

# Auto & Auto Ancillaries

## 2Ws to re-rate further – 'TINA' factor at play

Sector Report

SECTOR UPDATE

January 11, 2024

NIFTY 50: 21,619

**Underlying metrics for PVs are deteriorating (flattening retail growth, rising inventory and discounts, falling orderbook); outlook is muted. Electrification worries are emerging in PVs, while abating in 2Ws.**

**Conversely, 2Ws offer multi-year growth visibility amid entry-level revival and replacement-driven upturn (~9% production CAGR).**

**All-round positivity prompts 2W upgrades, aided by lack of alternatives in PVs, CVs. Top picks: TVSL, HMCL. We also like the tyre space.**

### Underlying 4W metrics deteriorating; challenges ahead

The already slowing momentum in PVs has decelerated further post-festive, despite high discounts (YTD retail industry volume growth of ~4%, flat in Dec-23); underlying health metrics continue to deteriorate (industry inventory levels at [8 weeks, as per FADA](#); orderbook declining, discounts rising). Unlike the commuter 2W revival, the entry-level car segment still remains a laggard. Recent industry commentary points to subdued medium-term prospects ([refer to link](#)), exacerbated by a high base and new-launch cycle now having largely panned out (next prominent launches now likely in BEVs from late-CY24). We build-in ~5% industry CAGR over FY24E-26E vs. 20% in FY21-23.

### 2Ws – Multi-year growth visibility; cyclical recovery + penetration headroom

2W volume recovery is sustaining post-festive (~28% YoY retail industry growth in Dec-23; ~9% YTD) as well as broadening (HMCL retails up ~13% YoY during Sep-Dec vs. ~3% over Apr-Aug; indicative of revival in the entry level segment as well). With industry inventory levels as of Dec-23 at a 6-year low (as per FADA) and domestic wholesales still ~9% below the FY19 peak (after ~16% growth in FY24E), we believe 2Ws offer a clear 2-3-year growth runway led by pent-up demand (average fleet age still at multi-year highs; significant 2W household-penetration headroom still exists; upcoming general elections augur well for sentiments - reaffirmed in our recent Expert Call: [2W revival continues; PV outlook muted](#)). We expect ~9% 2W production CAGR in FY24E-26E (~1.6% CAGR over FY19-26E).

### Electrification worries abating in 2Ws, but emerging in PVs

E-2W adoption is stagnating at ~5% levels post the FAME-II subsidy reduction (despite increase in discounts recently), with consolidation in favor of larger/established players accelerating (over 80% share now). However, in PVs, competition on the electric front is set to intensify as, apart from launches by domestic majors, international players are also potentially looking to set up facilities (e.g., Tesla, VinFast); we believe the PV industry is entering a phase of uncertainty around growth as well as disruption.

### All-round improvements prompt upgrades in 2Ws; we also like the tyre space

In 2Ws, strong growth prospects along with portfolio premiumization efforts and margin triggers (soft commodities, cost actions) drive ~14% EPS CAGR over FY24E-26E for our coverage; we upgrade **TVSL (BUY, ~16% upside)** and **HMCL (BUY, ~16% upside)**, **maintain ADD on EIM (~12% upside)**, and **REDUCE on BJAUT (~4% downside)**. In 4Ws, we **maintain ADD on MSIL (~7% upside)**; potential small-car recovery, industry-first BEV launch and possible tax rationalization on hybrid cars not yet built-in) **and TTMT (~11% upside)**, and **upgrade M&M to ADD (~7% upside)**; reasonable valuations at ~17x core EPS amid potential recovery in tractors post 3 flattish years). We also **maintain REDUCE on AL** (with CV upcycle largely behind in our view, but valuations at 1SD above LTA). We are positive on tyres, driven by sustenance of current high profitability and continued deleveraging amid tightening of demand-supply dynamics (limited capacity expansion over next 3 years).

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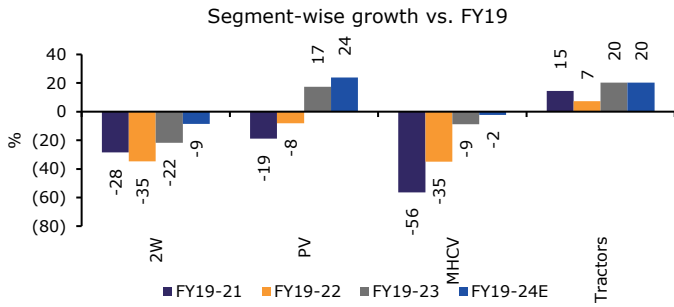
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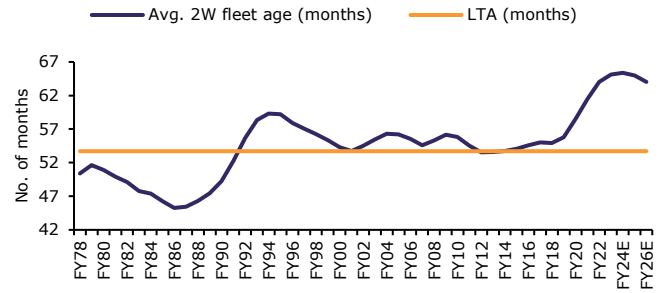
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**Exhibit 1: 2W industry volumes still ~9% below the previous peak; other categories are above/near FY19 levels**



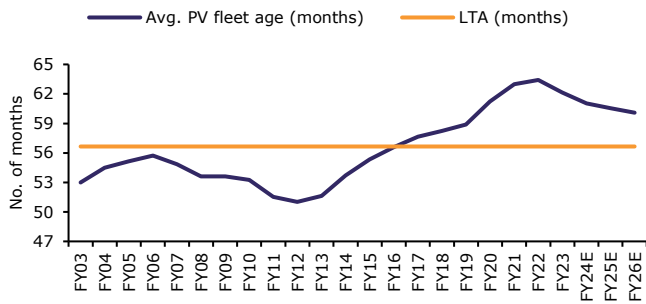
Source: SIAM, TMA, Emkay Research

**Exhibit 2: Average fleet age at multi-year highs; should drive replacement-led growth over the next 2-3 years**



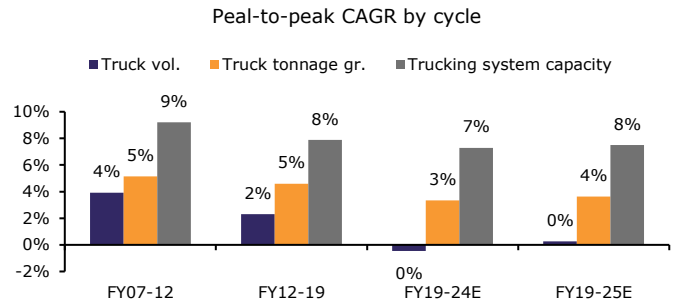
Source: SIAM, Emkay Research

**Exhibit 3: Amid strong sales since FY21, average PV fleet age has been climbing down**



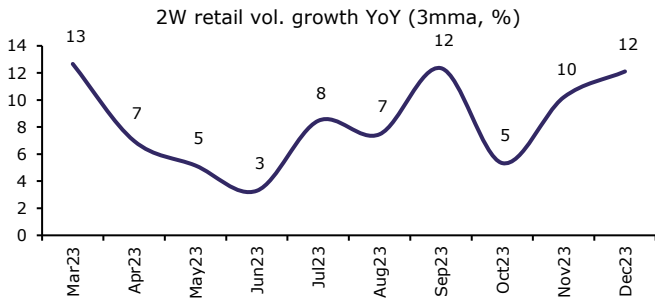
Source: SIAM, Emkay Research

**Exhibit 4: Trucking system capacity up in similar quantum to previous cycles, though absolute volumes still flatish from FY19**



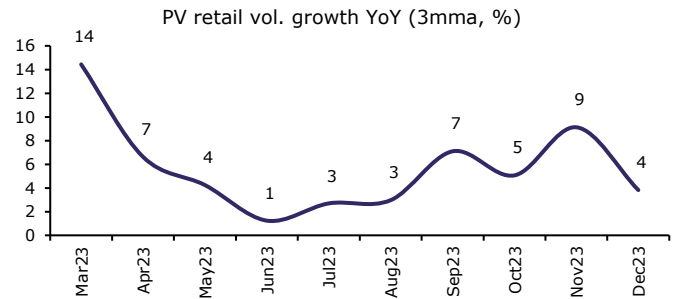
Source: SIAM, Emkay Research

**Exhibit 5: 2W retail recovery sustaining even post-festive...**



Source: Vahan, Emkay Research

**Exhibit 6: ...while the PV segment is struggling**



Source: Vahan, Emkay Research

**Exhibit 7: Robust ~28% YoY volume growth for 2Ws in Dec-23; PV registrations flat despite high discounting levels in the industry**

Total no. of registrations (units)	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY24YTD	FY23YTD
2Ws	1,232,509	1,496,351	1,313,194	1,230,518	1,257,567	1,312,239	1,506,915	2,248,351	1,447,212	13,044,856	12,015,134
PVs	271,773	286,942	282,930	268,267	296,763	310,789	331,391	344,727	273,781	2,667,363	2,567,379
3Ws	70,871	79,223	86,406	93,934	99,812	102,189	104,639	99,715	95,359	832,148	515,825
MHCVs	34,903	28,010	23,114	22,171	24,040	26,714	31,072	27,948	24,229	242,201	227,854
LCVs	48,199	45,868	45,112	45,897	46,795	48,813	53,694	52,907	46,956	434,241	443,242
Tractors	50,628	64,755	89,369	84,499	68,432	50,249	55,373	55,106	72,126	590,537	545,320
YoY change (%)	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY24YTD	FY23YTD
2Ws	(7)	10	7	9	7	22	(13)	21	28	9	9
PVs	(3)	3	3	2	4	16	(4)	16	(0)	4	4
3Ws	67	91	88	86	72	55	57	28	43	61	61
MHCVs	10	11	0	4	7	8	18	(2)	(1)	6	6
LCVs	(1)	6	(2)	(2)	(1)	(3)	3	(9)	(5)	(2)	(2)
Tractors	3	10	43	25	16	(5)	4	(22)	1	8	8

Source: Vahan, Emkay Research

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**Exhibit 8: OEM-wise 2W retail trends – Strong double-digit growth in HMCL indicative of revival in commuter motorcycles**

Vahan registrations (units)	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY24YTD	FY23YTD
HMCL	411,401	531,065	427,564	363,210	334,269	353,991	420,403	802,583	459,765	4,104,251	3,811,315
BJAUT	145,711	186,353	163,148	146,319	148,071	149,157	178,764	274,090	181,903	1,573,516	1,218,332
TVSL	207,899	252,747	226,382	213,090	224,748	228,622	251,330	365,259	232,463	2,202,540	1,796,798
EIM	60,709	69,327	61,362	56,107	56,461	63,404	68,316	81,204	54,685	571,575	492,287

YoY change (%)	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY24YTD
HMCL	-0	15	0	0	-3	31	-26	26	39	8
BJAUT	21	51	41	30	22	29	4	30	44	29
TVSL	15	49	26	18	16	28	-5	34	32	23
EIM	29	52	37	28	8	9	-7	16	-3	16

Source: Vahan, Emkay Research

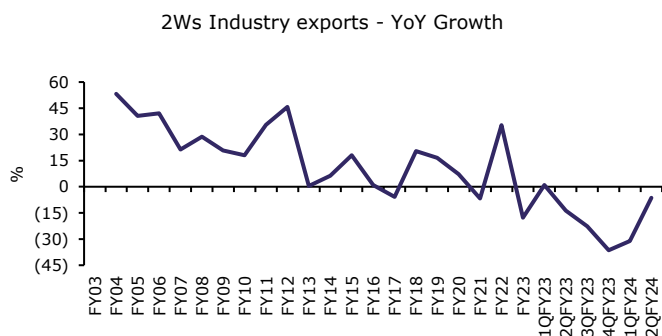
**Exhibit 9: OEM-wise PV retail trends – Subdued Dec-23 performance; single-digit YoY growth in FY24YTD**

Vahan Registrations (units)	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY24YTD
Maruti Suzuki	113,317	115,699	124,746	121,926	132,965	142,309	149,345	153,497	120,607	1,174,411
Hyundai Motors	41,683	43,217	43,037	41,643	45,697	49,271	50,923	49,621	39,189	404,281
Mahindra &Mahindra (PV)	27,604	30,643	28,442	27,593	28,672	30,552	33,250	37,039	29,652	273,447
Tata Motors PV	41,324	41,886	39,011	33,410	32,671	34,168	48,221	52,722	42,283	365,696

YoY (%)	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY24YTD
Maruti Suzuki	3	2	4	9	11	24	-3	19	-1	7
Hyundai Motors	10	13	8	-4	-1	18	-1	8	-7	4
Mahindra &Mahindra (PV)	29	63	26	16	5	30	4	29	12	22
Tata Motors (PV)	17	21	8	-7	-15	-9	-3	30	15	6

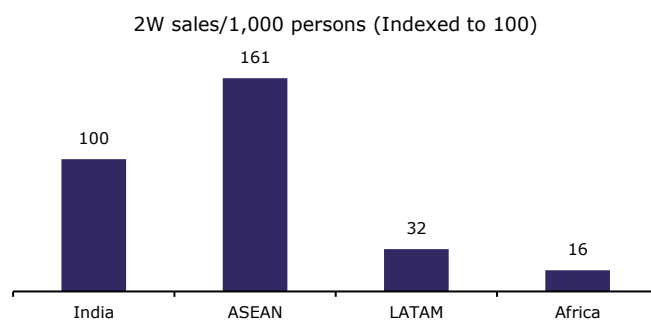
Source: Vahan, Emkay Research

**Exhibit 10: 2W exports have historically been volatile; worst of the current downcycle behind; YoY decline seen narrowing recently**



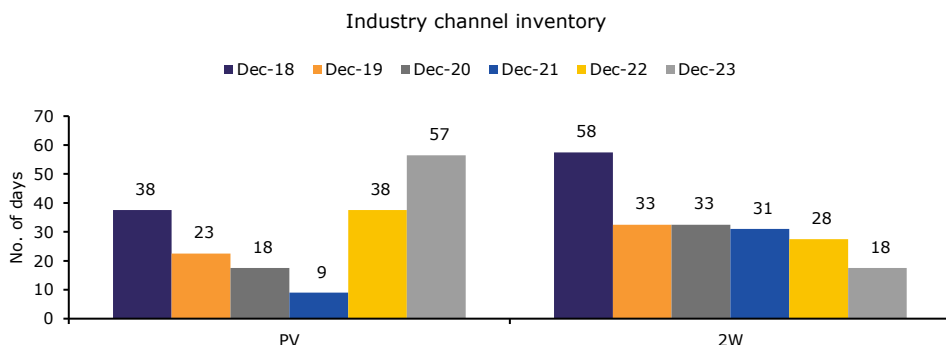
Source: SIAM, Emkay Research

**Exhibit 11: Exports, though volatile, structurally offer a significant growth opportunity, with low penetration levels in key markets**



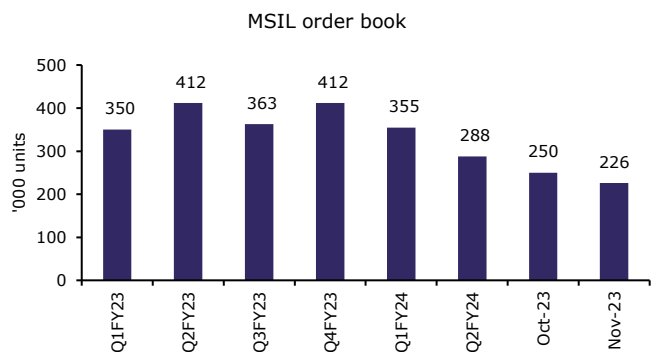
Source: Emkay Research

**Exhibit 12: December industry channel inventory at the highest level of the past 6 years for PVs, and at the lowest level of the past 6 years in 2Ws**



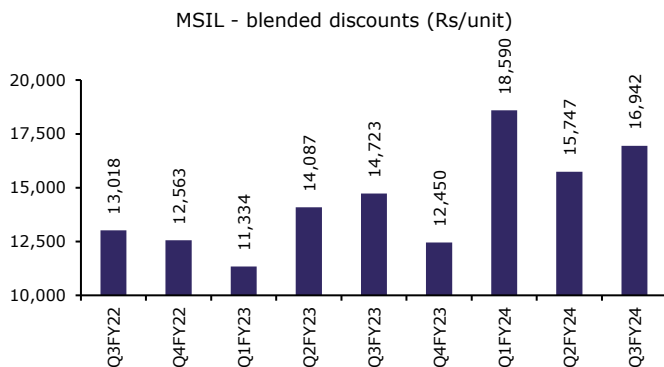
Source: FADA, Emkay Research

**Exhibit 13: Normalized production driving the declining PV order book**



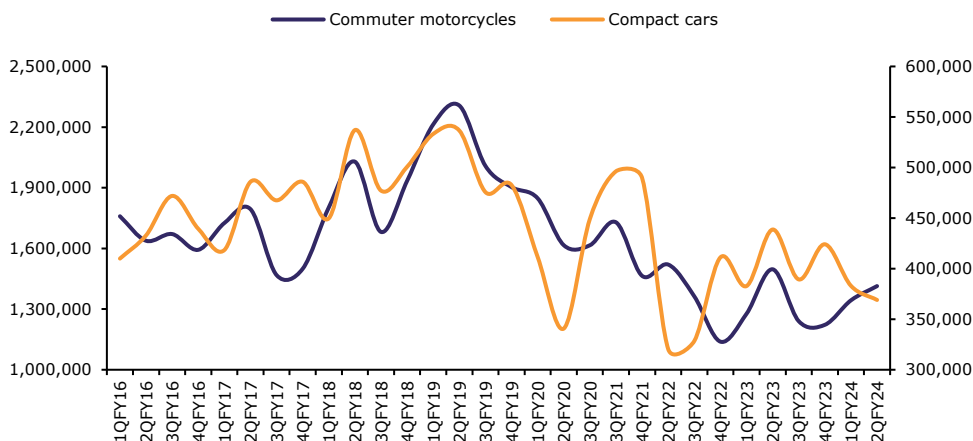
Source: Company, Media articles, Emkay Research

**Exhibit 14: MSIL's discounting levels in Q3 likely to be at a 3-year high on YoY basis**



Source: Online portals, Emkay Research

**Exhibit 15: The commuter motorcycle and compact-car segments have had strong correlation in the past; compact cars yet to recover, while commuter 2Ws have been reviving**



Source: SIAM, Emkay Research

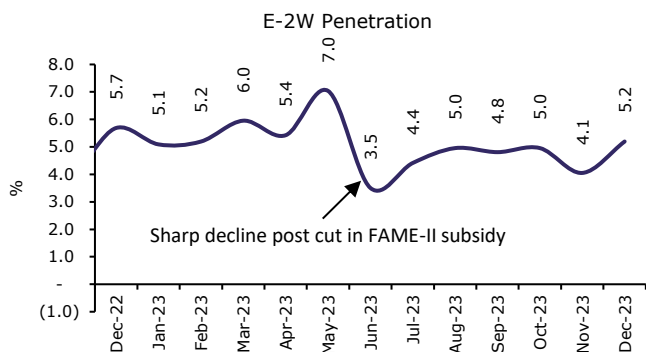
**MSIL expects flat CY24 for the PV industry amid continued challenges for small cars**

“Affordability has been a key concern, with the rising input costs and expenses incurred in meeting various norms, including safety standards. The demand for modern features has further added to the cost, making small cars relatively expensive over time. The prevailing economic conditions, marked by overall inflation and increasing interest rates, have introduced additional challenges. While the impact of the increased repo rate has not been fully transferred to customers, we anticipate this adjustment to happen in the upcoming year. This rise in interest rates is expected to exert further pressure on the demand for small cars. Compounded by low rural income, the scenario presents a challenge for the growth of small cars and hatchbacks next year.”

“Automobile sales are expected to see flat growth in 2024 as compared to this year.”

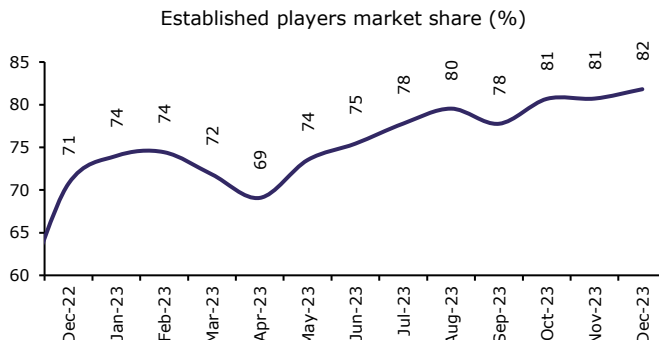
- Comments by Shashank Srivastava, Senior Executive Officer, Marketing and Sales, MSIL in Dec-23 (refer to [link](#))

**Exhibit 16: E-2W registrations stagnating around the 5% mark**



Source: Vahan, Emkay Research

**Exhibit 17: Consolidation accelerating in E-2Ws in favor of national/established players**



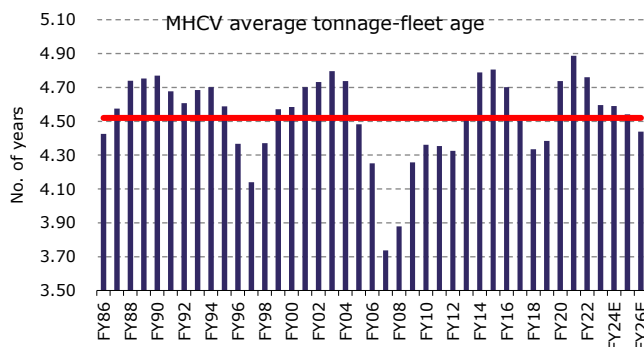
Source: Vahan, Emkay Research; Note: National/established players = Ola, TVSL, BJAUT, HMCL, Ather, Hero Electric

**Exhibit 18: Electrification threat in PVs rising, with multiple international players potentially looking to accelerate their plans...**

Sr. No.	Particulars	Link
1	Tesla could invest USD2bn for manufacturing in India	<a href="#">Link</a>
2	Vietnam-based VinFast to invest USD2bn to set up integrated EV manufacturing hub in India	<a href="#">Link</a>
3	MG Motor to launch 5 new cars, mainly EVs, over the next 5 years	<a href="#">Link</a>

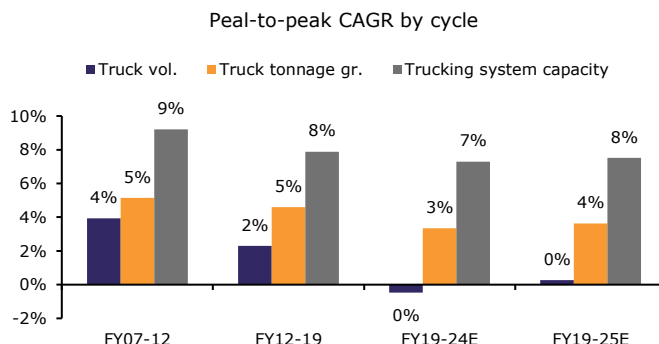
Source: Company, Media articles, Emkay Research

**Exhibit 19: Average fleet age in MHCVs adjusted for tonnage to converge to LTA, amid robust growth over FY21-23**



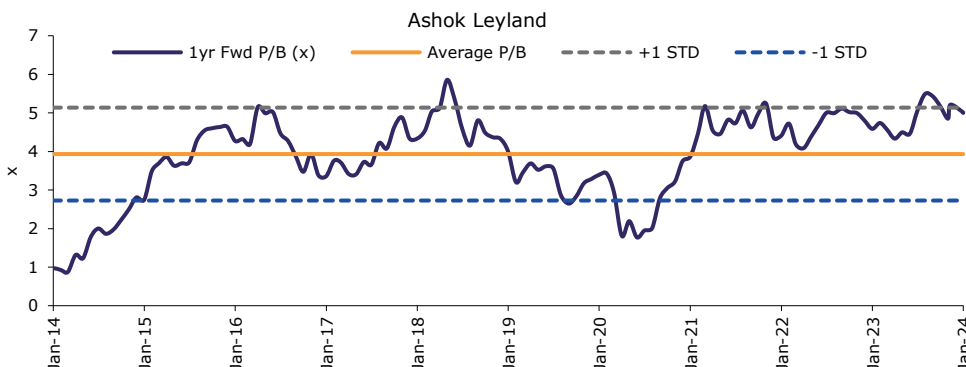
Source: SIAM, Emkay Research

**Exhibit 20: While volumes are likely to reach the FY19 peak in FY25E, trucking system capacity has already grown in line with the past 2 cycles**



Source: Emkay Research

**Exhibit 21: Despite the weakening momentum, valuations for CV stocks are near the 1SD above LTA PBR**



Source: Bloomberg, Emkay Research

## Exhibit 22: EPS change summary

Company	New				Old		EPS change (%)		
	CMP (Rs/sh)	TP (Rs/sh)	Rating	Upside (%)	TP (Rs/sh)	Rating	FY24E	FY25E	FY26E
TVSL	2,020	2,350	Buy	16	2,100	Add	(3.1)	1.8	1.5
BJAUT	6,984	6,800	Reduce	(3)	5,190	Reduce	(1.3)	2.7	2.7
HMCL	4,138	4,800	Buy	16	4,020	Add	3.3	3.7	2.9
EIM	3,843	4,300	Add	12	4,440	Add	2.0	(4.8)	(5.4)
MSIL	10,010	10,700	Add	7	11,700	Add	(6.6)	(10.5)	(8.7)
TTMT	808	900	Add	11	760	Add	2.2	3.6	2.4
M&M	1,633	1,750	Add	7	1,690	Reduce	1.0	0.3	0.2
AL	175	180	Reduce	2	180	Reduce	(8.6)	(5.2)	(2.8)
Escorts Kubota	2,835	3,350	Buy	18	3,430	Add	(1.8)	(2.8)	(2.8)
APTY	467	550	Buy	18	470	Add	1.3	2.2	2.0
MSUMI	64	70	Add	9	75	Buy	(11.6)	(12.3)	(7.8)
SAMIL	109	120	Add	10	110	Buy	(1.3)	-	-
BHFC	1,284	1,100	Reduce	(14)	1,030	Reduce	1.6	(0.3)	(0.4)
Uno Minda	710	650	Reduce	(8)	670	Reduce	(6.0)	(4.6)	(4.6)
Suprajit Engineering	405	450	Add	11	460	Buy	(10.9)	(5.7)	(1.1)
Exide Industries	328	260	Sell	(21)	260	Reduce	(3.9)	(0.6)	(0.0)
Amara Raja	813	625	Sell	(23)	615	Reduce	(1.0)	-	-

Source: Emkay Research

## Exhibit 23: Valuation Snapshot for our coverage universe

	EPS (Rs)			EPS Growth (%)			EV/EBITDA (x)			PER (x)			EBITDA Margin (%)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Ashok Leyland (AL)	8.6	10.4	11.4	94.3	21.8	9.0	11.8	10.4	9.4	20.5	16.8	15.4	11.3	11.6	12.0
Bajaj Auto (BJAUT)	261.7	307.5	331.5	29.7	17.5	7.8	14.2	11.9	11.0	17.6	14.9	13.9	19.4	19.5	19.5
Eicher Motors (EIM)	143.6	160.0	180.5	34.6	11.4	12.8	20.6	17.6	14.9	26.8	24.0	21.3	26.2	26.3	26.5
Escorts Kubota (ESC)	114.3	120.9	136.4	114.2	5.7	12.9	19.4	16.4	13.9	24.8	23.5	20.8	13.5	13.7	14.0
Hero Motocorp (HMCL)	199.3	225.1	245.4	36.8	12.9	9.0	13.7	12.2	11.0	20.8	18.4	16.9	14.1	14.1	14.2
Mahindra & Mahindra (M&M)	86.4	84.2	90.9	29.7	-2.5	8.0	14.4	13.3	12.3	18.9	19.4	18.0	12.8	12.7	13.0
Maruti Suzuki (MSIL)	385.8	393.9	443.2	44.7	2.1	12.5	15.8	15.1	12.9	25.9	25.4	22.6	11.5	11.7	12.0
Tata Motors (TTMT)	53.5	59.4	69.9	2693.2	6.6	17.7	6.0	5.3	4.4	15.1	13.6	11.6	13.8	13.2	13.4
TVS Motor (TVSL)	47.4	66.9	80.0	51.0	41.1	19.6	26.0	18.9	15.8	42.6	30.2	25.3	11.4	12.6	13.0
Amara Raja Energy & Mobility (ARENM)	48.1	53.5	55.9	10.8	11.1	4.6	9.0	8.1	7.4	16.9	15.2	14.5	13.5	13.7	13.7
Apollo Tyres (APTY)	29.4	33.6	38.0	72.6	14.2	13.3	7.6	6.7	5.9	15.9	13.9	12.3	18.0	18.2	18.5
Exide Industries (EXID)	12.7	14.3	16.2	19.7	12.1	13.5	14.8	13.3	12.1	25.8	23.0	20.2	11.9	12.6	13.1
Samvardhana Motherson International (SAMIL)	3.8	5.7	6.7	63.5	47.5	17.5	10.2	7.5	6.6	28.4	19.2	16.4	8.6	9.8	10.0
Bharat Forge (BHFC)	30.1	33.6	37.9	27.0	11.7	12.9	25.9	22.9	20.4	42.7	38.2	33.8	27.0	26.8	26.5
Uno Minda (MINDA)	14.0	16.8	19.8	22.7	20.1	17.6	27.8	23.2	19.8	50.7	42.2	35.9	11.0	11.4	12.0
Motherson Sumi Wiring India (MSWIL)	1.4	1.8	2.3	23.8	33.4	27.0	30.6	23.7	19.0	47.1	35.3	27.8	11.6	12.3	13.0
Suprajit Engineering (SEL)	11.7	19.2	25.0	6.1	64.4	30.7	18.3	12.7	9.8	34.8	21.1	16.2	10.8	13.3	14.5

Source: Company, Emkay Research

**Exhibit 24: TVS earnings change – We trim FY24E EPS on cut in exports volumes; marginally upward revise FY25E-26E EPS**

(Rs mn)	FY24E				FY25E				FY26E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Dom. 2Ws	3,206,814	3,214,806	0.2	23.7	3,632,249	3,630,149	(0.1)	12.9	4,049,303	4,046,092	(0.1)	11.5
Dom. 3Ws	18,486	20,094	8.7	25.0	19,411	19,411	-	(3.4)	20,381	20,381	-	5.0
Total Domestic	3,225,300	3,234,900	0.3	23.8	3,651,660	3,649,559	(0.1)	12.8	4,069,684	4,066,473	(0.1)	11.4
Export 2Ws	1,043,121	896,718	(14.0)	(2.0)	1,220,451	1,210,569	(0.8)	35.0	1,360,803	1,355,837	(0.4)	12.0
Export 3Ws	172,934	140,031	(19.0)	(8.5)	193,686	193,242	(0.2)	38.0	213,055	212,567	(0.2)	10.0
Total Exports	1,216,055	1,036,748	(14.7)	(2.9)	1,414,137	1,403,811	(0.7)	35.4	1,573,858	1,568,404	(0.3)	11.7
<b>Total Volumes</b>	<b>4,441,355</b>	<b>4,271,648</b>	<b>(3.8)</b>	<b>16.0</b>	<b>5,065,797</b>	<b>5,053,370</b>	<b>(0.2)</b>	<b>18.3</b>	<b>5,643,542</b>	<b>5,634,876</b>	<b>(0.2)</b>	<b>11.5</b>
Sales	340,467	327,140	(3.9)	24.0	398,404	403,431	1.3	23.3	456,861	462,325	1.2	14.6
EBITDA	38,780	37,392	(3.6)	39.8	49,983	50,731	1.5	35.7	59,154	59,905	1.3	18.1
<b>Margin (%)</b>	<b>11.4</b>	<b>11.4</b>	<b>4 bps</b>	<b>129 bps</b>	<b>12.5</b>	<b>12.6</b>	<b>3 bps</b>	<b>114 bps</b>	<b>12.9</b>	<b>13.0</b>	<b>1 bps</b>	<b>38 bps</b>
Net Profit	23,243	22,516	(3.1)	51.0	31,218	31,775	1.8	41.1	37,442	38,000	1.5	19.6
<b>EPS (Rs)</b>	<b>48.9</b>	<b>47.4</b>	<b>(3.1)</b>	<b>51.0</b>	<b>65.7</b>	<b>66.9</b>	<b>1.8</b>	<b>41.1</b>	<b>78.8</b>	<b>80.0</b>	<b>1.5</b>	<b>19.6</b>

Source: Emkay Research

**Exhibit 25: HMCL earnings change – We upgrade EPS by ~3%, primarily on slight uptick in volumes**

(Rs mn)	FY24E				FY25E				FY26E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
<b>Volumes</b>	<b>5,648,226</b>	<b>5,753,419</b>	<b>1.9</b>	<b>8.0</b>	<b>6,181,900</b>	<b>6,356,394</b>	<b>2.8</b>	<b>10.5</b>	<b>6,695,360</b>	<b>6,804,421</b>	<b>1.6</b>	<b>7.0</b>
Net Sales	378,095	383,960	1.6	13.6	422,065	435,824	3.3	13.5	463,340	473,935	2.3	8.7
EBITDA	52,927	54,176	2.4	35.9	59,782	61,419	2.7	13.4	65,871	67,201	2.0	9.4
<b>Margin (%)</b>	<b>14.0</b>	<b>14.1</b>	<b>11 bps</b>	<b>232 bps</b>	<b>14.2</b>	<b>14.1</b>	<b>(7) bps</b>	<b>(2) bps</b>	<b>14.2</b>	<b>14.2</b>	<b>(4) bps</b>	<b>9 bps</b>
APAT	38,550	39,817	3.3	36.8	43,372	44,967	3.7	12.9	47,639	49,026	2.9	9.0
<b>EPS (Rs)</b>	<b>192.9</b>	<b>199.3</b>	<b>3.3</b>	<b>36.8</b>	<b>217.1</b>	<b>225.1</b>	<b>3.7</b>	<b>12.9</b>	<b>238.4</b>	<b>245.4</b>	<b>2.9</b>	<b>9.0</b>

Source: Emkay Research

**Exhibit 26: BJAUT earnings change – Export cut-led downtick in FY24E; FY25E-26E EPS revised up slightly, partly due to share consolidation after the buy-back**

(Rs mn)	FY24E				FY25E				FY26E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Domestic 2Ws	2,193,780	2,291,702	4.5	27.1	2,449,070	2,554,147	4.3	11.5	2,670,193	2,781,170	4.2	8.9
Domestic 3Ws	525,922	471,920	(10.3)	56.9	525,922	471,920	(10.3)	-	525,922	471,920	(10.3)	-
Total Domestic	2,719,702	2,763,622	1.6	31.3	2,974,992	3,026,068	1.7	9.5	3,196,115	3,253,090	1.8	7.5
Export 2Ws	1,702,434	1,522,369	(10.6)	(7.0)	2,042,921	2,024,751	(0.9)	33.0	2,165,496	2,146,236	(0.9)	6.0
Export 3Ws	187,970	157,029	(16.5)	(14.8)	216,165	214,734	(0.7)	36.7	229,135	227,618	(0.7)	6.0
Total Exports	1,890,404	1,679,398	(11.2)	(7.8)	2,259,086	2,239,485	(0.9)	33.4	2,394,631	2,373,854	(0.9)	6.0
<b>Volumes (Units)</b>	<b>4,610,106</b>	<b>4,443,021</b>	<b>(3.6)</b>	<b>13.2</b>	<b>5,234,079</b>	<b>5,265,553</b>	<b>0.6</b>	<b>18.5</b>	<b>5,590,746</b>	<b>5,626,945</b>	<b>0.6</b>	<b>6.9</b>
Revenue	464,217	448,582	(3.4)	23.1	531,035	533,363	0.4	18.9	577,824	580,938	0.5	8.9
EBITDA	89,365	86,895	(2.8)	32.7	102,732	104,079	1.3	19.8	111,918	113,447	1.4	9.0
<b>Margin (%)</b>	<b>19.3</b>	<b>19.4</b>	<b>12 bps</b>	<b>139 bps</b>	<b>19.3</b>	<b>19.5</b>	<b>17 bps</b>	<b>14 bps</b>	<b>19.4</b>	<b>19.5</b>	<b>16 bps</b>	<b>1 bps</b>
Net Profit	75,061	73,004	(2.7)	29.7	84,756	85,779	1.2	17.5	91,324	92,486	1.3	7.8
<b>EPS (Rs)</b>	<b>265.3</b>	<b>261.7</b>	<b>(1.3)</b>	<b>31.6</b>	<b>299.5</b>	<b>307.5</b>	<b>2.7</b>	<b>17.5</b>	<b>322.7</b>	<b>331.5</b>	<b>2.7</b>	<b>7.8</b>

Source: Emkay Research

**Exhibit 27: EIM earnings change – Almost 5% EPS cut in FY25E/FY26E, owing to lowering of volume estimates**

Consolidated (Rs mn)	FY24E				FY25E				FY26E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
<b>Royal Enfield (Units)</b>	<b>944,651</b>	<b>953,530</b>	<b>0.9</b>	<b>14.2</b>	<b>1,090,535</b>	<b>1,030,026</b>	<b>(5.5)</b>	<b>8.0</b>	<b>1,182,745</b>	<b>1,115,071</b>	<b>(5.7)</b>	<b>8.3</b>
VECV (Units)	85,055	87,425	2.8	9.8	90,694	89,174	(1.7)	2.0	95,229	90,957	(4.5)	2.0
Revenue	169,282	169,309	0.0	17.2	200,601	190,226	(5.2)	12.4	225,864	214,195	(5.2)	12.6
EBITDA	44,266	44,398	0.3	28.9	52,921	50,115	(5.3)	12.9	59,892	56,753	(5.2)	13.2
<b>Margin</b>	<b>26.1%</b>	<b>26.2%</b>	<b>7 bps</b>	<b>238 bps</b>	<b>26.4%</b>	<b>26.3%</b>	<b>(4) bps</b>	<b>12 bps</b>	<b>26.5%</b>	<b>26.5%</b>	<b>(2) bps</b>	<b>15 bps</b>
APAT	38,442	39,215	2.0	34.6	45,894	43,680	(4.8)	11.4	52,117	49,277	(5.4)	12.8
<b>EPS (Rs)</b>	<b>140.4</b>	<b>143.2</b>	<b>2.0</b>	<b>34.6</b>	<b>167.6</b>	<b>159.5</b>	<b>(4.8)</b>	<b>11.4</b>	<b>190.3</b>	<b>180.0</b>	<b>(5.4)</b>	<b>12.8</b>

Source: Emkay Research

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**Exhibit 28: TMTT earnings change – Slight upgrade in margins drives ~3% increase in EPS**

Consolidated (Rs mn)	FY24E				FY25E				FY26E			
	Earlier	Revised	% chg	% YoY	Earlier	Revised	% chg	% YoY	Earlier	Revised	% chg	% YoY
JLR Volume (excl China JV)	397,990	397,990	-	23.8	419,223	419,223	-	5.3	441,677	441,677	-	5.4
Standalone Volume	422,204	403,645	(4.4)	(0.7)	443,950	424,471	(4.4)	5.2	471,905	451,344	(4.4)	6.3
<b>Cons. Revenue</b>	<b>4,260,094</b>	<b>4,294,255</b>	<b>0.8</b>	<b>24.1</b>	<b>4,620,996</b>	<b>4,675,193</b>	<b>1.2</b>	<b>8.9</b>	<b>4,956,518</b>	<b>5,011,934</b>	<b>1.1</b>	<b>7.2</b>
Cons. EBITDA	580,972	591,187	1.8	85.7	599,116	615,156	2.7	4.1	655,702	673,488	2.7	9.5
<b>Cons. Margin (%)</b>	<b>13.6</b>	<b>13.8</b>	<b>13 bps</b>	<b>457 bps</b>	<b>13.0</b>	<b>13.2</b>	<b>19 bps</b>	<b>(61) bps</b>	<b>13.2</b>	<b>13.4</b>	<b>21 bps</b>	<b>2.1</b>
Cons. PAT	200,498	204,915	2.2	NM	210,824	218,392	3.6	6.6	250,842	256,979	2.4	17.7
<b>Cons. EPS (Rs)</b>	<b>52.3</b>	<b>53.5</b>	<b>2.2</b>	<b>NM</b>	<b>57.3</b>	<b>59.4</b>	<b>3.6</b>	<b>11.0</b>	<b>68.2</b>	<b>69.9</b>	<b>2.4</b>	<b>17.7</b>

Source: Emkay Research

**Exhibit 29: M&M earnings change – Our estimates are largely unchanged**

(Rs mn)	FY24E				FY25E				FY26E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
Volume (units)	1,234,353	1,242,592	0.7	12.3	1,322,726	1,327,555	0.4	6.8	1,390,071	1,393,405	0.2	5.0
<b>Revenue</b>	<b>1,015,158</b>	<b>1,016,823</b>	<b>0.2</b>	<b>19.7</b>	<b>1,100,509</b>	<b>1,098,821</b>	<b>(0.2)</b>	<b>8.1</b>	<b>1,168,650</b>	<b>1,165,328</b>	<b>(0.3)</b>	<b>6.1</b>
EBITDA	129,849	129,668	(0.1)	24.9	140,096	139,547	(0.4)	7.6	151,693	150,986	(0.5)	8.2
<b>EBITDA margin (%)</b>	<b>12.8</b>	<b>12.8</b>	<b>(4) bps</b>	<b>54 bps</b>	<b>12.7</b>	<b>12.7</b>	<b>(3) bps</b>	<b>(5) bps</b>	<b>13.0</b>	<b>13.0</b>	<b>(2) bps</b>	<b>26 bps</b>
Core PAT	86,387	87,407	1.2	37.2	84,446	84,768	0.4	(3.0)	92,631	92,833	0.2	9.5
Adj. PAT	102,459	103,478	1.0	29.7	100,518	100,840	0.3	(2.5)	108,702	108,904	0.2	8.0
<b>EPS (Rs)</b>	<b>82.4</b>	<b>83.2</b>	<b>1.0</b>	<b>29.7</b>	<b>80.9</b>	<b>81.1</b>	<b>0.3</b>	<b>(2.5)</b>	<b>87.4</b>	<b>87.6</b>	<b>0.2</b>	<b>8.0</b>

Source: Emkay Research

**Exhibit 30: Escorts earnings change – Muted tractor outlook driven by ~2-3% cut in EPS**

(Rs mn)	FY24E				FY25E				FY26E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
<b>Volumes</b>	<b>132,715</b>	<b>125,535</b>	<b>(5.4)</b>	<b>21.5</b>	<b>143,156</b>	<b>135,222</b>	<b>(5.5)</b>	<b>7.7</b>	<b>153,394</b>	<b>144,804</b>	<b>(5.6)</b>	<b>7.1</b>
Net Sales	115,737	112,401	(2.9)	34.7	133,605	129,769	(2.9)	15.5	151,320	147,085	(2.8)	13.3
EBITDA	15,624	15,174	(2.9)	94.4	18,304	17,778	(2.9)	17.2	21,185	20,592	(2.8)	15.8
<b>Margin (%)</b>	<b>13.5</b>	<b>13.5</b>	<b>0 bps</b>	<b>415 bps</b>	<b>13.7</b>	<b>13.7</b>	<b>(0) bps</b>	<b>20 bps</b>	<b>14.0</b>	<b>14.0</b>	<b>0 bps</b>	<b>30 bps</b>
APAT	13,020	12,791	(1.8)	81.7	13,920	13,523	(2.9)	5.7	15,710	15,262	(2.8)	12.9
<b>Adj. EPS (Rs)</b>	<b>116.4</b>	<b>114.3</b>	<b>(1.8)</b>	<b>114.2</b>	<b>124.4</b>	<b>120.9</b>	<b>(2.8)</b>	<b>5.7</b>	<b>140.4</b>	<b>136.4</b>	<b>(2.8)</b>	<b>12.9</b>

Source: Emkay Research

**Exhibit 31: AL earnings change – Slowing momentum sparks ~9%/~5%/~3% EPS cut in FY24E/FY25E/FY26E**

(Rs mn)	FY24E				FY25E				FY26E			
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY
<b>Volume</b>	<b>206,100</b>	<b>202,602</b>	<b>(1.7)</b>	<b>5.4</b>	<b>219,559</b>	<b>215,851</b>	<b>(1.7)</b>	<b>6.5</b>	<b>228,045</b>	<b>224,215</b>	<b>(1.7)</b>	<b>3.9</b>
Revenue	407,519	394,437	(3.2)	9.1	439,404	425,360	(3.2)	7.8	461,936	447,279	(3.2)	5.2
EBITDA	48,120	44,385	(7.8)	51.4	52,290	49,532	(5.3)	11.6	55,420	53,851	(2.8)	8.7
<b>EBITDA margin (%)</b>	<b>11.8</b>	<b>11.3</b>	<b>(56) bps</b>	<b>314 bps</b>	<b>11.9</b>	<b>11.6</b>	<b>(26) bps</b>	<b>39 bps</b>	<b>12.0</b>	<b>12.0</b>	<b>4 bps</b>	<b>39 bps</b>
Adj PAT	27,531	25,171	(8.6)	94.3	32,344	30,658	(5.2)	21.8	34,377	33,414	(2.8)	9.0
<b>EPS (Rs)</b>	<b>9.4</b>	<b>8.6</b>	<b>(8.6)</b>	<b>94.3</b>	<b>11.0</b>	<b>10.4</b>	<b>(5.2)</b>	<b>21.8</b>	<b>11.7</b>	<b>11.4</b>	<b>(2.8)</b>	<b>9.0</b>

Source: Emkay Research



### 3FY24E: Around 19% YoY revenue growth led by 2Ws; ~20bps QoQ margin expansion

We expect our coverage universe to report ~19% YoY revenue growth led by 2Ws (industry volumes likely up ~24% YoY vs. ~7%/~4% growth in PVs/CVs, respectively). Lagged pass-through of softer commodities in Q2 (mainly steel, aluminium and precious metals) is seen lifting gross margins across the board – though limited operating leverage in 4Ws on QoQ basis and mixed trends on the product mix front would limit sequential EBITDA margin improvement for the universe to a modest ~20bps. Auto-ancillary companies are expected to report ~14% YoY revenue growth along with QoQ margin expansion of ~23bps.

Exhibit 32: Volume trends (QoQ)

Volume (Units)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
<b>Ashok Leyland</b>							
Domestic MHCV	28,273	37,811	24,286	29,947	27,250	(3.6)	(9.0)
Domestic LCV	16,353	18,840	14,821	16,998	16,863	3.1	(0.8)
Exports	2,936	3,046	2,222	2,901	3,128	6.5	7.8
<b>Total Sales volumes</b>	<b>47,562</b>	<b>59,697</b>	<b>41,329</b>	<b>49,846</b>	<b>47,241</b>	<b>(0.7)</b>	<b>(5.2)</b>
<b>Bajaj Auto</b>							
Domestic	455,341	413,050	542,931	505,320	655,453	43.9	29.7
Export	395,901	310,415	346,399	376,263	384,740	(2.8)	2.3
<b>Total Motorcycle</b>	<b>851,242</b>	<b>723,465</b>	<b>889,330</b>	<b>881,583</b>	<b>1,040,193</b>	<b>22.2</b>	<b>18.0</b>
Domestic	89,042	100,033	98,625	132,236	122,828	37.9	(7.1)
Export	43,187	34,290	39,452	40,134	37,976	(12.1)	(5.4)
<b>Total 3W</b>	<b>132,229</b>	<b>134,323</b>	<b>138,077</b>	<b>172,370</b>	<b>160,804</b>	<b>21.6</b>	<b>(6.7)</b>
Domestic	544,383	513,083	641,556	637,556	778,281	43.0	22.1
Export	439,088	344,705	385,851	416,397	422,716	(3.7)	1.5
<b>Total sales volumes</b>	<b>983,471</b>	<b>857,788</b>	<b>1,027,407</b>	<b>1,053,953</b>	<b>1,200,997</b>	<b>22.1</b>	<b>14.0</b>
<b>Eicher Motor</b>							
Total CVs	18,162	26,376	19,571	19,551	20,706	14.0	5.9
Royal Enfield	221,401	218,525	227,706	229,280	228,073	3.0	(0.5)
<b>Total sales volumes</b>	<b>239,563</b>	<b>244,901</b>	<b>247,277</b>	<b>248,831</b>	<b>248,779</b>	<b>3.8</b>	<b>(0.0)</b>
<b>Escorts</b>							
Domestic	26,181	23,081	25,226	20,473	24,628	(5.9)	20.3
Exports	1,844	1,684	1,356	1,551	1,371	(25.7)	(11.6)
<b>Total</b>	<b>28,025</b>	<b>24,765</b>	<b>26,582</b>	<b>22,024</b>	<b>25,999</b>	<b>(7.2)</b>	<b>18.0</b>
<b>Hero Motocorp</b>	<b>1,239,693</b>	<b>1,270,492</b>	<b>1,352,574</b>	<b>1,416,526</b>	<b>1,459,932</b>	<b>17.8</b>	<b>3.1</b>
<b>M&amp;M</b>							
Total Auto Sales	176,094	189,227	186,138	212,078	211,443	20.1	(0.3)
Total Tractor Sales	105,765	89,731	115,009	90,061	101,672	(3.9)	12.9
<b>Total Sales volumes</b>	<b>281,859</b>	<b>278,958</b>	<b>301,147</b>	<b>302,139</b>	<b>313,115</b>	<b>11.1</b>	<b>3.6</b>
<b>Maruti Suzuki</b>							
Domestic	403,929	450,208	434,812	482,731	429,422	6.3	(11.0)
Export	61,982	64,719	63,218	69,324	71,785	15.8	3.5
<b>Total Sales volumes</b>	<b>465,911</b>	<b>514,927</b>	<b>498,030</b>	<b>552,055</b>	<b>501,207</b>	<b>7.6</b>	<b>(9.2)</b>
<b>Tata Motors</b>							
Domestic CVs	91,704	112,145	82,225	99,178	91,735	0.0	(7.5)
Domestic PVs	131,297	134,893	140,120	137,950	137,875	5.0	(0.1)
Exports	5,168	4,784	3,900	5,896	5,371	3.9	(8.9)
<b>Total sales volumes</b>	<b>228,169</b>	<b>251,822</b>	<b>226,245</b>	<b>243,024</b>	<b>234,981</b>	<b>3.0</b>	<b>(3.3)</b>
<b>TVS Motor</b>							
2 Wheelers	835,938	839,295	918,482	1,031,372	1,062,777	27.1	3.0
3 Wheelers	43,485	29,122	34,762	43,006	38,066	(12.5)	(11.5)
<b>Total sales volumes</b>	<b>879,423</b>	<b>868,417</b>	<b>953,244</b>	<b>1,074,378</b>	<b>1,100,843</b>	<b>25.2</b>	<b>2.5</b>
Exports	246,352	185,466	227,414	277,022	248,546	0.9	(10.3)
Domestic	633,071	682,951	725,830	797,356	852,297	34.6	6.9

Source: Company, Emkay Research

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## Exhibit 33: Trends in commodity prices and currency rates

Averages						
Commodity	Units	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Steel (Ludhiana HRC)	(Rs/kg)	56	59	59	56	57
Aluminium (LME)	(Rs/kg)	192	197	186	179	183
Rubber (RSS4 India)	(Rs/kg)	147	143	155	149	152
Lead (LME)	(Rs/kg)	173	176	174	180	176
Copper (LME)	(Rs/kg)	660	734	697	692	681
Brent Crude	(Rs/bbl)	7,290	6,680	6,441	7,153	7,015
Brent Crude	(\$/bbl)	89	81	78	87	84
Palladium	(Rs/ounce)	159,309	129,201	119,084	103,594	91,241
Rhodium	(Rs/ounce)	1,095,003	901,316	580,318	339,760	371,963
Platinum	(Rs/ounce)	80,609	82,400	85,054	77,443	76,788
Gold	(Rs/ounce)	142,324	155,459	162,472	159,294	164,894
Chg QoQ (%)		Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Steel (Ludhiana HRC)		(2)	6	0	(4)	1
Aluminium (LME)		2	3	(5)	(4)	3
Rubber (RSS4 India)		(10)	(3)	8	(3)	2
Lead (LME)		10	1	(1)	3	(2)
Copper (LME)		6	11	(5)	(1)	(2)
Brent Crude (INR)		(10)	(8)	(4)	11	(2)
Brent Crude (USD)		(12)	(8)	(4)	10	(3)
Palladium		(4)	(19)	(8)	(13)	(12)
Rhodium		(4)	(18)	(36)	(41)	9
Platinum		13	2	3	(9)	(1)
Gold		3	9	5	(2)	4
Currency		Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
USD/Yen		141.2	132.3	137.4	144.6	147.7
USD/INR		82.2	82.2	82.2	82.7	83.3
GBP/INR		96.4	99.8	102.9	104.7	103.3
EUR/INR		83.8	88.2	89.5	90.0	89.6
GBP/EUR		1.15	1.13	1.15	1.2	1.2
Chg QoQ (%)		Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
USD/Yen		2.2	(6.3)	3.8	5.2	2.1
USD/INR		3.0	0.0	(0.1)	0.6	0.7
GBP/INR		2.5	3.6	3.0	1.8	(1.3)
EUR/INR		4.2	5.2	1.5	0.5	(0.4)
GBP/EUR		(1.6)	(1.5)	1.5	1.2	(0.8)

Source: Bloomberg, Emkay Research

Exhibit 34: Q3FY24 results expectations

Company	Revenue (Rs mn)			Growth		EBITDA (Rs mn)			Growth		EBITDA margin			Change (bps)		APAT (Rs mn)			Growth		
	3QFY24E	2QFY24	3QFY23	YoY	QoQ	3QFY24E	2QFY24	3QFY23	YoY	QoQ	3QFY24E	2QFY24	3QFY23	YoY	QoQ	3QFY24E	2QFY24	3QFY23	YoY	QoQ	
<b>Automobiles</b>																					
Ashok Leyland	89,516	96,380	90,297	-1%	-7%	9,489	10,798	7,973	19%	-12%	10.6%	11.2%	8.8%	180	-60	4,824	5,610	3,613	34%	-14%	
Atul Auto	1,505	1,390	1,236	22%	8%	179	148	85	111%	NM	11.9%	10.6%	6.9%	500	NM	107	85	27	302%	NM	
Bajaj Auto	120,353	107,773	93,151	29%	12%	23,348	21,329	17,768	31%	9%	19.4%	19.8%	19.1%	30	-40	19,344	18,361	14,914	30%	5%	
Eicher Motors	40,519	41,145	37,210	9%	-2%	10,657	10,872	8,572	24%	-2%	26.3%	26.4%	23.0%	330	-10	8,642	10,163	7,408	17%	-15%	
Escorts	24,252	20,462	22,637	7%	19%	3,274	2,633	1,903	72%	24%	13.5%	12.9%	8.4%	510	60	2,469	2,350	1,864	32%	5%	
Hero Motocorp	98,324	94,454	80,310	22%	4%	14,060	13,283	9,241	52%	6%	14.3%	14.1%	11.5%	280	20	9,669	10,538	7,111	36%	-8%	
M&M	251,248	243,099	216,537	16%	3%	31,908	29,341	28,142	13%	9%	12.7%	12.1%	13.0%	-30	60	20,529	34,519	15,281	34%	-41%	
Maruti Suzuki	331,437	370,621	290,443	14%	-11%	39,772	47,842	28,331	40%	-17%	12.0%	12.9%	9.8%	220	-90	26,476	37,165	23,513	13%	-29%	
Tata Motors	1,093,951	1,051,282	884,886	24%	4%	147,683	136,741	96,430	53%	8%	13.5%	13.0%	10.9%	260	50	47,211	37,640	29,577	NM	25%	
TVS Motor	84,448	81,446	65,454	29%	4%	9,458	8,998	6,589	44%	5%	11.2%	11.0%	10.1%	110	20	5,567	5,366	3,528	58%	4%	
<b>Auto Ancillary</b>																					
Apollo Tyres	64,680	62,796	64,228	1%	3%	11,578	11,598	9,134	27%	0%	17.9%	18.5%	14.2%	370	-60	4,827	4,620	2,921	65%	4%	
Amara Raja	28,951	28,108	26,372	10%	3%	3,908	3,870	3,969	-2%	1%	13.5%	13.8%	15.0%	-150	-30	2,168	2,143	2,228	-3%	1%	
Exide	38,603	41,067	34,121	13%	-6%	4,439	4,831	4,010	11%	-8%	11.5%	11.8%	11.8%	-30	-30	2,354	2,870	2,232	5%	-18%	
SAMIL	241,780	234,738	202,672	19%	3%	21,035	18,888	16,163	30%	11%	8.7%	8.0%	8.0%	70	70	6,774	2,015	4,539	49%	236%	
Motherson Sumi Wiring	19,249	21,046	16,868	14%	-9%	2,214	2,481	1,790	24%	-11%	11.5%	11.8%	10.6%	90	-30	1,408	1,559	1,062	33%	-10%	
Bharat Forge	23,216	22,494	19,521	19%	3%	6,384	6,068	4,936	29%	5%	27.5%	27.0%	25.3%	220	50	3,714	3,460	2,892	28%	7%	
Suprajit Engineering	7,171	7,089	6,921	4%	1%	759	698	809	-6%	9%	10.6%	9.8%	11.7%	-110	70	408	348	380	7%	17%	
Uno Minda	33,769	36,213	29,155	16%	-7%	3,613	4,016	3,384	7%	-10%	10.7%	11.1%	11.6%	-90	-40	1,917	2,250	1,620	18%	-15%	
<b>Total</b>	<b>2,591,464</b>	<b>2,560,212</b>	<b>2,180,784</b>	<b>19%</b>	<b>1%</b>	<b>343,580</b>	<b>334,285</b>	<b>249,144</b>	<b>38%</b>	<b>3%</b>	<b>13.3%</b>	<b>13.1%</b>	<b>11.4%</b>	<b>180</b>	<b>20</b>	<b>168,300</b>	<b>180,977</b>	<b>124,683</b>	<b>35%</b>	<b>-7%</b>	
<b>Total excl Tata</b>	<b>1,497,514</b>	<b>1,508,930</b>	<b>1,295,898</b>	<b>16%</b>	<b>-1%</b>	<b>195,897</b>	<b>197,544</b>	<b>152,715</b>	<b>28%</b>	<b>-1%</b>	<b>13.1%</b>	<b>13.1%</b>	<b>11.8%</b>	<b>130</b>	<b>0</b>	<b>121,089</b>	<b>143,337</b>	<b>95,106</b>	<b>27%</b>	<b>-16%</b>	

Source: Company, Emkay Research

## Exhibit 35: Company-specific comments

Ashok Leyland			Dec-23	Sep-23	Dec-23	YoY chg	QoQ chg	Comments
CMP (Rs/share)	175	Net Sales (Rs mn)	89,516	96,380	90,297	-0.9%	-7.1%	Revenue to be flattish YoY, amid flat volumes; realizations to decrease QoQ on adverse product mix (lower MHCV share). Sequentially, EBITDA margin expected to contract amid lack of operating leverage (volumes down ~5% QoQ).
Mkt Cap (Rs bn)	523	EBITDA (Rs mn)	9,489	10,798	7,973	19.0%	-12.1%	
Reco	Reduce	EBITDA Margin (%)	10.6	11.2	8.8	177 bps	-60 bps	
Target Price (Rs/share)	180	PAT (Rs mn)	4,824	5,610	3,613	33.5%	-14.0%	
Upside	2%	EPS (Rs)	1.6	2.0	1.2	36.1%	-17.4%	
Bajaj Auto			Dec-23	Sep-23	Dec-23	YoY chg	QoQ chg	
CMP (Rs/share)	7,054	Net Sales (Rs mn)	120,353	107,773	93,151	29.2%	11.7%	Revenue performance to be strong driven by higher volumes (>22% YoY, >14% QoQ). Sequential realizations to be weaker amid adverse mix (~300bps lower exports, increased share of base 2W models). EBITDA margin to decline by ~39bps QoQ, despite lower commodities due to lower contribution from 3Ws.
Mkt Cap (Rs bn)	1,978	EBITDA (Rs mn)	23,348	21,329	17,768	31.4%	9.5%	
Reco	Reduce	EBITDA Margin (%)	19.4	19.8	19.1	33 bps	-39 bps	
Target Price (Rs/share)	6,800	PAT (Rs mn)	19,344	18,361	14,914	29.7%	5.3%	
Upside	-4%	EPS (Rs)	68.4	64.9	52.7	29.7%	5.3%	
Eicher Motors			Dec-23	Sep-23	Dec-23	YoY chg	QoQ chg	
CMP (Rs/share)	3,843	Net Sales (Rs mn)	40,519	41,145	37,210	8.9%	-1.5%	Revenue to grow YoY, supported by higher volumes (up 3%). EBITDA margin to dip slightly QoQ, amid flattish volumes and expenses related to the new 450cc platform launch.
Mkt Cap (Rs bn)	1,065	EBITDA (Rs mn)	10,657	10,872	8,572	24.3%	-2.0%	
Reco	Add	EBITDA Margin (%)	26.3	26.4	23.0	326 bps	-12 bps	
Target Price (Rs/share)	4,300	PAT (Rs mn)	8,642	10,163	7,408	16.7%	-15.0%	
Upside	12%	EPS (Rs)	31.6	37.2	27.1	16.7%	-15.0%	
Hero Motocorp			Dec-23	Sep-23	Dec-23	YoY chg	QoQ chg	
CMP (Rs/share)	4,138	Net Sales (Rs mn)	98,324	94,454	80,310	22.4%	4.1%	Volumes grew ~18% YoY/~3% QoQ; we expect ASPs to rise ~1% QoQ driven by better mix (lower share of entry motorcycles) and price hike, with margins seen rising by ~24bps QoQ on lower input costs, pricing action, and higher volumes.
Mkt Cap (Rs bn)	802	EBITDA (Rs mn)	14,060	13,283	9,241	52.1%	5.9%	
Reco	Buy	EBITDA Margin (%)	14.3	14.1	11.5	279 bps	24 bps	
Target Price (Rs/share)	4,800	PAT (Rs mn)	9,669	10,538	7,111	36.0%	-8.3%	
Upside	16%	EPS (Rs)	48.4	52.7	35.6	36.0%	-8.3%	

Source: Company, Emkay Research

## Exhibit 36: Company-specific comments

Mahindra & Mahindra			Dec-23	Sep-23	Dec-23	YoY chg	QoQ chg	Comments
CMP (Rs/share)	1,633	Net Sales (Rs mn)	251,248	243,099	216,537	16.0%	3.4%	Revenue to grow YoY due to higher volumes (up 11%), led by the Auto segment (up 20%). EBITDA margin to expand on QoQ basis driven by better mix (higher share of tractors sequentially). On QoQ basis, Auto EBIT margins to remain flattish, while tractor EBIT margins are likely to expand by ~50bps due to better scale.
Mkt Cap (Rs bn)	2,009	EBITDA (Rs mn)	31,908	29,341	28,142	13.4%	8.8%	
Reco	Add	EBITDA Margin (%)	12.7	12.1	13.0	-30 bps	63 bps	
Target Price (Rs/share)	1,750	PAT (Rs mn)	20,529	34,519	15,281	34.3%	-40.5%	
Upside	7%	EPS (Rs)	16.5	27.8	16.3	1.2%	-40.5%	
Maruti Suzuki India			Dec-23	Sep-23	Dec-23	YoY chg	QoQ chg	
CMP (Rs/share)	10,010	Net Sales (Rs mn)	331,437	370,621	290,443	14.1%	-10.6%	Revenue to grow YoY due to higher volumes (up almost 8%); ASPs to dip sequentially due to lower share of SUVs. QoQ EBITDA margin decline seen largely on the back of lower scale (volumes down ~9%) and seasonal effect of higher discounts.
Mkt Cap (Rs bn)	3,128	EBITDA (Rs mn)	39,772	47,842	28,331	40.4%	-16.9%	
Reco	Add	EBITDA Margin (%)	12.0	12.9	9.8	225 bps	-91 bps	
Target Price (Rs/share)	10,700	PAT (Rs mn)	26,476	37,165	23,513	12.6%	-28.8%	
Upside	7%	EPS (Rs)	87.7	123.1	77.9	12.6%	-28.8%	
TVS Motor			Dec-23	Sep-23	Dec-23	YoY chg	QoQ chg	
CMP (Rs/share)	2,020	Net Sales (Rs mn)	84,448	81,446	65,454	29.0%	3.7%	Volumes rose ~25% YoY/~2% QoQ; we expect ASPs to be higher by ~1% sequentially, partly driven by better mix. This, along with softer commodities, to lead to QoQ margin improvement.
Mkt Cap (Rs bn)	968	EBITDA (Rs mn)	9,458	8,998	6,589	43.5%	5.1%	
Reco	Buy	EBITDA Margin (%)	11.2	11.0	10.1	113 bps	15 bps	
Target Price (Rs/share)	2,350	PAT (Rs mn)	5,567	5,366	3,528	57.8%	3.8%	
Upside	16%	EPS (Rs)	11.7	11.3	7.4	57.8%	3.8%	
Escorts			Dec-23	Sep-23	Dec-23	YoY chg	QoQ chg	
CMP (Rs/share)	2,835	Net Sales (Rs mn)	24,252	20,462	22,637	7.1%	18.5%	Tractor volumes were lower ~7% YoY, but up ~18% QoQ. EBITDA margins to expand QoQ, on better scale in tractors and the construction equipment segment and softer RM.
Mkt Cap (Rs bn)	315	EBITDA (Rs mn)	3,274	2,633	1,903	72.0%	24.4%	
Reco	Buy	EBITDA Margin (%)	13.5	12.9	8.4	509 bps	63 bps	
Target Price (Rs/share)	3,350	PAT (Rs mn)	2,469	2,350	1,864	32.5%	5.1%	
Upside	18%	EPS (Rs)	22.1	21.0	14.1	56.2%	5.1%	

Source: Company, Emkay Research

## Company-specific comments

Tata Motors			Dec-23	Sep-23	Dec-23	YoY chg	QoQ chg	Comments
CMP (Rs/share)	808	Net Sales (Rs mn)	1,093,951	1,051,282	884,886	23.6%	4.1%	
Mkt Cap (Rs bn)	2,622	EBITDA (Rs mn)	147,683	136,741	96,430	53.2%	8.0%	Revenue to grow YoY, primarily due to strong growth in JLR volumes (up 27% YoY, 4% QoQ). Consolidated EBITDA margins are likely to expand sequentially, on better scale and pricing in JLR, though standalone margins may dip QoQ.
Reco	Add	EBITDA Margin (%)	13.5	13.0	10.9	260 bps	49 bps	
Target Price (Rs/share)	900	PAT (Rs mn)	47,211	37,640	29,577	59.6%	25.4%	
Upside	11%	EPS (Rs)	12.3	9.9	4.6	165.1%	24.4%	
Apollo Tyres			Dec-23	Sep-23	Dec-23	YoY chg	QoQ chg	
CMP (Rs/share)	467	Net Sales (Rs mn)	64,680	62,796	64,228	0.7%	3.0%	Revenue expected to be flattish YoY. On QoQ basis, margins are likely to dip due to higher RM costs, though Europe performance expected to be strong (winter tyre sales).
Mkt Cap (Rs bn)	287	EBITDA (Rs mn)	11,578	11,598	9,134	26.8%	-0.2%	
Reco	Buy	EBITDA Margin (%)	17.9	18.5	14.2	368 bps	-57 bps	
Target Price (Rs/share)	550	PAT (Rs mn)	4,827	4,620	2,921	65.2%	4.5%	
Upside	18%	EPS (Rs)	7.6	7.5	4.6	65.2%	1.8%	
Amara Raja Batteries			Dec-23	Sep-23	Dec-23	YoY chg	QoQ chg	
CMP (Rs/share)	813	Net Sales (Rs mn)	28,951	28,108	26,372	9.8%	3.0%	Revenue to grow YoY due to moderate performance across the OEM and replacement segments. EBITDA margins to decline QoQ amid lagged pass-through of higher lead prices in Q2.
Mkt Cap (Rs bn)	141	EBITDA (Rs mn)	3,908	3,870	3,969	-1.5%	1.0%	
Reco	Sell	EBITDA Margin (%)	13.5	13.8	15.0	-155 bps	-27 bps	
Target Price (Rs/share)	625	PAT (Rs mn)	2,168	2,143	2,228	-2.7%	1.2%	
Upside	-23%	EPS (Rs)	12.7	12.5	13.0	-2.7%	1.2%	
Exide Industries			Dec-23	Sep-23	Dec-23	YoY chg	QoQ chg	
CMP (Rs/share)	328	Net Sales (Rs mn)	38,603	41,067	34,121	13.1%	-6.0%	Revenue to grow YoY due to moderate performance across the OEM and replacement segments. EBITDA margins to decline QoQ amid lagged pass-through of higher lead prices in Q2.
Mkt Cap (Rs bn)	275	EBITDA (Rs mn)	4,439	4,831	4,010	10.7%	-8.1%	
Reco	Sell	EBITDA Margin (%)	11.5	11.8	11.8	-25 bps	-26 bps	
Target Price (Rs/share)	260	PAT (Rs mn)	2,354	2,870	2,232	5.5%	-18.0%	
Upside	-21%	EPS (Rs)	2.8	3.4	2.6	5.5%	-18.0%	

Source: Company, Emkay Research

## Company-specific comments

Company-specific comments			Dec-23	Sep-23	Dec-23	YoY chg	QoQ chg	Comments
<b>Samvardhana Motherson International</b>								
CMP (Rs/share)	109	Net Sales (Rs mn)	241,780	234,738	202,672	19.3%	3.0%	Revenue to grow YoY, supported by growth in underlying PV production. EBITDA margin to expand QoQ, largely led by lower RM and improved pricing.
Mkt Cap (Rs bn)	717	EBITDA (Rs mn)	21,035	18,888	16,163	30.1%	11.4%	
Reco	Add	EBITDA Margin (%)	8.7	8.0	8.0	72 bps	65 bps	
Target Price (Rs/share)	120	PAT (Rs mn)	6,774	2,015	4,539	49.2%	236.1%	
Upside	10%	EPS (Rs)	1.0	0.7	0.7	48.9%	50.2%	
<b>Bharat Forge</b>								
CMP (Rs/share)	1,284	Net Sales (Rs mn)	23,216	22,494	19,521	18.9%	3.2%	Revenue performance to be aided by underlying industry growth and higher content. Lower input costs (particularly for metals) to drive sequential margin expansion.
Mkt Cap (Rs bn)	585	EBITDA (Rs mn)	6,384	6,068	4,936	29.4%	5.2%	
Reco	Reduce	EBITDA Margin (%)	27.5	27.0	25.3	222 bps	52 bps	
Target Price (Rs/share)	1,100	PAT (Rs mn)	3,714	3,460	2,892	28.4%	7.3%	
Upside	-14%	EPS (Rs)	8.0	7.5	5.2	52.6%	6.7%	
<b>Minda Industries</b>								
CMP (Rs/share)	710	Net Sales (Rs mn)	33,769	36,213	29,155	15.8%	-6.8%	Revenues to grow YoY with outperformance vs. key clients, in line with the recent run-rate; margins to decline sequentially, on lower revenues and higher expenses, for the recently set-up facilities.
Mkt Cap (Rs bn)	404	EBITDA (Rs mn)	3,613	4,016	3,384	6.8%	-10.0%	
Reco	Reduce	EBITDA Margin (%)	10.7	11.1	11.6	-91 bps	-39 bps	
Target Price (Rs/share)	650	PAT (Rs mn)	1,917	2,250	1,620	18.3%	-14.8%	
Upside	-8%	EPS (Rs)	3.3	3.9	2.8	18.3%	-14.8%	
<b>Motherson Sumi Wiring India</b>								
CMP (Rs/share)	64	Net Sales (Rs mn)	19,249	21,046	16,868	14.1%	-8.5%	YoY growth in revenues to be in line with that of key underlying clients. EBITDA margin to contract QoQ due to lower scale.
Mkt Cap (Rs bn)	286	EBITDA (Rs mn)	2,214	2,481	1,790	23.7%	-10.8%	
Reco	Add	EBITDA Margin (%)	11.5	11.8	10.6	89 bps	-29 bps	
Target Price (Rs/share)	70	PAT (Rs mn)	1,408	1,559	1,062	32.7%	-9.7%	
Upside	9%	EPS (Rs)	0.3	0.4	0.2	32.7%	-9.7%	
<b>Suprajit Engineering</b>								
CMP (Rs/share)	405	Net Sales (Rs mn)	7,171	7,089	6,921	3.6%	1.2%	We expect stable revenue performance on sequential basis; margins are likely to improve largely on the back of lower input costs.
Mkt Cap (Rs bn)	56	EBITDA (Rs mn)	759	698	809	-6.2%	8.7%	
Reco	Add	EBITDA Margin (%)	10.6	9.8	11.7	-111 bps	73 bps	
Target Price (Rs/share)	450	PAT (Rs mn)	408	348	380	7.2%	17.3%	
Upside	11%	EPS (Rs)	2.9	2.5	2.7	7.2%	17.3%	

Source: Company, Emkay Research



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<b>SELL</b>	<15% downside

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