

Result Preview



Company

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

Operating leverage, price hikes drive QoQ margin recovery

Semi-conductor shortage eases a bit; still hurts EU/US-focused ancillaries

- The volume evolution in 3QFY22 was a mixed bag, partly impacted by weak demand and partly by supply-side issues.
- Wholesale volumes grew for CVs (+7% YoY, +18% QoQ) and 3Ws (+15% YoY/QoQ), while volumes declined for PVs (-4.5% YoY, +10% QoQ), 2Ws (-20% YoY, -11% QoQ), and tractors (-12% YoY, +4% QoQ).
- The EBITDA margin for our OEM Universe (excluding JLR) is likely to recover by 40bp QoQ to 8.6% in 3QFY22 (-350bp over 3QFY21), led by operating leverage and price increases offsetting higher QoQ commodity costs. Barring 2W OEMs and MM, all other OEMs are likely to report QoQ margin improvement. On a YoY basis, only AL and TVSL would report moderate improvement in margins.
- We revise our FY23E EPS estimates to factor in a) evolving demand, b) the semi-conductor supply situation, and c) commodity prices, resulting in downgrades across companies. Notable EPS downgrades are for AL (-22%), TTMT (-21%), MSIL/HMCL (18%), MM (-12%), TVSL (-11%), CEAT (-38%), MRF (-30%), and APTV (-16%).

CVs/3Ws grow on low base; supply issues hurt PVs; 2W demand weak

The volume evolution in 3QFY22 was a mixed bag, partly impacted by weak demand and partly by supply-side issues – which restricted the wholesale of PVs, premium motorcycles, and M&HCVs. Demand for 2Ws and tractors failed to pick up during the festive season. Wholesale volumes grew for CVs (+7% YoY, +18% QoQ) and 3Ws (+15% YoY/QoQ), while volumes declined for PVs (-4.5% YoY, +10% QoQ), 2Ws (-20% YoY, -11% QoQ), and tractors (-12% YoY, +4% QoQ).

EBITDA margins to recover QoQ, led by operating leverage and price hikes

Margin recovery was seen until 1QFY22, following which there is pressure on profitability for the second consecutive quarter on a YoY basis. However, the EBITDA margin for our OEM Universe (excluding JLR) is likely to recover by 40bp QoQ to 8.6% in 3QFY22 (-350bp over 3QFY21), led by operating leverage and price increases offsetting higher QoQ commodity costs. Barring 2W OEMs and MM, all other OEMs are likely to report QoQ margin improvement. On a YoY basis, only AL and TVSL would report moderate improvement in margins.

Demand for PVs/CVs stays strong; 2W/tractor demand remains weak

The demand momentum in PVs is expected to sustain, supported by the gradual easing of supply-side issues. Recovery in M&HCVs is expected to gain momentum, benefitting from improving viability among fleet operators as well as improving demand from the Haulage and Infra segments. We expect demand for 2Ws to recover only towards 1QFY23, driven by rabi cashflows. We expect volume recovery to sustain beyond FY22, with 2W/PV/tractor volumes seeing an 11%/17%/1% CAGR over FY22–24E. For 3Ws/LCVs/M&CVs, we expect a volume CAGR of 12%/19%/25% over FY22–24E.

Valuation and view

We revise our FY23E EPS estimates to factor in a) evolving demand, b) the semi-conductor supply situation, and c) commodity prices, resulting in downgrades across companies. Notable EPS downgrades are for AL (-22%), TTMT (-21%), MSIL/HMCL (18%), MM (-12%), TVSL (-11%), CEAT (-38%), MRF (-30%), and APTY (-16%). We prefer companies with a) higher visibility with regard to demand recovery, b) a strong competitive positioning, c) margin drivers, and d) balance sheet strength. **MSIL** and **AL** are our top OEM picks. Among the auto component stocks, we prefer **BHFC** and **APTY**. We prefer **TTMT** as a play on global PVs.

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

Sector	CMP		SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
	(INR)	RECO	Dec-21	Var % YoY	Var % QoQ	Dec-21	Var % YoY	Var % QoQ	Dec-21	Var % YoY	Var % QoQ
Amara Raja Batt.	638	Neutral	23,129	18.0	2.2	2,561	-16.4	-4.8	1,334	-30.9	-7.4
Apollo Tyres	221	Buy	55,748	9.7	9.8	7,122	-22.2	11.6	2,299	-38.8	30.2
Ashok Leyland	128	Buy	56,257	16.9	26.2	3,126	23.2	132.1	511	226.2	LP
Bajaj Auto	3276	Neutral	90,102	1.1	4.5	12,869	-25.6	2.2	11,457	-26.4	-1.8
Balkrishna Inds	2329	Neutral	21,137	41.2	1.6	5,538	18.2	0.7	3,789	17.7	-5.7
Bharat Forge	711	Buy	15,149	46.3	-5.1	4,093	75.5	-7.8	2,409	148.8	-20.6
Bosch	17293	Neutral	32,720	8.0	12.1	3,926	9.7	9.8	3,009	-3.5	-19.1
CEAT	1210	Buy	25,100	13.0	2.4	2,136	-34.8	-3.1	429	-70.0	1.2
Eicher Motors	2719	Buy	30,370	7.4	35.0	6,470	-3.7	37.7	5,170	-2.9	38.5
Endurance Tech.	1699	Buy	18,161	-11.0	-3.8	2,365	-32.8	-9	1,020	-48.7	-23.5
Escorts	1901	Neutral	18,993	-5.9	14.3	2,586	-29.0	23.1	2,058	-26.7	16.4
Exide Inds.	170	Buy	32,492	16.0	-1.2	3,636	-9.7	-12.0	2,012	-16.7	-14.2
Hero Motocorp	2477	Buy	77,445	-20.8	-8.4	9,393	-33.6	-11.9	7,017	-35.3	-11.7
Mahindra & Mahindra	830	Buy	1,50,886	8.0	13.4	18,333	-20.1	10.4	10,168	-40.5	-39.7
Mahindra CIE	234	Buy	20,364	4.0	-2.6	2,580	4.2	-3.9	1,061	-5.1	-27.6
Maruti Suzuki	7520	Buy	2,23,734	-4.6	8.9	9,778	-56.1	14.4	6,183	-68.2	30.1
Motherson Sumi	225	Buy	1,66,471	-7.7	10.9	15,839	-22.4	31.1	3,229	-59.5	48.9
MRF	73374	Neutral	48,408	6.0	0.2	5,144	-46.6	0.4	1,771	-65.4	-3.4
Tata Motors	497	Buy	7,54,685	-0.2	23.0	82,701	-28.1	104.2	6,644	-79.5	LP
TVS Motor	629	Neutral	54,987	2.0	-1.8	5,243	2.6	-3.0	2,575	-3.1	-1.3
Automobiles			19,16,339	0.3	12.9	2,05,438	-25.5	33.5	74,144	-46.7	167.4

Exhibit 2: Volume snapshot 3QFY22 ('000 units)

	3QFY22	3QFY21	YoY (%)	2QFY22	QoQ (%)	9MFY22	9MFY21	YoY (%)
Two wheelers	4,662	5,841	-20.2	5,221	-10.7	8,762	7,081	23.7
Three wheelers	220	191	15.5	191	15.4	353	211	66.7
Passenger cars	503	611	-17.7	447	12.6	863	606	42.4
UVs & MPVs	484	422	14.8	452	7.1	809	434	86.4
Total PVs	987	1,033	-4.5	899	9.8	1,672	1,040	60.7
M&HCV	72	57	26.5	61	17.6	96	33	190.9
LCV	152	153	-0.7	128	18.7	215	146	47.4
Total CVs	224	210	6.7	189	18.4	311	179	74.0
Tractors	230	259	-11.2	222	3.6	451	381	18.3
Total (ex-Tractor)	6,093	7,274	-16.2	6,500	-6.3	11,097	8,511	30.4

Source: Company, MOFSL

Exhibit 3: Commodity prices moderately higher (indexed)

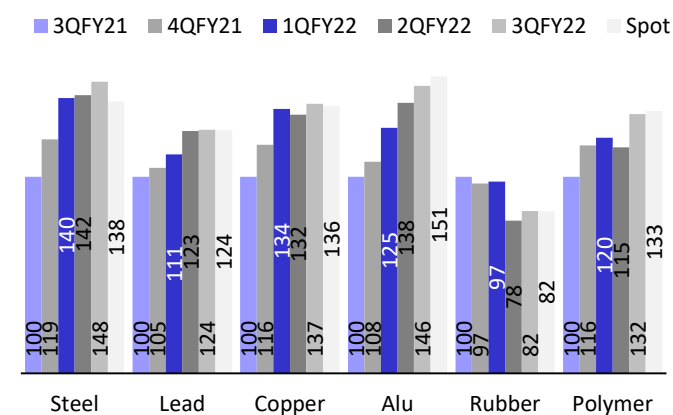


Exhibit 4: Trend in key currencies v/s INR (average, indexed)

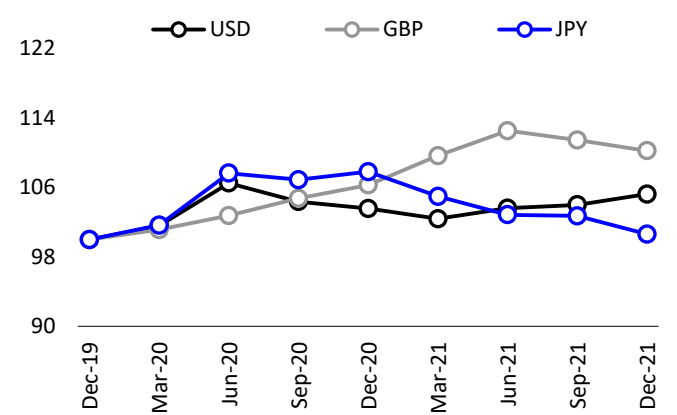
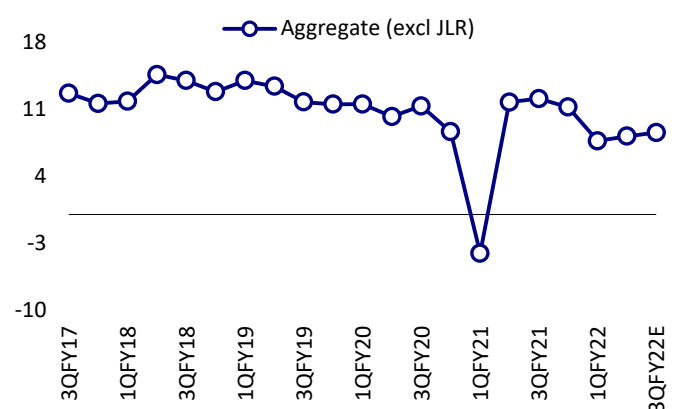
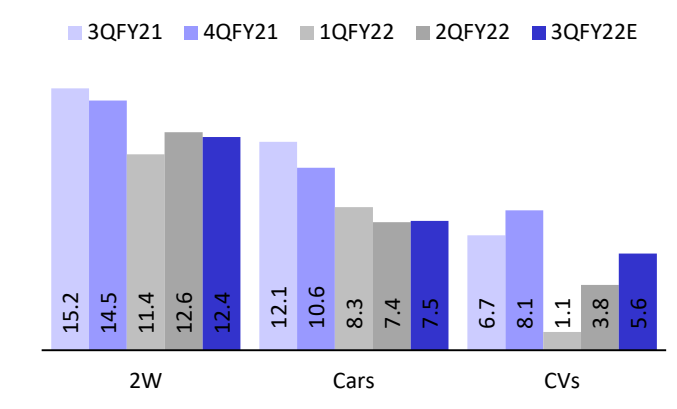


Exhibit 5: Margins to recover on QoQ basis



Source: MOFSL

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



Source: MOFSL

Exhibit 7: Volume recovery on QoQ basis (ex-2Ws) driving QoQ margin recovery

	Volumes ('000 units)			EBITDA margins (%)			Adj PAT (INR M)		
	3QFY22	YoY (%)	QoQ (%)	3QFY22E	YoY (bp)	QoQ (bp)	3QFY22E	YoY (%)	QoQ (%)
BJAUT	1,181	-9.6	3.2	14.3	-510	-30	11,457	-26.4	-1.8
HMCL	1,292	-30.0	-10.2	12.1	-230	-50	7,017	-35.3	-11.7
TVS Motor	879	-11.2	-4.2	9.5	10	-10	2,575	-3.1	-1.3
MSIL	431	-13.2	13.5	4.4	-510	20	6,183	-68.2	30.1
MM	214	-4.4	12.3	12.2	-430	-30	10,168	-40.5	-39.7
TTMT (S/A)	200	26.3	16.7	5.6	-150	170	-4,022	-36.0	NA
TTMT (JLR) *	98	-18.1	25.2	12.1	-370	480	72	-81.3	-119.0
TTMT (Cons)				11.0	-430	440	6,644	-79.5	-115
Ashok Leyland	34	2.0	23.7	5.6	30	250	511	226.2	-161.4
Eicher (RE)	170	-15.1	37.4	20.6	-290	30	4,639	-5.0	35.1
Eicher (VECV)	16	25.3	6.0	5.6	-300	20	310	-46.6	70.5
Eicher (Consol)				20.6	-290	30	5,170	-2.9	38.5
Agg. (ex-JLR)	4,416	-16.1	0.2	8.6	-350	40	39,059	-39.7	-16.4

Source: Company, MOFSL

Exhibit 8: Revised estimates

	FY22E			FY23E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Bajaj Auto	176.4	182.8	-3.5	198.5	218.2	-9.0
Hero MotoCorp	135.9	157.2	-13.6	161.2	195.6	-17.6
TVS Motor	19.0	22.9	-17.0	27.2	30.6	-10.8
Eicher Motors*	67.9	71.0	-4.4	119.2	131.3	-9.2
Maruti*	91.8	124.4	-26.2	234.4	286.1	-18.1
M&M (incl MVML)	38.7	40.3	-4.1	45.4	51.4	-11.7
Tata Motors*	-5.5	-4.3	27.1	25.2	32.0	-21.2
Ashok Leyland	0.1	1.4	-93.7	4.7	6.0	-21.7
Escorts	84.9	90.4	-6.0	83.1	88.8	-6.4
Amara Raja	32.5	34.2	-5.2	41.1	43.6	-5.6
Bharat Forge *	20.8	21.3	-2.6	30.1	31.6	-4.6
BOSCH	459.5	472.2	-2.7	574.2	619.5	-7.3
Ceat	41.9	43.9	-4.3	66.2	106.4	-37.8
Endurance Tech*	36.2	43.8	-17.3	55.2	64.8	-14.9
Exide Industries	9.2	9.4	-2.0	12.6	12.4	2.0
Mahindra CIE *	14.3	15.0	-4.8	17.5	18.1	-3.2
Motherson Sumi *	4.5	5.1	-12.7	9.6	11.0	-12.9
Apollo Tyres*	13.2	14.4	-7.7	19.0	22.7	-16.1
Balkrishna Ind	78.6	78.4	0.3	89.1	94.7	-5.9
MRF	1,795.4	2,216.7	-19.0	2,290.7	3,277.8	-30.1

*Source: Company, MOFSL

Exhibit 9: Relative performance – three months (%)

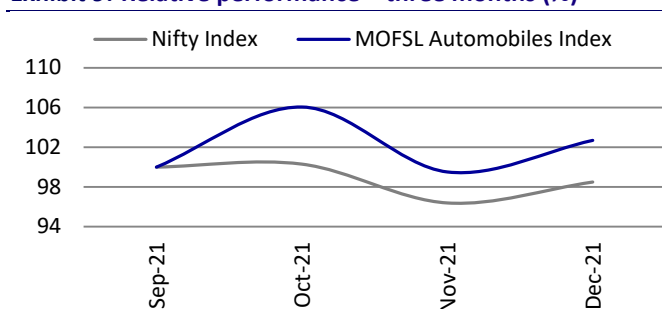


Exhibit 10: Relative performance – one year (%)

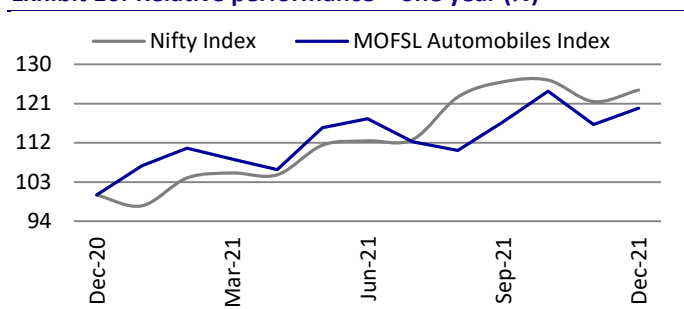


Exhibit 11: Comparative valuation

Company Name	CMP INR	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Automobiles						43.1	21.9	17.1	3.7	3.3	2.9	8.6	14.9	16.8
Amara Raja Batt.	638	Neutral	32.5	41.1	49.3	19.7	15.5	13.0	2.4	2.2	2.0	12.7	14.7	15.9
Apollo Tyres	221	Buy	13.2	19.0	22.8	16.7	11.6	9.7	1.1	1.0	0.9	6.5	8.8	9.8
Ashok Leyland	128	Buy	0.1	4.7	7.4	1,468	27	17.3	5.6	5.0	4.1	0.4	19.5	26.2
Bajaj Auto	3,276	Neutral	176.4	198.5	213.1	18.6	16.5	15.4	3.7	3.6	3.5	20.0	22.0	23.1
Balkrishna Inds	2,329	Neutral	78.6	89.1	104.6	29.6	26.1	22.3	6.4	5.4	4.6	23.2	22.4	22.4
Bharat Forge	711	Buy	20.8	30.1	37.0	34.2	23.6	19.2	5.4	4.6	3.8	16.8	21.0	21.7
Bosch	17,293	Neutral	459.5	574.2	636.7	37.6	30.1	27.2	4.7	4.2	3.8	13.1	14.8	14.6
CEAT	1,210	Buy	41.9	66.2	109.6	28.8	18.3	11.0	1.4	1.3	1.2	5.0	7.5	11.5
Eicher Motors	2,719	Buy	68.2	119.2	143.6	39.8	22.8	18.9	5.8	4.8	4.0	15.4	23.2	23.1
Endurance Tech.	1,699	Buy	36.2	55.2	64.9	46.9	30.8	26.2	6.1	5.4	4.7	13.6	18.5	19.1
Escorts	1,901	Neutral	84.9	83.1	94.2	22.4	22.9	20.2	3.3	2.5	2.4	15.9	12.8	12.8
Exide Inds.	170	Buy	9.2	12.6	14.1	18.5	13.5	12.1	2.0	1.2	1.1	10.6	8.6	8.9
Hero Motocorp	2,477	Buy	135.9	161.2	183.5	18.2	15.4	13.5	3.2	3.1	2.9	17.7	20.5	22.2
Mahindra & Mahindra	830	Buy	38.7	45.4	56.6	21.5	18.3	14.7	2.6	2.3	2.0	12.5	13.3	14.8
Mahindra CIE	234	Buy	14.3	17.5	20.2	16.3	13.3	11.6	1.7	1.5	1.4	10.7	12.0	12.6
Maruti Suzuki	7,520	Buy	91.8	234.4	326.9	81.9	32.1	23.0	4.3	4.0	3.6	5.1	12.3	15.7
Motherson Sumi	225	Buy	4.5	9.6	11.2	50.4	23.4	20.0	5.2	4.5	3.9	10.8	20.6	20.8
MRF	73,374	Neutral	1,795.4	2,290.7	3,435.7	40.9	32.0	21.4	2.2	2.1	1.9	5.5	6.7	9.3
Tata Motors	497	Buy	-5.5	25.2	37.3	-91.1	19.7	13.3	3.6	3.1	2.5	-3.9	16.7	20.5
TVS Motor	629	Neutral	19.0	27.2	32.7	33.1	23.1	19.3	6.2	5.1	4.2	20.0	24.1	23.8

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: INR690 (+8%)
EPS CHANGE (%): FY22 | 23E: -5 | -6

- Adverse product mix (higher OEM sales), RM costs to impact margins

- Impact of lead prices rising 11% QoQ in 2QFY22 to reflect in 3QFY22 (with a quarter lag)

Quarterly Performance

(INR m)

Y/E March (INR m)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	11,510	19,358	19,601	21,027	18,859	22,642	23,129	24,460	71,497	89,090
YoY Change (%)	-36.6	14.2	12.1	33.0	63.8	17.0	18.0	16.3	4.5	24.6
RM Cost (% of sales)	66.5	65.3	66.1	67.4	68.9	70.1	71.0	70.9	66.4	70.3
Staff Cost (% of sales)	7.3	6.0	6.0	5.1	6.3	5.8	5.7	5.3	6.0	5.8
Other Exp (% of sales)	13.0	11.1	12.2	12.4	11.6	12.2	12.2	11.9	12.1	12.0
EBITDA	1,524	3,404	3,064	3,165	2,499	2,689	2,561	2,898	11,159	10,646
Margins (%)	13.2	17.6	15.6	15.1	13.2	11.9	11.1	11.8	15.6	12.0
Depreciation	748	782	791	871	963	986	990	995	3,192	3,934
Interest	27	25	26	28	32	36	30	23	105	120
Other Income	88	113	352	321	166	264	250	179	874	860
PBT after EO	837	2,710	2,599	2,588	1,670	1,932	1,791	2,059	8,736	7,453
Tax	210	695	667	693	431	491	457	529	2,265	1,908
Tax Rate (%)	25.1	25.6	25.7	26.8	25.8	25.4	25.5	25.7	25.9	25.6
Adj PAT	627	2,015	1,932	1,895	1,239	1,441	1,334	1,530	6,470	5,545
YoY Change (%)	-55.5	-8.0	17.5	38.7	97.7	-28.5	-30.9	-19.2	-2.1	-14.3

E: MOFSL Estimates

Apollo Tyres

Buy
CMP: INR221 | TP: INR275 (+25%)
EPS CHANGE (%): FY22 | 23E: -8 | -16

- Replacement demand remains strong, with support from recovery in OEM sales
- EU business revenues to be higher due to seasonality

- RM cost higher by 4-5% QoQ in 3QFY22; it has taken 3-4% price hikes; under-recovery on RM cost persists in 3Q
- Earnings downgrade for FY23E driven by higher assumptions for commodity basket

Consolidated - Quarterly Earnings

(INR m)

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Revenues	28,817	42,949	50,797	50,257	45,845	50,773	55,748	53,064	1,72,820	2,05,430
YoY Change (%)	-33.5	7.8	15.5	39.0	59.1	18.2	9.7	5.6	5.7	18.9
EBITDA	2,456	7,070	9,152	8,147	5,668	6,380	7,122	7,016	26,825	26,186
Margins (%)	8.5	16.5	18.0	16.2	12.4	12.6	12.8	13.2	15.5	12.7
Depreciation	3,091	3,308	3,273	3,477	3,404	3,397	3,460	3,556	13,150	13,816
Interest	1,172	1,167	1,049	1,042	1,046	1,036	995	943	4,430	4,020
Other Income	185	262	228	619	405	289	280	323	1,294	1,297
PBT before EO expense	-1,622	2,857	5,058	4,246	1,623	2,236	2,947	2,841	10,539	9,646
Extra-Ord expense	0	6,009	-1,095	13	9	44	0	0	4,927	54
PBT	-1,622	-3,153	6,153	4,234	1,613	2,192	2,947	2,841	5,612	9,592
Rate (%)	17.0	21.9	27.9	32.2	20.8	20.7	22.0	21.8	37.6	21.4
Reported PAT	-1,346	-2,463	4,438	2,873	1,278	1,738	2,299	2,222	3,502	7,508
Adj PAT	-1,346	1,287	3,755	2,880	1,285	1,766	2,299	2,222	6,577	7,551
YoY Change (%)	-195.1	55.0	115.9	269.9	-195.5	37.2	-38.8	-22.9	38.1	14.8
Margins (%)	-4.7	3.0	7.4	5.7	2.8	3.5	4.1	4.2	3.8	3.7

E: MOFSL Estimates

Ashok Leyland**Buy****CMP: INR128 | TP: INR165 (+29%)****EPS CHANGE (%): FY22|23E: -94|-22**

- High cost inflation and higher MHCV contribution to margins to keep margins under pressure
- LCV growth driven by new launches (Bada Dost); further growth likely with increase in geographical reach
- AL continues to lose market share in M&HCVs, led by increasing salience of CNG and slower recovery in buses
- EPS downgrade due to supply-side issues impacting volumes, higher discounts, and higher cost inflation

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

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Total Volumes (nos)	3,814	19,433	33,408	44,022	17,987	27,543	34,077	53,311	100,677	132,918
Growth %	-90.4	-32.8	7.1	72.7	371.6	41.7	2.0	21.1	-19.6	32.0
Realizations (INR '000)	1,707	1,460	1,441	1,590	1,641	1,619	1,651	1,694	1,520	1,660
Change (%)	18.9	7.5	12.0	5.6	-3.9	10.9	14.6	6.5	9.0	9.2
Net operating revenues	6,509	28,366	48,135	70,005	29,510	44,579	56,257	90,318	153,015	220,664
Change (%)	-88.5	-27.8	19.9	82.4	353.4	57.2	16.9	29.0	-12.4	44.2
RM/sales %	64.1	71.2	74.4	76.9	74.1	76.7	77.2	77.4	74.5	76.8
Staff/sales %	54.4	13.2	9.4	5.7	14.4	9.0	7.2	4.8	10.4	7.5
Other exp/sales %	32.6	12.8	10.9	9.7	16.2	11.3	10.0	10.1	11.6	11.1
EBITDA	-3,332	804	2,538	5,342	-1,401	1,347	3,126	7,044	5,351	10,116
EBITDA Margins(%)	-51.2	2.8	5.3	7.6	-4.7	3.0	5.6	7.8	3.5	4.6
Interest	768	872	656	771	707	871	750	722	3,068	3,050
Other Income	256	219	341	380	134	209	190	167	1,195	700
Depreciation	1,637	1,712	1,944	2,185	1,835	1,843	1,875	1,909	7,477	7,461
PBT before EO Item	-5,481	-1,561	278	2,766	-3,809	-1,157	691	4,580	-3,999	304
EO Exp/(Inc)	17	17	460	-374	17	-2	0	0	120	0
PBT after EO	-5,498	-1,578	-182	3,139	-3,826	-1,155	691	4,580	-4,119	304
Effective Tax Rate (%)	29.3	7.1	-6.2	23.2	26.2	28.1	26.0	26.1	23.8	16.1
Adj PAT	-3,875	-1,454	157	2,127	-2,810	-832	511	3,383	-3,045	255
Change (%)	-259.1	-277.8	-46.3	-1,899.0	-27.5	-42.8	226.2	59.0	-188.9	-108.4

E: MOFSL Estimates

Bajaj Auto**Neutral****CMP: INR3,276 | TP: INR3,400 (+4%)****EPS CHANGE (%): FY22|23E: -4|-9**

- Strong exports offset weakness in the domestic market
- Domestic 3W volumes showing signs of recovery
- Higher export contribution and price hikes to dilute impact of cost inflation
- Earnings downgrade on lowering of volume estimates as well as increase in commodity cost estimates

Quarterly Performance**(INR m)**

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Volumes ('000 units)	443	1,053	1,307	1,170	1,006	1,144	1,181	1,247	3,973	4,579
Growth YoY (%)	-64.5	-10.2	8.7	17.9	127.0	8.6	-9.6	6.6	(13.9)	15.3
Realization (INR/unit)	69,493	67,935	68,180	73,492	73,419	75,328	76,270	75,950	69,826	75,321
Growth YoY (%)	11.7	3.4	7.3	7.0	5.6	10.9	11.9	3.3	7.7	7.9
Net Sales	30,792	71,559	89,099	85,961	73,860	86,206	90,102	94,732	2,77,411	3,44,901
Change (%)	-60.3	-7.2	16.6	26.1	139.9	20.5	1.1	10.2	(7.3)	24.3
RM/Sales %	67.1	70.7	70.8	71.9	73.0	74.9	75.4	75.0	70.7	74.7
Staff cost/Sales %	11.0	4.5	3.6	3.6	4.9	4.1	4.0	3.9	4.6	4.2
Oth. Exp./Sales %	8.7	7.1	6.2	6.9	6.9	6.5	6.4	6.4	7.0	6.5
EBITDA	4,085	12,662	17,296	15,241	11,198	12,596	12,869	14,148	49,285	50,810
EBITDA Margins (%)	13.3	17.7	19.4	17.7	15.2	14.6	14.3	14.9	17.8	14.7
Other Income	3,379	2,858	3,692	2,836	3,293	3,183	2,700	2,725	12,765	11,901
Extraordinary Inc	0	0	0	0	0	1,416	0	0	0	1,416
Interest	10	27	10	20	23	17	20	25	67	85
Depreciation	638	643	650	662	641	656	670	686	2,593	2,653
PBT after EO	6,817	14,851	20,328	17,395	13,827	16,521	14,879	16,162	59,390	61,389
Effective Tax Rate (%)	22.5	23.4	23.4	23.4	23.3	22.9	23.0	25.2	23.3	23.6
Adj. PAT	5,280	11,382	15,563	13,321	10,612	11,664	11,457	12,081	45,546	45,809
Change (%)	(53.1)	(18.8)	23.4	1.7	101.0	2.5	(26.4)	(9.3)	(10.7)	0.6

E: MOFSL Estimates

Balkrishna Industries**Neutral****CMP: INR2,329 | TP: INR2,625 (13%)****EPS CHANGE (%): FY22|23E: 0|-6**

- BIL is operating at full capacity, restricting volumes on a QoQ basis
- Continued impact of sharp increase in logistic costs
- No material price hikes in 3QFY22; plans to take hikes in Jan'22
- Earnings downgrade for FY23E driven by higher assumptions for commodity basket

Quarterly Earnings Model (Standalone)**(INR m)**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Volumes (Ton)	38,096	61,224	59,810	68,002	68,608	72,748	73,566	74,000	2,27,131	2,88,922
YoY Change (%)	-25.7	35.5	26.4	17.3	80.1	18.8	23.0	8.8	12.6	27.2
Realizations (INR '000/ton)	247.2	253.5	250.2	257.3	266.5	285.9	287.3	293.0	252.7	283.5
YoY Change (%)	4.2	3.4	0.0	7.4	7.8	12.8	14.8	13.9	4.1	12.2
Net Revenues	9,417	15,518	14,966	17,499	18,281	20,798	21,137	21,685	57,399	81,901
YoY Change (%)	-22.7	40.2	26.5	26.0	94.1	34.0	41.2	23.9	17.2	42.7
Total Expenditure	6,981	10,421	10,282	12,041	13,004	15,299	15,599	15,805	39,724	59,708
EBITDA	2,436	5,097	4,684	5,458	5,277	5,499	5,538	5,880	17,675	22,193
Margins (%)	25.9	32.8	31.3	31.2	28.9	26.4	26.2	27.1	30.8	27.1
Depreciation	996	1,012	1,019	1,034	1,041	1,085	1,180	1,193	4,062	4,499
Interest	24	34	17	23	21	18	22	31	98	92
Other Income	203	454	594	544	632	1,031	750	788	1,795	3,201
PBT before EO expense	1,619	4,505	4,241	4,945	4,847	5,427	5,086	5,444	15,310	20,803
Rate (%)	24.7	24.6	24.1	24.7	26.2	26.4	25.5	25.6	24.5	25.9
Adj PAT	1,218	3,395	3,219	3,722	3,575	4,020	3,789	4,051	11,554	15,410
YoY Change (%)	-30.8	16.7	45.9	44.7	193.5	18.4	17.7	8.8	22.3	33.4
Margins (%)	12.9	21.9	21.5	21.3	19.6	19.3	17.9	18.7	20.1	18.8

E: MOFSL Estimates

Bharat Forge**Buy****CMP: INR711 | TP: INR965 (+36%)****EPS CHANGE (%): FY22|23E: -3|-5**

- Semi-conductor shortage related impact expected in 3QFY22 for exports of CVs and PVs
- Domestic CV and PV businesses to see good QoQ improvement
- Adverse mix to impact profitability on QoQ basis
- Lowering of FY23E EPS on account of impact of semi-conductor shortage on export business

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

	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Tonnage	17,840	40,775	50,943	55,837	53,512	57,094	55,528	60,459	1,65,396	2,26,593
Change (%)	-70.7	-23.8	8.4	39.0	200.0	40.0	9.0	8.3	-18.0	37.0
Realization (INR '000/ton)	239.3	216.2	203.3	234.1	256.4	279.5	272.8	269.3	220.8	269.7
Change (%)	8.2	-8.1	-11.3	6.7	7.1	29.3	34.2	15.0	-2.5	22.1
Net operating income	4,270	8,815	10,357	13,073	13,718	15,956	15,149	16,280	36,515	61,104
Change (%)	-68.3	-30.0	-3.8	48.4	221.3	81.0	46.3	24.5	-20.0	67.3
EBITDA	17	1,660	2,333	3,338	3,910	4,437	4,093	4,559	7,348	16,999
EBITDA Margins (%)	0.4	18.8	22.5	25.5	28.5	27.8	27.0	28.0	20.1	27.8
Non-Operating Income	420	313	352	320	333	322	340	305	1,405	1,300
Interest	299	75	268	137	406	142	150	163	779	860
Depreciation	808	883	964	1006	1019	1026	1050	1123	3,661	4,218
Fx loss/(gain)	46	94	185	-253	-4	-307	0	0	72	-311
PBT after EO items	-716	892	1,214	2,760	2,206	4,009	3,233	3,578	4,149	13,025
Eff. Tax Rate (%)	21.4	21.2	23.6	25.6	24.4	22.2	25.5	25.8	24.8	24.4
Rep. PAT	-563	702	927	2,054	1,667	3,118	2,409	2,655	3,121	9,849
Change (%)	-132.3	-71.3	-27.5	-380.3	-396.0	343.9	159.8	29.2	-34.1	215.6
Adj. PAT	-563	724	968	2,061	2,133	3,035	2,409	2,655	3,190	10,254
Change (%)	-132.3	-70.4	-24.2	11,691.5	-478.8	319.0	148.8	28.9	-41.9	221.4

E: MOFSL Estimates

Bosch**Neutral****CMP: INR17,293 | TP: INR17,825 (+3%)****EPS CHANGE (%): FY22|23E: -3|-7**

- Impact of weak tractor volumes to be offset by strong CV volumes in 3QFY22
- Increasing semiconductor availability to be impacted by tepid 2W and tractor demand
- QoQ decline in margins due to seasonality
- Restructuring exercise complete; would support margins

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

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	9,915	24,792	30,296	32,177	24,435	29,180	32,720	35,770	97,180	1,22,105
Gross operating income	9,915	24,792	30,296	32,177	24,435	29,180	32,720	35,770	97,180	1,22,105
YoY Change (%)	-64.0	7.2	19.4	43.8	146.4	17.7	8.0	11.2	-1.3	25.6
RM Cost (% of sales)	57.7	59.4	57.9	61.4	58.9	62.8	59.5	59.5	59.4	60.2
Staff Cost (% of sales)	24.5	12.4	8.1	9.1	11.1	8.7	8.0	7.8	11.2	8.7
Other Expenses (% of sales)	28.1	16.6	22.2	15.2	17.5	16.3	20.5	17.4	19.1	18.0
Total Expenditure	10,937	21,911	26,716	27,572	21,369	25,605	28,794	30,265	87,142	1,06,032
EBITDA	-1,021	2,881	3,581	4,605	3,066	3,575	3,926	5,505	10,039	16,073
Margins (%)	-10.3	11.6	11.8	14.3	12.5	12.3	12.0	15.4	10.3	13.2
Depreciation	728	796	969	921	671	829	975	1,040	3,414	3,515
Interest	18	13	68	41	32	15	30	53	140	130
Other Income	1,734	1,015	1,113	1,171	990	1,244	1,200	1,427	5,040	4,860
PBT before EO expense	-34	3,086	3,657	4,815	3,353	3,975	4,121	5,839	11,524	17,289
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	3,975	4,121	5,839	5,969	17,289
Tax	-801	-266	332	1,580	756	255	1,113	1,615	846	3,739
Tax Rate (%)	46.9	29.1	15.2	24.7	22.5	6.4	27.0	27.7	14.2	21.6
Reported PAT	-907	-648	1,858	4,820	2,598	3,720	3,009	4,224	5,123	13,550
Adj PAT	530	2,785	3,116	3,459	2,598	3,720	3,009	4,224	9,890	13,550
YoY Change (%)	-84.6	-11.1	10.6	13.1	390.4	33.5	-3.5	22.1	-20.6	37.0

E: MOFSL Estimates

Ceat**Buy****CMP: INR1,210 | TP: INR1,425 (+18%)****EPS CHANGE (%): FY22|23E: -4|-38**

- Good demand in aftermarket to dilute weakness in 2W demand
- Despite consistent price hikes, under-recovery of 3–5% on account of commodity cost inflation
- Ramp-up at new TBR/PCR plant to support volumes
- Earnings downgrade for FY23E driven by higher assumptions for commodity basket

Consolidated - Quarterly Earnings Model**(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	11,202	19,785	22,213	22,897	19,064	24,518	25,100	25,757	76,096	94,439
YoY Change (%)	-36.1	17.0	26.1	45.5	70.2	23.9	13.0	12.5	12.3	24.1
RM cost (%)	59.7	53.5	54.5	58.0	61.1	63.1	64.0	63.4	56.1	63.0
Employee cost (%)	13.5	8.1	8.1	8.0	9.3	7.0	7.0	6.9	8.9	7.5
Other expenses (%)	17.6	23.5	22.7	22.6	20.9	20.9	20.5	20.4	22.1	20.7
EBITDA	1,020	2,925	3,277	2,608	1,662	2,203	2,136	2,405	9,830	8,405
Margins (%)	9.1	14.8	14.8	11.4	8.7	9.0	8.5	9.3	12.9	8.9
Depreciation	785	839	873	899	965	1,206	1,150	1,192	3,396	4,513
Interest	488	450	419	399	460	496	515	536	1,755	2,006
Other Income	28	38	41	32	39	28	41	73	138	180
PBT before EO expense	-225	1,674	2,025	1,342	276	529	512	750	4,816	2,066
Exceptional item	218	0	123	0	0	5	0	0	341	5
PBT	-443	1,674	1,903	1,342	276	524	512	750	4,476	2,061
Tax	-56	-15	696	-110	115	153	133	197	516	598
Tax Rate (%)	12.6	-0.9	36.6	-8.2	41.8	29.2	26.0	26.2	11.5	29.0
Minority Int. & Profit of Asso. Cos.	-40	-130	-115	-76	-79	-49	-50	-52	-361	-230
Reported PAT	-348	1,819	1,321	1,528	240	420	429	605	4,320	1,693
Adj PAT	-155	1,819	1,430	1,528	240	423	429	605	4,622	1,697
YoY Change (%)	-125	308	170	116	-255	-77	-70	-60	100.2	-63

E:MOFSL Estimates

Eicher Motors

Buy

CMP: INR2,719 | TP: INR3,225 (+19%)

EPS CHANGE (%): FY22|23E: -4|-9

- Availability of semiconductors for ABS aids recovery in volumes towards end of 3QFY22
- Despite op. lev., QoQ margin improvement just 30bp as 2QFY22 had ~140bp benefit from reversal of ESOP charge
- VECV volumes improve QoQ, but higher discounts and cost inflation to keep margins in check
- Earnings downgrade on lower volumes in both RE and VECV

Quarterly (Consolidated)

(INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Operating income	8,182	21,336	28,283	29,403	19,743	22,496	30,370	36,595	87,204	109,203
Growth (%)	-65.7	-2.7	19.3	33.2	141.3	5.4	7.4	24.5	-4.7	25.2
EBITDA	38	4,711	6,720	6,844	3,630	4,699	6,470	8,940	18,313	23,739
EBITDA Margins (%)	0.5	22.1	23.8	23.3	18.4	20.9	21.3	24.4	21.0	21.7
PAT	102	3,472	5,012	4,571	2,765	3,634	5,002	6,655	13,146	18,056
Share of JV Loss/(PAT)/ Min. Int.	654	39	-314	-690	394	-98	-169	-701	-311.3	-574
Recurring PAT	-552	3,433	5,326	5,633	2,371	3,732	5,170	7,356	13,829	18,630
Growth (%)	-112.2	-40.0	6.8	85.1	-529.8	8.7	-2.9	30.6	-24.3	34.7

Standalone (Royal Enfield)

(INR Million)	FY21E				FY21E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Y/E March										
Royal Enfield ('000 units)	57	151	200	205	124	123	170	205	612	622
Growth (%)	-68.8	-9.6	9.2	25.6	115.9	-18.0	-15.1	0.3	-12.0	1.6
Net Realn (INR '000/unit)	134.3	141.1	140.4	142.8	154.3	176.8	175.0	175.5	140.8	171.4
Change - YoY (%)	4.8	7.7	8.6	6.7	14.9	25.3	24.6	22.9	7.9	21.7
EBITDA	12	4,838	6,580	6,685	3,345	4,427	6,108	8,598	17,865	22,477
EBITDA Margins (%)	0.2	22.8	23.5	22.9	17.5	20.3	20.6	23.9	20.7	21.1

Endurance Technologies

Buy

CMP: INR1,699 | TP: INR1,950 (+15%)

EPS CHANGE (%): FY22|23E: -17|-15

- Slowdown in underlying 2W industry leads to YoY decline in standalone revenue
- EU business continues to witness impact of semiconductor shortage
- QoQ margin decline due to substantially lower incentives in India
- Delayed recovery in India 2W volumes, continued impact of semi-conductor shortage in EU drive EPS cuts

Consolidated - Quarterly

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
INR m										
Net Sales	6,031	17,422	20,409	21,329	16,937	18,876	18,161	22,346	65,191	76,320
YoY Change (%)	-67.6	-1.6	24.4	33.0	180.8	8.3	-11.0	4.8	-5.2	17.1
RM Cost (% of sales)	47.9	54.9	54.1	57.3	53.8	58.6	58.0	57.7	54.8	57.1
Staff Cost (% of sales)	21.9	9.6	8.9	9.1	11.5	8.7	10.1	9.1	10.4	9.8
Other Exp. (% of sales)	23.1	19.1	19.8	18.1	20.3	18.9	18.4	18.5	19.3	19.1
EBITDA	427	2,852	3,521	3,322	2,443	2,600	2,365	3,285	10,123	10,693
Margins (%)	7.1	16.4	17.3	15.6	14.4	13.8	13.0	14.7	15.5	14.0
Depreciation	856	973	1,045	1,118	983	940	1,075	1,336	3,991	4,334
Interest	42	35	42	19	15	18	21	30	138	83
Other Income	109	71	58	69	127	82	110	129	307	448
PBT before EO expense	-361	1,916	2,493	2,254	1,573	1,724	1,379	2,048	6,301	6,724
Exceptional Item	0	-279	112	0	315	0	0	0	-167	0
PBT after EO	-361	2,195	2,380	2,254	1,258	1,724	1,379	2,048	6,468	6,724
Eff. Tax Rate (%)	31.0	23.9	20.2	16.9	23.3	22.7	26.0	28.8	19.7	24.3
Rep. PAT	-249	1,672	1,901	1,873	966	1,333	1,020	1,459	5,196	5,092
Adj. PAT	-249	1,447	1,991	1,873	1,204	1,333	1,020	1,459	5,061	5,092
YoY Change (%)	-119.2	-14.4	60.5	67.0	-583.4	-7.9	-48.7	-22.1	-5.4	0.6

E: MOFSL estimates

Escorts**Neutral****CMP: INR1,901 | TP: INR1,875 (-1%)****EPS CHANGE (%): FY22|23E: -6|-6**

- Peaking of tractor cycle to impact growth momentum
- RM cost inflation and high other expense to keep margins in check in 3Q
- Downgrades in earnings as we lower tractor volumes
- Yet to factor in the benefit of Kubota alliance

Standalone Quarterly Performance**(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	10,616	16,397	20,174	22,105	16,715	16,623	18,993	22,879	69,293	75,209
YoY Change (%)	-25.4	23.9	23.5	60.1	57.4	1.4	-5.9	3.5	20.3	8.5
EBITDA	1,196	3,009	3,641	3,447	2,332	2,101	2,586	3,736	11,292	10,755
Margins (%)	11.3	18.3	18.0	15.6	14.0	12.6	13.6	16.3	16.3	14.3
Depreciation	264	274	315	304	314	329	330	359	1,157	1,332
Interest	19	32	33	26	30	36	30	24	110	120
Other Income	298	376	472	399	472	639	525	539	1,546	2,175
PBT	1,211	3,078	3,765	3,516	2,461	2,374	2,751	3,891	11,571	11,478
Rate (%)	23.9	25.3	25.5	22.8	24.8	25.6	25.2	25.1	24.5	25.2
Adj. PAT	922	2,299	2,807	2,713	1,852	1,767	2,058	2,913	8,741	8,590
YoY Change (%)	5.3	106.0	83.4	93.3	101.0	-23.1	-26.7	7.4	77.4	-1.7
Margins (%)	8.7	14.0	13.9	12.3	11.1	10.6	10.8	12.7	12.6	11.4

E: MOFSL Estimates

Exide Industries**Buy****CMP: INR170 | TP: INR235(+38%)****EPS CHANGE (%): FY22|23E: -2|+2**

- Adverse product mix (higher OEM sales), RM costs to impact margins
- Impact of lead prices rising 11% QoQ in 2QFY22 to reflect in 3QFY22 (with a quarter lag)

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

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	15,476	27,534	28,010	29,388	24,864	32,900	32,492	33,136	1,00,408	1,23,392
Growth YoY (%)	-44.3	5.5	16.2	43.0	60.7	19.5	16.0	12.8	1.9	22.9
RM (%)	68.8	65.0	64.1	65.7	68.5	67.2	68.5	68.3	65.5	68.1
Employee cost (%)	9.0	6.9	7.4	6.3	7.4	6.5	6.3	6.3	7.2	6.5
Other Exp(%)	12.6	13.9	14.1	14.0	13.6	13.8	14.0	13.9	13.8	13.8
EBITDA	1,485	3,920	4,028	4,123	2,606	4,134	3,636	3,847	13,556	14,222
EBITDA Margin(%)	9.6	14.2	14.4	14.0	10.5	12.6	11.2	11.6	13.5	11.5
Change (%)	-63.6	6.8	25.9	52.6	75.5	5.4	-9.7	-6.7	-0.7	4.9
Non-Operating Income	70	148	201	235	152	109	200	254	654	714
Interest	14	63	76	85	109	86	80	45	238	320
Depreciation	914	953	953	974	1,009	1,012	1,070	1,092	3,794	4,182
PBT after EO Exp	627	3,052	3,200	3,300	1,640	3,145	2,686	2,963	10,179	10,434
Effective Tax Rate (%)	29.9	25.0	24.6	26.0	23.5	25.5	25.1	25.1	25.5	25.0
Adj. PAT	440	2,288	2,414	2,441	1,254	2,344	2,012	2,221	7,583	7,830
Change (%)	-80.4	-3.6	13.2	45.3	185.4	2.4	-16.7	-9.0	-10.0	3.3

Hero MotoCorp

Buy

CMP: INR2,477 | TP: INR2,875 (+16%)

EPS CHANGE (%): FY22 | 23E: -14 | -18

- Very weak volumes impact performance
- RM cost inflation weighs on adverse operating leverage
- However, price hikes and cost-cutting to dilute impact
- EPS downgrades due to weak demand

Quarterly Performance (S/A)

(INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Total Volumes ('000 nos)	565	1,815	1,845	1,567	1,024	1,439	1,292	1,494	5,792	5,250
Growth YoY (%)	-69.4	7.3	19.8	17.4	81.4	-20.7	-30.0	-4.6	-9.6	-9.4
Net Realization	52,625	51,620	52,977	55,434	53,559	58,760	59,936	60,085	53,182	58,412
Growth YoY (%)	20.8	15.3	16.7	18.6	1.8	13.8	13.1	8.4	18.2	9.8
Net Op Revenues	29,715	93,673	97,758	86,860	54,871	84,534	77,445	89,784	3,08,006	3,06,633
Growth YoY (%)	-63.0	23.7	39.7	39.2	84.7	-9.8	-20.8	3.4	6.8	-0.4
RM Cost (% sales)	70.5	71.1	70.5	70.4	72.5	72.3	72.4	72.1	70.7	72.3
Staff Cost (% sales)	12.9	5.5	5.3	5.6	7.9	6.0	6.5	5.7	6.2	6.4
Other Exp (% sales)	13.0	9.7	9.8	10.0	10.2	9.1	9.0	9.3	10.1	9.3
EBITDA	1,081	12,864	14,136	12,112	5,148	10,664	9,393	11,606	40,192	36,811
EBITDA Margins (%)	3.6	13.7	14.5	13.9	9.4	12.6	12.1	12.9	13.0	12.0
Other Income	1,485	1,413	2,027	874	1,386	1,569	1,550	1,500	5,799	6,005
Interest	63	46	47	63	61	65	60	64	218	250
Depreciation	1,708	1,732	1,698	1,631	1,630	1,639	1,650	1,687	6,769	6,606
PBT before EO Exp/(Inc)	795	12,500	14,418	11,291	4,844	10,529	9,233	11,355	39,004	35,960
Effective Tax Rate (%)	22.9	23.7	24.8	23.4	24.6	24.5	24.0	24.3	24.0	24.3
Adj. PAT	613	9,535	10,845	8,650	3,654	7,944	7,017	8,595	29,642	27,210
Growth (%)	-90.3	3.3	23.2	39.4	496.1	-16.7	-35.3	-0.6	-3.0	-8.2

MRF

Neutral

CMP: INR73,374 | TP: INR68,700 (-6%)

EPS CHANGE (%): FY22 | 23E: -19 | -30

- Replacement demand remains strong, whereas OEM sales recover on QoQ basis
- RM basket estimated to be higher by 4–5% QoQ in 3QFY22
- Despite consistent price hikes, under-recovery of 3–5% on account of commodity cost inflation
- Earnings downgrade for FY23E driven by higher assumptions for commodity basket

Standalone - Quarterly Earnings

(INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	24,306	41,864	45,668	47,377	41,277	48,317	48,408	51,667	1,59,214	1,89,668
YoY Change (%)	-44.9	6.0	13.9	30.7	69.8	15.4	6.0	9.1	-0.4	19.1
Total Expenditure	20,991	33,319	36,036	39,921	36,405	43,194	43,264	45,674	1,30,267	1,68,537
EBITDA	3,315	8,544	9,631	7,456	4,872	5,122	5,144	5,992	28,947	21,131
Margins (%)	13.6	20.4	21.1	15.7	11.8	10.6	10.6	11.6	18.2	11.1
Depreciation	2,730	2,839	2,831	2,970	3,007	2,958	3,050	3,033	11,369	12,049
Interest	737	528	638	745	621	566	600	606	2,647	2,392
Other Income	430	443	634	565	924	887	900	886	2,072	3,597
PBT before EO expense	279	5,620	6,797	4,306	2,168	2,485	2,394	3,240	17,003	10,287
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	279	5,620	6,797	4,306	2,168	2,485	2,394	3,240	17,003	10,287
Tax	108	1,590	1,680	1,134	555	652	622	846	4,512	2,675
Rate (%)	38.8	28.3	24.7	26.3	25.6	26.2	26.0	26.1	26.5	26.0
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0	0	0
Reported PAT	171	4,030	5,117	3,173	1,613	1,834	1,771	2,394	12,490	7,612
Adj PAT	171	4,030	5,117	3,173	1,613	1,834	1,771	2,394	12,490	7,612
YoY Change (%)	-93.6	82.9	116.3	-52.6	845.8	-54.5	-65.4	-24.5	-10.5	-39.1
Margins (%)	0.7	9.6	11.2	6.7	3.9	3.8	3.7	4.6	7.8	4.0

E: MOFSL Estimates

Mahindra & Mahindra**Buy****CMP: INR830 | TP: INR1135 (+37%)****EPS CHANGE (%): FY22|23E: -4|-12**

- SUVs and Pickups see good demand recovery, but restricted by supply chain constraints
- Margins impacted by cost inflation and weaker mix
- Tractor demand under pressure on high base of last year
- EPS downgrades to account for lower volumes in tractors and higher cost inflation

Quarterly Performance (incl MVML)**(INR m)**

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Total Volumes (nos)	95,308	1,85,270	2,23,978	2,02,223	1,86,777	1,90,600	2,14,134	2,26,431	7,06,779	8,17,942
Growth YoY (%)	-56.3	-3.2	3.3	33.3	96.0	2.9	-4.4	12.0	-9.1	15.7
Net Realization	5,86,460	6,21,920	6,23,567	6,59,576	6,29,777	6,98,078	7,04,631	7,12,306	6,28,435	6,88,136
Growth YoY (%)	-0.1	8.9	11.5	11.1	7.4	3.0	13.0	8.0	9.0	9.5
Net Op. Income	55,894	1,15,223	1,39,665	1,33,382	1,17,628	1,33,054	1,50,886	1,61,288	4,44,164	5,62,855
Growth YoY (%)	-56.4	5.4	15.2	48.1	110.4	15.5	8.0	20.9	-1.0	26.7
RM Cost (% of sales)	64.8	66.8	68.9	69.2	69.6	72.8	73.8	74.1	68.0	72.8
Staff (% of sales)	13.8	6.9	6.3	6.0	7.5	6.0	5.5	5.6	7.3	6.0
Oth. Exp. (% of Sales)	11.1	9.1	8.3	10.2	9.0	8.8	8.6	9.6	9.4	8.8
EBITDA	5,732	19,893	22,955	19,605	16,317	16,598	18,333	18,550	68,186	69,797
EBITDA Margins (%)	10.3	17.3	16.4	14.7	13.9	12.5	12.2	11.5	15.4	12.4
Change (%)	-68.0	29.1	28.3	59.7	184.7	-16.6	-20.1	-5.4	7.4	2.4
Other income	1,338	3,839	5,618	1,178	2,052	11,048	2,000	1,862	11,973	16,962
Interest	768	1,179	1,039	971	714	425	700	733	3,957	2,572
Depreciation	5,813	5,870	6,043	5,899	5,586	5,807	6,200	6,642	23,624	24,235
EBIT	-81	14,023	16,913	13,706	10,731	10,792	12,133	11,907	44,562	45,562
EO Income/(Exp)	288	-10,815	-11,240	-8,399	-785	-2,550	0	0	-30,165	-3,335
PBT after EO	777	5,869	10,252	5,514	11,284	18,865	13,433	13,036	22,413	56,618
Tax	99	4,252	4,944	3,888	2,728	4,548	3,264	3,218	13,183	13,758
Effective Tax Rate (%)	12.7	72.4	48.2	70.5	24.2	24.1	24.3	24.7	58.8	24.3
Reported PAT	678	1,618	5,308	1,625	8,556	14,317	10,168	9,818	9,229	42,860
Adj PAT	390	12,916	17,079	10,020	9,340	16,870	10,168	9,818	40,405	46,196
Change (%)	-95.8	-4.7	74.1	210.2	2,294.9	30.6	-40.5	-2.0	13.0	14.3

E: MOFSL Estimates

Mahindra CIE**Buy****CMP: INR234 | TP: INR300 (+38%)****EPS CHANGE (%): CY21|22E: -5|-3**

- Management focus on increasing share of new orders to drive growth
- Cost-cutting initiatives in both India and EU to support margins
- EU impacted by supply chain issues and increase in COVID cases
- Domestic sales growth offsets impact in the EU

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

(INR m)	CY20				CY21				CY20	CY21E
Y/E December	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	16,627	7,355	16,943	19,576	21,894	20,425	20,907	20,364	60,501	83,590
YoY Change (%)	-23.5	-65.7	-9.3	13.6	31.7	177.7	23.4	4.0	-23.5	38.2
EBITDA	1,822	-963	1,508	2,475	2,868	2,598	2,685	2,580	5,016	10,732
Margins (%)	11.0	-13.1	8.9	12.6	13.1	12.7	12.8	12.7	8.3	12.8
Depreciation	815	518	849	882	883	886	835	885	3,064	3,489
Interest	182	167	142	57	142	131	133	133	548	539
Other Income	49	179	420	74	194	116	74	250	549	633
PBT before EO expense	873	-1,468	937	1,611	2,037	1,697	1,791	1,811	1,953	7,336
EO Exp/(Inc)	-1	2	0	0	1,425	0	-293	0	0	1,132
PBT after EO exp	874	-1,470	937	1,611	612	1,697	2,084	1,811	1,952	6,204
Tax Rate (%)	28.3	12.5	35.2	30.6	83.6	19.7	20.1	41.4	45.4	32.5
Adj. PAT	626	-1,286	607	1,119	1,526	1,362	1,467	1,061	1,067	5,415
YoY Change (%)	-59.1	-201.9	4.2	500.2	143.5	-205.9	141.5	-5.1	-70.1	407.7
Margins (%)	3.8	-17.5	3.6	5.7	7.0	6.7	7.0	5.2	1.8	6.5

Maruti Suzuki

Buy

CMP: INR7,520 | TP: INR8,825 (+17%)

EPS CHANGE (%): FY22 | 23E: -26 | -18

- Strong demand and supply-side constraints result in lower than normal channel inventory
- Strong market share in fast-growing CNG segment, but weakness in SUV leads to overall lower share
- New product launches, platform upgrades to drive growth in FY23E
- EPS downgrade factors in slower improvement in supply-side issues and higher RM costs

S/A Quarterly Performance

(INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Financial Performance										
Volumes ('000 units)	76.6	393.1	495.9	492.8	353.6	379.5	430.7	490.5	1,458.4	1,654.3
Change (%)	-81.0	16.2	13.4	28.2	361.6	-3.5	-13.2	-0.5	-6.7	13.4
Realizations (INR/car)	5,36,104	4,76,802	4,73,038	4,87,538	5,02,545	5,41,151	519,505	528,494	482,264	523,511
Change (%)	9.4	-5.0	-0.1	3.0	-6.3	13.5	9.8	8.4	-0.3	8.6
Net operating revenues	41,065	1,87,445	2,34,578	2,40,237	1,77,707	2,05,389	223,734	259,203	703,325	866,033
Change (%)	-79.2	10.4	13.3	32.0	332.7	9.6	-4.6	7.9	-7.0	23.1
RM Cost (% of sales)	71.5	70.0	72.5	73.9	74.8	75.8	76.3	75.9	72.3	75.8
Staff Cost (% of sales)	17.8	4.4	4.0	3.7	6.0	4.7	4.5	3.9	4.8	4.7
Other Cost (% of sales)	31.7	15.3	13.9	14.1	14.6	15.3	14.9	14.0	15.3	14.7
EBITDA	-8,634	19,336	22,261	19,911	8,211	8,549	9,778	15,925	53,453	42,464
EBITDA Margins (%)	-21.0	10.3	9.5	8.3	4.6	4.2	4.4	6.1	7.6	4.9
EBIT	-16,467	11,677	14,848	12,501	779	988	2,178	8,246	23,138	12,191
EBIT Margins (%)	-40.1	6.2	6.3	5.2	0.4	0.5	1.0	3.2	3.3	1.4
Non-Operating Income	13,183	6,025	9,937	898	5,078	5,227	5,750	6,162	29,464	22,217
PBT	-3,457	17,478	24,498	13,075	5,635	5,990	7,728	14,225	51,594	33,578
Adjusted PAT	-2,494	13,716	19,414	11,661	4,408	4,753	6,183	11,303	42,297	26,647
Change (%)	-117.4	1.0	24.1	-9.7	-276.7	-65.3	-68.2	-3.1	-25.1	-37.0

Motherson Sumi

Buy

CMP: INR225 | TP: INR285 (+27%)

EPS CHANGE (%): FY22 | 23E: -13 | -13

- SMRBPV business continues to be impacted by supply-side issues
- PKC revenue remains under pressure as US Class 8 trucks impacted by semiconductor shortage
- India PV industry drives domestic growth
- Margins to improve QoQ on operating leverage

Quarterly performance (Consol. Incl DWH)

(INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	85,039	1,56,735	1,80,283	1,79,892	1,68,505	1,50,168	1,66,471	1,96,275	6,01,950	6,81,419
YoY Change (%)	-49.4	-1.6	15.1	18.7	98.2	-4.2	-7.7	9.1	-5.3	13.2
EBITDA	-6,300	15,530	20,410	20,060	14,620	12,080	15,839	21,277	49,700	63,816
Margins (%)	-7.4	9.9	11.3	11.2	8.7	8.0	9.5	10.8	8.3	9.4
Depreciation	7,123	7,577	7,615	7,965	7,798	7,696	7,800	7,806	30,280	31,100
Interest	1,115	1,349	1,470	1,475	1,298	1,403	1,250	1,010	5,409	4,961
Other income	481	406	425	580	566	429	500	555	1,891	2,050
PBT before EO expense	-14,058	7,010	11,750	11,200	6,090	3,410	7,289	13,016	15,902	29,804
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	3,410	7,289	13,016	15,280	29,799
Tax Rate (%)	15.2	27.1	-5.7	11.1	29.9	38.4	31.0	31.9	2.1	32.0
Min. Int & Share of profit	-3,810	1,088	4,363	2,813	1,367	-67	1,800	3,097	4,454	6,197
Adj PAT	-8,104	3,720	7,980	7,142	2,900	2,169	3,229	5,773	10,737	14,070
YoY Change (%)	-344.4	-3.3	195.0	289.5	-135.8	-41.7	-59.5	-19.2	-8.2	31.0

E: MOFSL Estimates

Tata Motors

Buy

CMP: INR497 | TP: INR610 (+23%)

EPS CHANGE (%): FY22|23E: -27|-21

- India business growth driven by continuous demand momentum in both PV and CV
- QoQ growth in JLR margins on operating leverage
- JLR has rich product mix, with higher share of LR and China; cost-cutting to aid performance
- EPS cut led by assumption of slower improvement in semi-conductor supplies and higher commodity costs

Quarterly Performance [Consol]

(INR m)

Y/E March	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
JLR vols. (incl JV)	65,425	91,367	1,19,658	1,36,461	97,141	78,251	98,000	136,976	412,911	410,368
JLR Realizations (GBP/unit)	58,452	59,250	58,315	53,289	58,810	60,751	62,574	61,708	56,758	61,015
JLR EBITDA (%)	3.6	11.1	15.8	15.3	9.0	7.3	12.1	15.8	12.8	11.7
JLR PAT (GBP m)	-648	117	388	566	-286	-381	72	720	423	126
S/A vol. (units)	25,047	1,10,379	1,58,208	1,91,730	1,14,784	1,71,270	199,795	240,346	485,364	726,195
S/A Realizations (INR/unit)	1072,731	875,900	921,666	1040,820	1037,084	1096,398	1083,421	1094,383	3	50
S/A EBITDA (%)	-26.2	2.9	7.1	8.3	2.5	4.0	5.6	6.6	4.8	5.1
S/A PAT (INR m)	-21,418	-11,661	-6,288	98	-12,960	0	-4,022	1,077	-39,857	-24,092
Net Op Income	3,19,831	5,35,300	7,56,538	8,86,279	6,64,065	6,13,788	754,685	999,345	2,497,948	3,031,882
Growth (%)	-48.0	-18.2	5.5	41.8	107.6	14.7	-0.2	12.8	-4.3	21.4
EBITDA	6,356	56,653	1,15,096	1,27,448	52,576	40,498	82,701	124,275	305,553	300,050
EBITDA Margins (%)	2.0	10.6	15.2	14.4	7.9	6.6	11.0	12.4	12.2	9.9
Depreciation	55,994	56,015	61,288	62,171	62,021	61,233	62,500	65,268	235,467	251,023
Fx Loss/(Gain)	-471	-4,330	-6,231	-6,289	149	-668	-1,283	-3,331	-17,322	-5,133
Other Income	6,065	6,332	7,120	6,914	5,816	8,669	6,000	5,293	26,432	25,778
Interest Expenses	18,768	19,496	21,259	21,448	22,033	23,273	20,500	24,395	80,972	90,201
PBT before EO	-61,870	-8,196	45,900	57,032	-25,812	-34,671	6,984	43,236	32,867	-10,262
EO Exp/(Inc)	-32	-49	4,226	1,33,465	-25	45	0	0	137,610	19
PBT after EO Exp	-61,837	-8,147	41,674	-76,433	-25,786	-34,716	6,984	43,236	-104,743	-10,282
Tax rate (%)	-35.6	57.9	22.7	1.7	-67.6	-29.0	0.0	-41.6	-24.3	-92.0
PAT	-83,842	-3,433	32,222	-75,108	-43,206	-44,766	6,984	61,242	-130,161	-19,746
Minority Interest	60	-72	-350	-201	-8	-260	-110	105	-563	-274
Share in profit of Associate	-598	360	-2,807	-745	-1,295	611	-231	-2	-3,790	-918
Adj PAT	-84,420	-3,165	32,332	57,411	-45,066	-43,432	6,644	61,345	2,158	-20,900
Growth (%)	135.5	23.1	85.9	(182.1)	(46.6)	1,272.2	(79.5)	6.9	-102.4	-1068.4

E: MOFSL Estimates

TVS Motor Company**Neutral****CMP: INR629 | TP: INR625 (-1%)****EPS CHANGE (%): FY22|23E: -17| -11**

- Domestic volume decline partially offset by decent export performance
- Higher RM cost offset by price hike and better mix
- Cost-cutting initiatives dilute impact of operating deleverage
- EPS downgrade due to adverse performance in the domestic market

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

Y/E March (INR m)	FY21				FY22E				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Volumes (units)	2,66,913	8,67,834	9,89,517	9,27,579	6,57,758	9,16,705	8,78,659	9,01,328	30,51,861	33,54,450
Vols ('000 units)	266.9	867.8	989.5	927.6	657.8	916.7	878.7	901.3	3,051.9	3,354
Growth (%)	(71.1)	(2.0)	20.4	46.5	146.4	5.6	(11.2)	(2.8)	(6.5)	9.9
Realn (INR '000/unit)	53.6	53.1	54.5	57.4	59.8	61.1	62.6	63.9	54.9	62.0
Growth (%)	10.8	8.1	8.5	4.3	11.5	15.0	14.9	11.4	9.1	12.9
Net Sales	14,317	46,055	53,914	53,219	39,344	55,969	54,987	57,608	1,67,505	2,07,908
Growth (%)	(68.0)	5.9	30.7	52.9	174.8	21.5	2.0	8.2	2.0	24.1
RM (% of sales)	75.9	76.5	76.1	75.3	75.7	76.2	76.5	76.2	76.0	76.2
Emp cost (% of sales)	13.8	4.7	5.0	5.0	6.6	5.3	5.4	5.1	5.7	5.5
Other exp (% of sales)	13.8	9.5	9.4	9.5	10.7	8.8	8.6	8.6	9.8	9.1
EBITDA	-488	4,301	5,111	5,361	2,738	5,404	5,243	5,847	14,286	19,231
EBITDA Margin(%)	(3.4)	9.3	9.5	10.1	7.0	9.7	9.5	10.1	8.5	9.3
Interest	523	407	291	195	300	350	300	250	1,416	1,200
Depreciation	911	1,331	1,329	1,366	1,431	1,544	1,550	1,607	4,937	6,132
Other Income	26	111	124	69	16	35	40	107	330	198
PBT before EO Exp	-1,896	2,674	3,615	3,869	1,023	3,544	3,433	4,097	8,262	12,098
EO Exp	0	0	0	0	302	-225	0	0		77
PBT after EO Exp	(1,896)	2,674	3,615	3,869	722	3,769	3,433	4,097	8,262	12,021
Tax rate (%)	26.7	26.6	26.5	25.2	26.4	26.3	25.0	24.7	25.9	25.4
Adjusted PAT	-1,391	1,963	2,656	2,892	757	2,608	2,575	3,086	6,120	9,025
Growth (%)	(197.7)	0.5	46.9	191.4	(154.4)	32.9	(3.1)	6.7	(0.9)	47.5

E: MOFSL Estimates

NOTES

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BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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