revenue	41,065	1,87,445	2,34,578	2,40,237	1,77,707	1,93,121	2,24,291	2,76,981	7,03,325	8,72,100
Change (%)	-79.2	10.4	13.3	32.0	332.7	3.0	-4.4	15.3	-7.0	24.0
RM Cost (as a percentage of sales)	71.5	70.0	72.5	73.9	74.8	75.5	74.0	73.2	72.3	74.2
Staff Cost (as a percentage of sales)	17.8	4.4	4.0	3.7	6.0	5.4	4.6	3.8	4.8	4.8
Other Cost (as a percentage of sales)	31.7	15.3	13.9	14.1	14.6	14.3	14.3	14.3	15.3	14.3
EBITDA	-8,634	19,336	22,261	19,911	8,211	9,460	15,954	24,383	53,453	58,008
EBITDA Margins (%)	-21.0	10.3	9.5	8.3	4.6	4.9	7.1	8.8	7.6	6.7
EBIT	-16,467	11,677	14,848	12,501	779	1,910	8,204	16,383	23,138	27,275
EBIT Margins (%)	-40.1	6.2	6.3	5.2	0.4	1.0	3.7	5.9	3.3	3.1
Non-Operating Income	13,183	6,025	9,937	898	5,078	7,750	7,750	7,889	29,464	28,467
PBT	-3,457	17,478	24,498	13,075	5,635	9,460	15,754	24,064	51,594	54,912
Adjusted PAT	-2,494	13,716	19,414	11,661	4,408	7,512	12,510	19,175	42,297	43,604
Change (%)	-117.4	1.0	24.1	-9.7	-276.7	-45.2	-35.6	64.4	-25.1	3.1

Motherson Sumi**Buy****CMP: INR227 | TP: INR270 (+19%)****EPS CHANGE (%): FY22 | 23E: -29.2 | -5.9**

- Semiconductor shortage to impact all businesses.
- Higher copper prices to have a transient impact on margin of both India and PKC business.
- PKC to benefit from strong traction in US Class 8 trucks.
- EPS cut to reflect the impact of semiconductor shortages as well as higher copper prices.

Consolidated quarterly performance (including DWH) (INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	85,039	1,56,735	1,80,283	1,79,892	1,68,505	146,612	180,695	223,249	6,01,950	7,19,060
YoY Change (%)	-49.4	-1.6	15.1	18.7	98.2	-6.5	0.2	24.1	-5.3	19.5
EBITDA	-6,300	15,530	20,410	20,060	14,620	12,276	19,389	23,678	49,700	69,963
Margins (%)	-7.4	9.9	11.3	11.2	8.7	8.4	10.7	10.6	8.3	9.7
Depreciation	7,123	7,577	7,615	7,965	7,798	7,850	7,950	8,219	30,280	31,817
Interest	1,115	1,359	1,470	1,475	1,298	1,250	1,100	1,098	5,419	4,745
Other income	481	416	425	580	566	500	550	534	1,901	2,150
PBT before EO expense	-14,058	7,010	11,750	11,200	6,090	3,676	10,889	14,896	15,902	35,551
Extra-Ord. expense	0	596	25	2	5	0	0	0	623	5
PBT after EO Expense	-14,058	6,414	11,725	11,198	6,085	3,676	10,889	14,896	15,280	35,546
Tax Rate (%)	15.2	27.1	-5.7	11.1	29.9	28.0	28.0	27.2	2.1	28.0
Min. Int. and Share of profit	-3,810	1,088	4,363	2,813	1,367	400	2,850	3,668	4,454	8,285
Adj. PAT	-8,104	3,720	7,980	7,142	2,900	2,247	4,990	7,472	10,737	17,312
YoY Change (%)	-344.4	-3.3	195.0	289.5	-135.8	-39.6	-37.5	4.6	-8.2	61.2

MRF**Neutral****CMP: INR79,780 | TP: INR83,100 (+4%)****EPS CHANGE (%): FY22 | 23E: +6 | -1.7**

- Replacement demand remains strong, whereas OEM sales have recovered on a QoQ basis.
- The company has taken a 3-4% price hike in the Replacement market, despite under-recoveries from previous quarters.
- Expect higher (3-4% QoQ) RM basket in 2QFY22.
- Adverse mix on a QoQ basis (higher OEM share) and higher commodity prices to impact margin.

Standalone quarterly performance**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	24,306	41,864	45,668	47,377	41,277	48,143	50,234	51,386	1,59,214	1,91,041
YoY Change (%)	-44.9	6.0	13.9	30.7	69.8	15.0	10.0	8.5	-0.4	20.0
Total Expenditure	20,991	33,319	36,036	39,921	36,405	40,975	42,062	42,309	1,30,267	1,61,750
EBITDA	3,315	8,544	9,631	7,456	4,872	7,168	8,172	9,077	28,947	29,290
Margins (%)	13.6	20.4	21.1	15.7	11.8	14.9	16.3	17.7	18.2	15.3
Depreciation	2,730	2,839	2,831	2,970	3,007	3,100	3,245	3,098	11,369	12,450
Interest	737	528	638	745	621	650	650	655	2,647	2,576
Other Income	430	443	634	565	924	875	900	901	2,072	3,600
PBT before EO expense	279	5,620	6,797	4,306	2,168	4,293	5,177	6,226	17,003	17,864
Extra-Ord. expense	0	0	0	0	0	0	0	0	0	0
PBT	279	5,620	6,797	4,306	2,168	4,293	5,177	6,226	17,003	17,864
Rate (%)	38.8	28.3	24.7	26.3	25.6	26.0	26.0	26.1	26.5	26.0
Reported PAT	171	4,030	5,117	3,173	1,613	3,177	3,831	4,598	12,490	13,219
Adj. PAT	171	4,030	5,117	3,173	1,613	3,177	3,831	4,598	12,490	13,219
YoY Change (%)	-93.6	82.9	116.3	-52.6	845.8	-21.2	-25.1	44.9	-10.5	5.8
Margins (%)	0.7	9.6	11.2	6.7	3.9	6.6	7.6	8.9	7.8	6.9

E: MOFSL estimates

Tata Motors**Buy****CMP: INR342 | TP: INR404 (+18%)****EPS CHANGE (%): FY22 | 23E: +2.5 | +0.6**

- JLR business severely impacted by the shortage of semiconductors.
- India business continues to see strong traction in PV volumes, whereas CV business benefits from cyclical recovery and market share gains.
- JLR mix improvement to continue with a higher share of LR; cost-cutting to aid performance.
- Expect volume recovery for JLR from 3QFY22E, assume 92k/119k volumes (excluding JV) in 3Q/4QFY22E.

Consolidated quarterly performance**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
JLR vols. (incl. JV)	65,425	91,367	1,19,658	1,36,461	97,141	80,000	1,10,000	1,42,519	4,12,911	4,29,660
JLR Realizations (GBP/unit)	58,452	59,250	58,315	53,289	58,810	59,986	59,386	58,385	56,758	59,029
JLR EBITDA (%)	3.6	11.1	15.8	15.3	9.0	6.2	13.3	16.0	12.8	11.9
JLR PAT (GBP m)	-648	117	388	566	-286	-325	169	674	423	231
S/A vol. (units)	25,047	1,10,379	1,58,208	1,91,730	1,14,784	1,71,270	1,92,620	2,20,665	4,85,364	6,99,339
S/A Realizations (INR/unit)	1072,731	8,75,900	9,21,666	1040,820	1037,084	1096,389	1072,304	1088,545	3	44
S/A EBITDA (%)	-26.2	2.9	7.1	8.3	2.5	7.3	8.1	9.7	4.8	7.5
S/A PAT (INR m)	-21,418	-11,661	-6,288	98	-12,960	-1,905	248	6,516	-39,818	-8,102
Net Op. Income	3,19,831	5,35,300	7,56,538	8,86,279	6,64,065	6,11,662	7,91,446	9,79,179	24,97,948	30,46,351
Growth (%)	-48.0	-18.2	5.5	41.8	107.6	14.3	4.6	10.5	-4.3	22.0
EBITDA	6,356	56,653	1,15,096	1,27,448	52,576	43,656	95,983	1,43,466	3,05,553	3,35,681
EBITDA Margins (%)	2.0	10.6	15.2	14.4	7.9	7.1	12.1	14.7	12.2	11.0
Depreciation	55,994	56,015	61,288	62,171	62,021	62,000	62,500	64,028	2,35,467	2,50,549
Forex Loss/(Gain)	-471	-4,330	-6,231	-6,289	149	-2,823	-2,823	-5,795	-17,322	-11,292
Other Income	6,065	6,332	7,120	6,914	5,816	5,500	6,000	5,884	26,432	23,200
Interest Expenses	18,768	19,496	21,259	21,448	22,033	19,500	20,500	25,697	80,972	87,730
PBT before EO	-61,870	-8,196	45,900	57,032	-25,812	-29,521	21,806	65,420	32,867	31,893
EO Exp./(Inc.)	-32	-49	4,226	1,33,465	-25	0	0	0	1,37,610	-25
PBT after EO Exp.	-61,837	-8,147	41,674	-76,433	-25,786	-29,521	21,806	65,420	-1,04,743	31,918
Tax rate (%)	-35.6	57.9	22.7	1.7	-67.6	0.0	0.0	-4.6	-24.3	45.1
PAT	-83,842	-3,433	32,222	-75,108	-43,206	-29,521	21,806	68,450	-1,30,161	17,529
Minority Interest	60	-72	-350	-201	-8	-130	-110	-26	-563	-274
Share in profit of Associate	-598	360	-2,807	-745	-1,295	-1,814	-1,150	-516	-3,790	-4,775
Adj. PAT	-84,420	-3,165	32,332	57,411	-44,523	-31,466	20,547	67,909	2,158	12,467
Growth (%)	135.5	23.1	85.9	-182.1	-47.3	894.2	-36.5	18.3	-102.4	477.6

TVS Motor Company

Neutral

CMP: INR561 | TP: INR591 (+5%)

EPS CHANGE (%): FY22|23E: -7.9|-5

- The 46% YoY growth in 2W exports dilutes the impact of an 8% YoY decline in domestic 2W volumes.
- Better mix, price hikes, and operating deleverage drive margin improvement.
- Mix improvement led by better export.
- EPS cut due to weaker than expected domestic 2W volumes.

Standalone quarterly performance

(INR m)

Y/E March (INR m)	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Vols. ('000 units)	266.9	867.8	989.5	927.6	657.8	916.7	992.8	983.0	3,051.9	3,550
Growth (%)	(71.1)	(2.0)	20.4	46.5	146.4	5.6	0.3	6.0	(6.5)	16.3
Realn. (INR'000/unit)	53.6	53.1	54.5	57.4	59.8	61.0	61.8	61.9	54.9	61.2
Growth (%)	10.8	8.1	8.5	4.3	11.5	15.0	13.4	7.9	9.1	11.6
Net Sales	14,317	46,055	53,914	53,219	39,344	55,929	61,330	60,842	1,67,505	2,17,445
Growth (%)	(68.0)	5.9	30.7	52.9	174.8	21.4	13.8	14.3	2.0	29.8
RM (as a percentage of sales)	75.9	76.5	76.1	75.3	75.7	76.1	75.8	75.9	76.0	75.9
Emp. cost (as a percentage of sales)	13.8	4.7	5.0	5.0	6.6	4.7	4.4	4.4	5.7	4.9
Other exp. (as a percentage of sales)	13.8	9.5	9.4	9.5	10.3	9.4	9.2	9.2	9.8	9.5
EBITDA	-488	4,301	5,111	5,361	2,738	5,460	6,500	6,330	14,286	21,027
EBITDA Margin (%)	(3.4)	9.3	9.5	10.1	7.0	9.8	10.6	10.4	8.5	9.7
Interest	523	407	291	195	300	250	225	200	1,416	975
Depreciation	911	1,331	1,329	1,366	1,431	1,440	1,465	1,477	4,937	5,813
Other Income	26	111	124	69	16	110	125	128	330	379
PBT before EO Exp.	-1,896	2,674	3,615	3,869	1,023	3,880	4,935	4,781	8,262	14,619
EO Exp.	0	0	0	0	302	0	0	0		302
PBT after EO Exp.	(1,896)	2,674	3,615	3,869	722	3,880	4,935	4,781	8,262	14,317
Total Tax	-505	712	959	977	190	972	1237	1189	2142	3588
Tax rate (%)	26.7	26.6	26.5	25.2	26.4	25.1	25.1	24.9	25.9	25.1
Adjusted PAT	-1,391	1,963	2,656	2,892	758	2,907	3,698	3,592	6,120	10,955
Growth (%)	(197.7)	0.5	46.9	191.4	(154.5)	48.1	39.2	24.2	(0.9)	79.0

NOTES

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