

Results Preview



Company name

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

Speed-breakers in the form of weak demand, higher marketing cost

OEMs facing margins pressure for second straight quarter

- All auto segments faced demand headwinds in 3QFY19 on account of increased cost of ownership due to (a) rising fuel costs, (b) an increase in insurance cost and (c) higher cost of financing. Moreover, stress at the farm level and consequent weak rural sentiment led to lowest festive sales in 4-5 years, particularly in 2Ws/PVs.
- EBITDA margin for our OEM (ex-JLR) universe is likely to contract by 140bp YoY (-70bp QoQ) to 12.6% owing to RM inflation, currency depreciation and higher variable marketing expenses. All OEMs – except MM (+20bp YoY/+50bp QoQ) – are likely to see YoY margin contraction – BJAUT (-330bp), MSIL (-260bp), AL (-250bp), HMCL (-160bp), EIM (-140bp) and TTMT S/A (-90bp).
- We have lowered our FY19/20 EPS estimates for AL (by 11% each), EIM (6%/9%), TVSL (7%/4%), HMCL (5%/6%) and MM (4%/7%).

Increased ownership cost hurts demand, particularly in PVs/2Ws: All auto segments faced demand pressure in 3QFY19, as cost of ownership increased due to higher fuel, insurance and financing costs. Moreover, sales in the festive season were the worst in 4-5 years, particularly in the 2W/PV segments, as lower farm income dampened rural demand. CV demand momentum faced hurdles in the form of an increase in axle load and financing issues.

Margins to contract for second consecutive quarter: EBITDA margin for the Auto OEM (ex-JLR) universe is likely to contract by 140 bp YoY (-70 bp QoQ) to 12.6% due to RM inflation, FX depreciation and an increase in variable marketing expenses. We expect MM's margin to expand by 20bp YoY (+50bp QoQ), but all other companies to report margin contraction on a YoY basis – BJAUT (-330bp), MSIL (-260bp), AL (-250bp), HMCL (-160bp), EIM (-140bp) and TTMT S/A (-90 bp). Consequently, PAT is expected to decline for the first time in six quarters by 5.6% YoY (-23.7% QoQ).

Expect operating performance to bottom out in 3QFY19: We expect the operating performance for most auto OEMs to bottom out in 3QFY19, led by demand normalization due to softening fuel prices, improving liquidity and new product launches. More support is likely over the longer term from healthy rural sales and pick-up in economic activity. We estimate 8-10% CAGR for 2Ws, 6-7% for 4Ws, 16-18% for CVs and 10-12% for tractors over FY18-20. Margins for all companies are expected to recover from 4QFY19 (except for BJAUT and MM), resulting in aggregate PAT growth of ~12% QoQ.

Valuation and view

Near-term headwinds notwithstanding, our preference remains for PVs over CVs/2Ws due to their stronger volume growth and a stable competitive environment. Our top picks in autos are MSIL and MSS among large caps, and ENDU and EXID among midcaps. We also consider MM as the best proxy to play the rural theme.

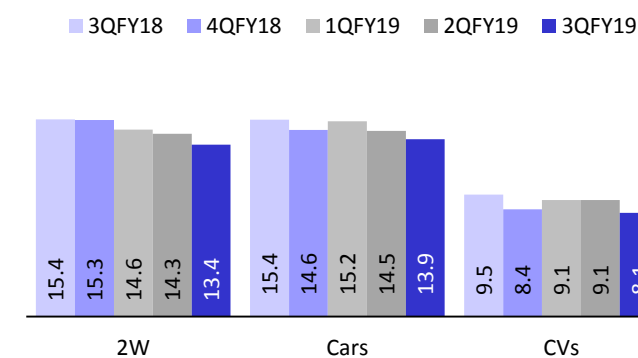
Exhibit 1: Summary of expected quarterly performance (INR m)

Sector	CMP (INR)	RECO	Sales (INR M)			EBDITA (INR M)			Net Profit (INR M)		
			Dec-18	Var % YoY	Var % QoQ	Dec-18	Var % YoY	Var % QoQ	Dec-18	Var % YoY	Var % QoQ
Automobiles											
Amara Raja Batt.	733	Buy	17,554	13.0	0.1	2,435	0.8	2.9	1,246	-7.4	3.6
Ashok Leyland	100	Buy	63,600	-10.9	-16.4	5,445	-30.9	-32.4	3,015	-33.0	-35.9
Bajaj Auto	2,689	Buy	75,496	18.5	-5.5	12,107	-1.7	-9.8	10,647	11.8	-7.6
Bharat Forge	495	Buy	16,553	19.0	-1.4	4,554	9.4	4.8	2,405	5.4	5.7
Bosch	19,466	Neutral	32,562	6.0	1.7	4,591	2.6	-23.0	3,096	10.2	-26.3
CEAT	1,289	Buy	17,788	13.0	1.4	1,708	-8.7	7.2	707	-15.0	9.9
Eicher Motors	21,164	Buy	25,029	10.3	3.9	7,586	7.3	4.0	5,749	8.3	1.5
Endurance Tech.	1,243	Buy	18,599	17.7	-4.0	2,764	24.0	-1.2	1,220	27.5	-2.5
Escorts	707	Neutral	16,000	32.8	14.4	1,840	26.9	16.8	1,202	30.8	17.1
Exide Inds.	261	Buy	25,631	12.5	-5.8	3,202	13.3	-3.8	1,655	7.3	-13.3
Hero Motocorp	3,046	Neutral	77,322	5.7	-14.9	11,009	-4.9	-20.1	7,534	-6.5	-22.8
Mahindra & Mahindra	742	Buy	129,897	13.0	1.6	19,413	14.7	5.0	10,455	3.0	-37.5
Maruti Suzuki	7,272	Buy	194,964	1.1	-12.3	25,634	-15.6	-20.7	16,922	-5.9	-19.5
Motherson Sumi	164	Buy	168,787	17.3	11.7	14,880	19.1	14.5	4,397	20.2	18.5
Tata Motors	169	Buy	774,798	4.5	7.4	83,984	-1.7	24.3	4,134	-65.6	LP
TVS Motor	535	Neutral	45,525	23.5	-8.8	3,505	22.2	-18.1	1,587	2.8	-24.9
Sector Aggregate			1,700,105	7.1	0.7	204,657	-0.8	2.2	75,970	-8.9	-1.9

Exhibit 2: Volume snapshot for 3QFY19 ('000 units)

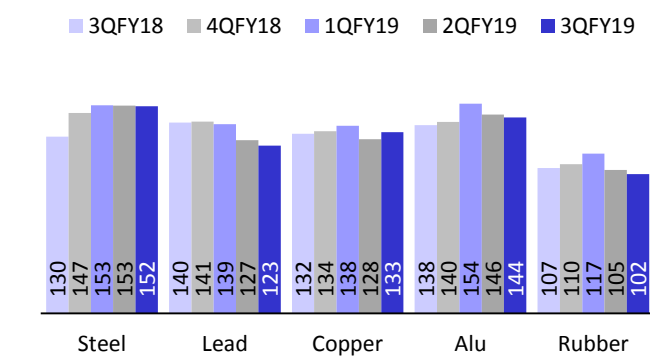
	3QFY19	3QFY18	YoY (%)	2QFY19	QoQ (%)	9MFY19	9MFY18	YoY (%)
Two wheelers	5,858	5,270	11.2	6,736	-13.0	19,119	17,129	11.6
Three wheelers	305	282	8.1	337	-9.5	947.43	721	31.5
Passenger cars	644	671	-3.9	726	-11.2	2,080	2,052	1.3
UVs & MPVs	323	317	1.8	323	0.0	973	926	5.1
Total PVs	967	988	-2.1	1,049	-7.8	3,053	2,978	2.5
M&HCV	100	107	-5.9	115	-13.2	316	254	24.3
LCV	171	139	23.2	163	5.0	481	379	26.9
Total CVs	271	245	10.6	278	-2.5	797	633	25.9
Tractors	205	176	16.5	187	9.4	611	546	12.0
Total (ex-Tractor)	7,402	6,785	9.1	8,401	-11.9	23,916	21,461	11.4

Exhibit 3: Trend in segment-wise EBITDA margins (%)



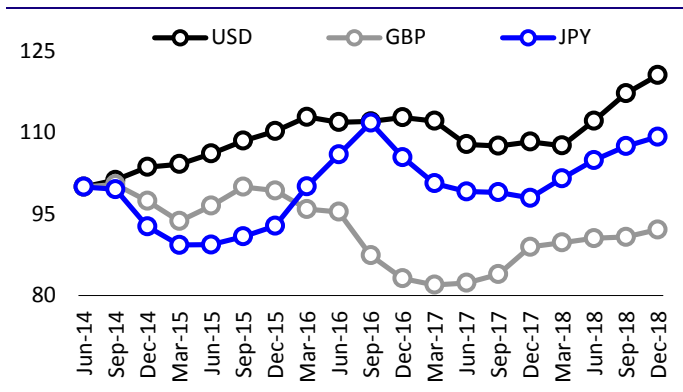
Source: Company, MOSL

Exhibit 4: Commodity prices cool off sequentially



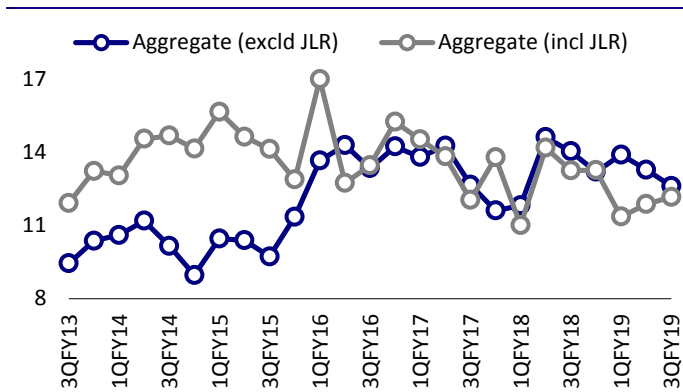
Source: Company, MOSL

Exhibit 5: Trend in key currencies v/s INR



Source: Bloomberg, MOSL

Exhibit 6: Margins (ex-JLR) to contract YoY and QoQ



Source: Company, MOSL

Exhibit 7: Revised estimates

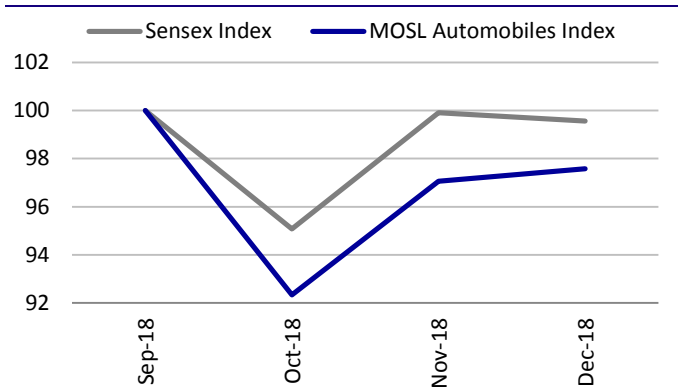
	FY19E			FY20E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Bajaj Auto	155.9	161.5	-3.4	181.5	190.2	-4.6
Hero MotoCorp	173.3	181.4	-4.5	187.2	200.1	-6.4
TVS Motor	14.9	16.0	-6.8	21.8	22.6	-3.7
Maruti *	257.3	265.9	-3.3	321.7	334.7	-3.9
M&M *	44.1	46.1	-4.3	49.6	53.2	-6.8
Tata Motors *	3.2	3.8	-15.3	21.8	22.4	-2.7
Ashok Leyland	6.0	6.7	-10.7	7.8	8.8	-10.9
Eicher Motors *	855.7	909.7	-5.9	1020.8	1126.7	-9.4
Amara Raja	29.0	29.1	-0.4	37.0	37.3	-0.7
Bharat Forge *	22.6	23.6	-4.4	27.6	30.0	-8.0
BOSCH	552.1	541.0	2.0	679.9	682.3	-0.4
Ceat	70.3	68.1	3.2	86.4	86.9	-0.6
Escorts	51.7	49.7	4.1	61.1	58.5	4.3
Endurance Tech*	36.2	36.2	-0.1	46.2	46.4	-0.3
Exide Industries	9.2	9.5	-3.0	11.5	11.8	-2.5
Motherson Sumi	5.7	5.9	-2.5	8.4	8.6	-2.2

* Consolidated

Exhibit 8: EBITDA margin to contract by ~140bp YoY for the second consecutive quarter

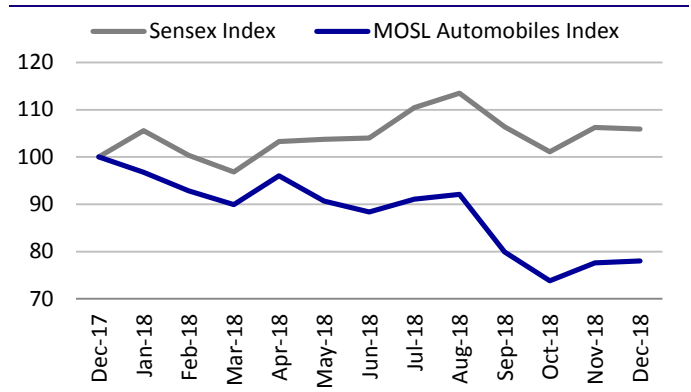
	Volumes ('000 units)			EBITDA margins (%)			Adj PAT (INR M)		
	3QFY19	YoY (%)	QoQ (%)	3QFY19	YoY (%)	QoQ (%)	3QFY19	YoY (%)	QoQ (%)
BJAUT	1,260	25.8	-5.9	16.0	-330	-80	10,647	11.8	-7.6
HMCL	1,799	5.3	-15.7	14.2	-160	-90	7,534	-6.5	-22.8
TVS Motor	990	19.8	-9.1	7.7	-10	-90	1,587	2.8	-24.9
MSIL	429	-0.6	-11.6	13.1	-260	-140	16,922	-5.9	-19.5
MM	234	11.1	2.4	14.9	20	50	10,455	3.0	-37.5
TTMT (S/A)	172	0.1	-9.9	7.9	-90	-50	22		98.8
TTMT (JLR) *	145	-8.7	11.1	10.7	-10	170	43	-77.4	-148.3
TTMT (Cons)				10.8	-70	150	4,134	-65.6	-159
Ashok Leyland	44	-6.1	-15.8	8.6	-250	-200	3,015	-33.0	-35.9
Eicher (RE)	214	3.8	2.1	30.3	-140	-30	5,137	8.8	4.3
Eicher (VECV)	17	7.4	-6.7	8.4	-30	-60	1,124	-15.3	-20.9
Eicher (Consol)				30.3	-140	-30	5,749	8.3	1.5
Agg. (ex JLR)	5,158	11.7	-10.2	12.6	-140	-70	55,930	-5.6	-23.7

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



Source: Bloomberg, MOSL

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



Source: Bloomberg, MOSL

Exhibit 11: Comparative valuation

Sector / Companies	Mkt Cap (USD B)	CMP (INR)	RECO	EPS (INR)			PE (x)			EV/EBIDTA (x)			ROE (%)		
				FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
Amara Raja Batt.	1.8	733	Buy	29.0	37.0	43.3	25.3	19.8	16.9	12.7	9.9	8.2	15.8	17.6	17.8
Ashok Leyland	4.2	100	Buy	6.0	7.8	7.1	16.7	12.8	14.1	8.1	5.9	6.2	23.0	26.3	20.9
Bajaj Auto	11.1	2,689	Buy	155.9	181.5	199.1	17.2	14.8	13.5	11.8	9.3	8.1	22.4	23.4	22.9
Bharat Forge	3.3	495	Buy	22.6	27.6	29.3	21.9	18.0	16.9	11.5	9.7	9.1	20.9	21.9	19.9
Bosch	8.7	19,466	Neutral	552.1	679.9	821.9	35.3	28.6	23.7	21.7	17.0	13.7	16.1	17.9	19.4
CEAT	0.7	1,289	Buy	70.8	87.7	105.7	18.2	14.7	12.2	10.0	8.6	7.3	10.5	11.8	12.8
Endurance Tech.	2.5	1,243	Buy	36.5	46.7	59.8	34.0	26.6	20.8	15.4	12.3	9.7	21.6	23.4	25.3
Eicher Motors	8.2	21,164	Buy	855.7	1020.8	1106.2	24.7	20.7	19.1	16.2	13.9	11.9	29.5	28.2	25.1
Escorts	1.2	707	Neutral	51.7	61.1	63.1	13.7	11.6	11.2	10.8	8.8	8.1	19.1	19.2	16.9
Exide Inds.	3.2	261	Buy	9.2	11.5	13.1	28.4	22.7	20.0	14.0	11.1	9.6	13.1	14.7	15.0
Hero Motocorp	8.7	3,046	Neutral	173.3	187.2	195.4	17.6	16.3	15.6	10.4	9.6	9.2	28.3	28.4	27.6
Mahindra & Mahindra	12.8	742	Buy	44.1	49.6	54.2	16.8	14.9	13.7	4.4	3.7	3.5	14.4	14.5	13.6
Maruti Suzuki	31.3	7,272	Buy	257.3	321.7	393.1	28.3	22.6	18.5	15.0	12.5	10.3	17.0	18.7	20.3
Motherson Sumi	7.4	164	Buy	5.7	8.4	9.9	28.6	19.4	16.5	9.5	6.6	5.3	18.2	23.2	23.2
Tata Motors	8.2	169	Buy	3.2	21.8	24.3	52.3	7.7	6.9	3.0	2.4	2.1	1.1	7.4	7.7
TVS Motor	3.6	535	Neutral	14.9	21.8	30.2	36.0	24.5	17.7	17.9	13.2	9.9	22.7	27.7	30.6
Sector Aggregate							24.1	17.3	15.3	8.0	6.5	5.6	12.4	15.5	15.7

Amara Raja Batteries

Bloomberg	AMRJ IN
Equity Shares (m)	170.8
M. Cap. (INR b)/(USD b)	125 / 2
52-Week Range (INR)	908 / 671
1,6,12 Rel Perf. (%)	4 / -3 / -18

Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Sales	53.2	60.6	71.1	83.9
EBITDA	8.5	8.8	9.7	12.1
NP	4.8	4.7	4.9	6.3
EPS (INR)	28	27.6	29.0	37.0
EPS Gr. (%)	(2.7)	(1.5)	5.0	27.8
BV/Sh. (INR)	152	172	196	226
RoE (%)	20.3	17.0	15.8	17.6
RoCE (%)	19.4	16.3	15.1	16.7
Valuations				
P/E (x)	26.2	26.6	25.3	19.8
P/BV (x)	4.8	4.3	3.7	3.2
EV/EBITDA (x)	14.6	14.1	12.8	10.0
EV/Sales (x)	2.3	2.1	1.7	1.4

CMP: INR733 TP: INR834 (+14%) Buy

- We expect AMRJ's revenue to grow 13% YoY (flat QoQ) to INR17.6b, driven by growth in the automotive OEM and replacement segments.
- Spot LME lead prices declined for the third consecutive quarter by 3.4% QoQ (-12% YoY) in 3QFY19.
- EBITDA margin is likely to shrink 170bp YoY (+40bp QoQ) to 13.9%.
- We expect PAT to decline 7.4% YoY (+3.6% QoQ) to INR1.24b.
- The stock trades at 25.3x FY19E and 19.8x FY20E EPS; maintain **Buy**.

Key issues to watch

- Update on demand environment for OEMs, auto replacement, and industrial battery segments.
- Outlook for raw material cost trend and recent pricing action.
- Update on competitive intensity in telecom segment and pricing power thereof.
- Update on progress made on product development in lithium ion battery space and plans going forward.

Quarterly Performance

Y/E March (INR m)	FY18				FY19E				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	14,975	14,275	15,535	15,807	17,787	17,531	17,554	18,275	60,592	71,146
YoY Change (%)	14.5	7.1	17.1	17.6	18.8	22.8	13.0	15.6	14.0	17.4
RM Cost (% of sales)	70.0	66.0	66.9	68.7	71.5	69.1	68.6	68.3	67.9	69.4
Staff Cost (% of sales)	5.4	5.2	4.9	5.0	4.7	5.3	5.3	5.0	4.2	4.9
Other Exp (% of sales)	11.7	12.1	12.0	13.0	11.4	12.1	12.2	12.1	11.6	13.0
EBITDA	1,929	2,381	2,416	2,107	2,203	2,366	2,435	2,652	8,832	9,657
Margins (%)	12.9	16.7	15.6	13.3	12.4	13.5	13.9	14.5	14.6	13.6
Depreciation	544	584	587	588	630	643	685	723	2,303	2,680
Interest	14	13	11	13	15	18	12	15	51	60
Other Income	137	122	168	237	137	142	149	152	664	580
PBT	1,508	1,907	1,985	1,743	1,695	1,848	1,887	2,066	7,142	7,496
Tax Rate (%)	33.7	33.3	32.3	37.0	33.3	34.9	34.0	33.7	34.0	34.0
Adj PAT	999	1,272	1,345	1,098	1,130	1,202	1,246	1,369	4,713	4,948
YoY Change (%)	-23.6	-6.7	19.7	10.7	13.2	-5.5	-7.4	24.7	-1.5	5.0

E: MOSL Estimates

Ashok Leyland

Bloomberg	AL IN
Equity Shares (m)	2927.1
M. Cap. (INR b)/(USD b)	293 / 4
52-Week Range (INR)	168 / 98
1,6,12 Rel Perf. (%)	-10 / -23 / -25

Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Sales	201.4	262.5	291.9	346.4
EBITDA	22.0	27.4	29.5	37.5
NP	12.4	15.8	17.5	22.9
Adj. EPS (INR)	4.3	5.4	6.0	7.8
EPS Gr. (%)	3.0	23.9	11.0	30.9
BV/Sh. (INR)	21.5	24.5	27.4	32.0
RoE (%)	21.4	23.7	23.0	26.3
RoCE (%)	21.8	20.7	20.7	24.2

Valuations

P/E (x)	23.0	18.6	16.7	12.8
P/BV (x)	4.6	4.1	3.7	3.1
EV/EBITDA (x)	12.7	9.6	9.1	6.8
Div. Yield (%)	1.6	2.4	2.5	2.6

CMP: INR100
TP: INR136 (+36%)
Buy

- Volumes declined 6.1% YoY (-15.8% QoQ) to 43,763 units in 3QFY19, as M&HCV sales declined 16.5% YoY to 29,810 units. LCV sales, however, increased 27.7% YoY to 13,953 units.
- We expect realization to decline 5.1% YoY (-0.8% QoQ), led by product mix impact.
- Consequently, net revenue is likely to decline 10.9% YoY (-16.4% QoQ) to INR63.6b.
- EBITDA margin is likely to contract 240bp YoY (-200 bp QoQ) to 8.6% led by product mix impact.
- EBITDA should decline 30.9% YoY (-32.4% QoQ) to INR5.4b.
- Adj. PAT should decline 33% YoY (-35.9% QoQ) to INR3b.
- We increase FY19/FY20 EPS by 11% each as we decrease volumes by 3.5% and margins by 60bp/80bp to 10.1%/10.8% respectively.
- The stock trades at EV/EBITDA of 9.1x FY19E and 6.8x FY20E EBITDA. Maintain **Buy**.

Key issues to watch

- Update on CV demand post implementation of new axle norms and discount trends.
- Update on LCVs, exports and defense business.
- RM cost guidance and price hikes to mitigate the same.
- Capex and investment guidance for FY19 and FY20.

Quarterly Performance

	FY18				FY19				FY18	FY19
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Total Volumes (nos)	28,488	40,986	46,627	58,772	42,127	51,958	43,763	60,988	174,873	198,836
Growth %	-8.6	22.6	42.0	23.4	47.9	26.8	-6.1	3.8	20.5	13.7
Realizations (INR '000)	1,495	1,483	1,532	1,493	1,484	1,464	1,453	1,471	1,501	1,468
% change	9.4	7.3	4.2	0.2	-0.7	-1.2	-5.1	-1.4	8.8	-2.2
Net operating revenues	42,579	60,764	71,412	87,725	62,501	76,080	63,600	89,740	262,479	291,921
Change (%)	0.0	31.5	47.9	23.7	46.8	25.2	-10.9	2.3	31.1	11.2
RM/sales %	69.1	70.8	71.0	71.9	69.6	72.7	72.3	71.7	70.9	71.6
Staff/sales %	9.9	7.7	6.6	5.2	7.9	6.8	8.2	6.0	6.9	7.1
Other exp/sales %	13.8	11.4	11.4	11.2	12.1	9.9	11.0	11.8	11.7	11.2
EBITDA	3,061	6,118	7,884	10,327	6,475	8,059	5,445	9,471	27,390	29,450
EBITDA Margins(%)	7.2	10.1	11.0	11.8	10.4	10.6	8.6	10.6	10.4	10.1
Other Income	384	557	380	577	500	281	500	559	1,898	1,840
Interest	366	410	335	201	116	174	175	156	1,312	621
PBT before EO Item	1,730	4,826	6,576	9,299	5,366	6,765	4,295	8,378	22,433	24,804
EO Exp/(Inc)	126	0	0	0	147	159	0	0	126	13
PBT	1,605	4,826	6,576	9,299	5,220	6,606	4,295	8,378	22,307	24,791
Effective Tax Rate (%)	30.7	30.7	31.6	28.2	29.1	30.4	29.8	29.9	30.0	29.5
Adj. PAT	1,199	3,342	4,497	6,674	3,805	4,707	3,015	5,873	15,714	17,487
Change (%)	-58.7	13.5	178.1	36.5	217.2	40.8	-33.0	-12.0	27.1	11.3

E: MOSL Estimates

Bajaj Auto

Bloomberg	BJAUT IN
Equity Shares (m)	289.4
M. Cap. (INR b)/(USD b)	778 / 11
52-Week Range (INR)	3473 / 2425
1,6,12 Rel Perf. (%)	-1 / -7 / -25

Financial Snapshot (INR b)

Y/E MAR	2017	2018	2019E	2020E
Sales	218	252	297	337
EBITDA	44.2	47.8	48.7	58.8
NP	40.8	43.8	45.1	52.5
Adj. EPS (INR)	141	151	156	181
EPS Gr. (%)	-1.7	7.3	3.1	16.4
BV/Sh. (INR)	589	660	734	820
RoE (%)	26.9	24.2	22.4	23.4
RoCE (%)	24.6	22.0	20.3	30.4
Payout (%)	46.9	47.7	46.2	46.4

Valuations

P/E (x)	19.1	17.8	17.2	14.8
P/BV (x)	4.6	4.1	3.7	3.3
EV/EBITDA (x)	14.2	12.5	11.8	9.3
Div. Yield (%)	2.0	2.2	2.2	2.6

CMP: INR2,689 TP: INR3,186 (+19%) Buy

- Overall volumes increased 25.8% YoY (-5.9% QoQ) to ~1,260k units due to 27.4% YoY increase in domestic volume and 23.6% YoY increase in export volume.
- Total motorcycle volume increased 31.7% YoY, while 3W volume declined 0.8% YoY.
- We expect realization to decline by 5.8% YoY (+0.5% QoQ) led by deterioration in the product mix. Consequently, net sales are expected to increase by 18.5% YoY (-5.5% QoQ) to INR75.5b.
- We expect EBITDA margin to contract by 330 bp YoY (-80 bp QoQ) to 16%.
- We expect PAT to increase by 11.8% YoY (-7.6% QoQ) to INR10.7b.
- We cut FY19/FY20 volume estimates by 2% each and cut margins by 50bp/60bp to 16.4%/17.5%. As a result, our EPS estimates for FY19/20 are down by 3.4%/4.6%.
- The stock trades at 17.2x FY19E and 14.8x FY20E EPS; maintain **Buy**.

Key issues to watch

- Update on 2W demand outlook from urban and rural areas.
- Price increase in domestic markets across segments.
- Export demand outlook and pricing in key currency market.
- Comments on 3W demand momentum in domestic market.
- Update on EV strategy.

Quarterly Performance

	FY18				FY19E				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Volumes ('000 units)	888	1,072	1,001	1,045	1,227	1,339	1,260	1,156	4,007	4,982
Growth YoY (%)	-10.7	3.8	17.6	32.7	38.1	25.0	25.8	10.6	9.3	24.3
Realization (INR/unit)	61,258	61,408	63,600	64,793	60,485	59,628	59,926	58,337	62,806	59,615
Growth YoY (%)	6.0	4.7	6.9	4.2	-1.3	-2.9	-5.8	-10.0	5.7	(5.1)
Net Sales	54,424	65,799	63,693	67,733	74,193	79,868	75,496	67,453	251,649	297,010
Change (%)	-5.3	8.7	25.7	38.3	36.3	21.4	18.5	-0.4	15.5	18.0
RM/Sales %	70.0	69.1	68.4	69.3	71.4	72.4	72.8	72.4	69.4	72.3
Staff cost/Sales %	5.0	4.0	4.2	3.9	4.2	3.9	4.2	4.7	4.2	4.2
Oth. Exp./Sales %	7.8	7.2	8.3	7.4	7.1	7.0	7.1	7.7	7.7	7.2
EBITDA	9,384	12,984	12,315	13,152	12,814	13,430	12,107	10,368	47,290	48,719
EBITDA Margins (%)	17.2	19.7	19.3	19.4	17.3	16.8	16.0	15.4	18.8	16.4
Other Income	4,573	2,964	2,269	3,667	4,044	3,815	4,000	3,124	13,473	14,984
Interest	2	5	3	3	3	3	3	1	13	10
Depreciation	753	770	747	879	700	715	730	749	3,148	2,893
PBT	12,881	15,174	13,833	15,937	16,156	16,527	15,375	12,742	57,602	60,799
Tax	3,642	4,055	4,309	5,138	5,003	5,002	4,728	3,963	17,145	18,696
Effective Tax Rate (%)	28.3	26.7	31.1	32.2	31.0	30.3	30.8	31.1	29.8	30.8
Adj. PAT	9,469	11,119	9,524	10,799	11,152	11,525	10,647	8,779	41,001	42,103
Change (%)	(3.2)	(1.0)	3.0	34.7	17.8	3.7	11.8	(18.7)	6.7	2.7

E: MOSL Estimates

Bharat Forge

Bloomberg	BHFC IN
Equity Shares (m)	465.7
M. Cap. (INR b)/(USD b)	231 / 3
52-Week Range (INR)	800 / 489
1,6,12 Rel Perf. (%)	-11 / -21 / -38

Financial Snapshot (INR b)

Y/E Mar	2018	2019E	2020E	2021E
Sales	83.6	97.4	110.7	118.7
EBITDA	17.2	21.0	24.4	25.1
EPS (INR)	18.4	22.6	27.6	29.3
EPS Gr. (%)	40.7	22.5	22.2	6.3
BV/Sh. (INR)	99.9	116.1	136.2	158.0
RoE (%)	19.6	20.9	21.9	19.9
RoCE (%)	11.6	14.0	15.4	15.0

Valuations

P/E (x)	26.9	21.9	18.0	16.9
P/BV (x)	5.0	4.3	3.6	3.1
EV/EBITDA(x)	15.1	12.3	10.5	10.0
EV/Sales (x)	3.1	2.7	2.3	2.1

Consolidated

CMP: INR495
TP: INR579 (+17%)
Buy

- BHFC's shipment tonnage is expected to increase by 10% YoY (+3% QoQ) to 71,555 tons, led by strong growth across both domestic and export segments. Growth in autos would be driven by robust growth in the CV segment (both domestic and exports), non-autos would be driven by Oil & Gas segment (export) and defense order execution (domestic).
- Net realization is expected to increase 8.2% YoY (-4% QoQ) to ~INR231.3k/ton led by favorable mix and currency.
- As a result, net revenue would increase 19% YoY (-1% QoQ) to ~INR16.6b.
- EBITDA margin is likely to contract ~240bp YoY (+160bp QoQ) to 27.5%.
- PAT is expected to increase by 5% YoY (+6% QoQ) to INR2.4b.
- We have cut our earnings estimate for FY19/20 by 4%/8% to factor in growth moderation in CV (both domestic and exports) and adverse mix.
- The stock trades at 18x FY20E and 16.9x FY21E EPS; Maintain **Buy**.

Key issues to watch

- Update on FY19 outlook for Class 8 trucks & India CVs.
- Impact of trade wars on demand and future outlook.
- Update on new order wins and ramp-up of past order wins.
- Update on defense business.

S/A Quarterly

									(INR Million)	
	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Tonnage	55,100	58,659	65,050	68,706	66,815	69,683	71,555	77,284	247,515	285,337
Change (%)	12.2	27.0	38.2	24.5	21.3	18.8	10.0	12.5	25.3	15.3
Realization (INR '000/ton)	217.9	214.5	213.8	213.5	221.5	241.0	231.3	229.7	214.8	230.9
Change (%)	18.3	11.2	6.7	4.7	1.6	12.4	8.2	7.6	9.8	7.5
Net operating income	12,008	12,580	13,906	14,666	14,797	16,792	16,553	17,751	53,160	65,893.6
Change (%)	32.8	41.2	47.4	30.3	23.2	33.5	19.0	21.0	37.6	24.0
RM/Sales (%)	35.0	35.0	35.6	36.1	36.1	39.1	38.6	38.5	35.5	38.2
Staff Cost (% of Sales)	8.9	8.5	8.0	7.6	8.3	7.3	7.6	7.2	8.2	7.6
Other Exp. (% of Sales)	28.3	27.1	26.4	27.8	26.6	27.8	26.3	25.6	27.4	26.6
EBITDA	3,333	3,694	4,163	4,177	4,286	4,344	4,554	5,090	15,368	18,273
EBITDA Margins (%)	27.8	29.4	29.9	28.5	29.0	25.9	27.5	28.7	28.9	27.7
Non-Operating Income	259	366	219	342	343	338	335	334	1,187	1,350
Interest	185	217	143	303	253	321	325	331	848	1,230
Depreciation	774	781	807	705	824	914	920	926	3,068	3,584
PBT after EO items	2,633	3,063	3,432	2,179	3,552	3,447	3,644	4,167	11,307	14,809
Eff. Tax Rate (%)	33.5	33.5	33.5	37.4	34.0	34.0	34.0	34.0	37.4	34.0
Rep. PAT	1,751	2,037	2,282	1,003	2,345	2,275	2,405	2,750	7,073	9,774
Change (%)	43.4	60.5	77.4	-51.6	33.9	11.7	5.4	174.1	20.9	38.2
Adj. PAT	1,751	2,037	2,282	2,335	2,345	2,275	2,405	2,750	8,404	9,774
Change (%)	43.4	60.5	77.4	29.7	33.9	11.7	5.4	17.8	50.4	16.3

E: MOSL Estimates

Bosch

Bloomberg	BOS IN
Equity Shares (m)	31.4
M. Cap. (INR b)/(USD b)	611 / 9
52-Week Range (INR)	22400 / 16990
1,6,12 Rel Perf. (%)	4 / 10 / -7

Financial Snapshot (INR b)

Y/E Mar	FY18	FY19E	FY20E	FY21E
Sales	116.9	133.5	155.1	186.6
EBITDA	20.9	24.8	31.3	38.0
NP	14.3	16.9	20.8	25.1
EPS (INR)	469.8	552.1	679.9	821.9
EPS Gr. (%)	-0.7	17.5	23.2	20.9
BV/Sh. (INR)	3,270	3,598	4,001	4,488
RoE (%)	15.3	16.1	17.9	19.4
RoCE (%)	22.8	24.4	26.7	28.9

Valuations

P/E (x)	41.4	35.3	28.6	23.7
P/BV (x)	6.0	5.4	4.9	4.3
EV/EBITDA(x)	27.5	23.2	18.1	14.7
EV/Sales (x)	4.9	4.3	3.6	3.0

CMP: INR19,466 TP: INR21,233 (9%) Neutral

- Net revenue is expected to grow 6% YoY (2% QoQ) to INR32.6b, as strong growth in CVs and tractors would be partially negated by moderate decline in PVs.
- EBITDA margin is expected to contract 50bp YoY (-450bp QoQ) to 14.1% due to higher RM cost YoY.
- EBITDA is projected to grow 3% YoY (-23% QoQ) to INR4.6b.
- Adjusted PAT is likely to increase 10% YoY to INR3.1b (-26% QoQ).
- The stock trades at 28.6x FY20E and 23.7x FY21E EPS; Maintain **Neutral**.

Key issues to watch

- Update on revenue growth in aftermarket business.
- Revenue opportunity in 2Ws in BS VI.
- Outlook for both auto and non-auto demand.

Quarterly performance (S/A)

Y/E March	FY18				FY19E				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	26,484	28,119	30,719	31,580	32,122	32,011	32,562	36,775	116,902	133,470
YoY Change (%)	4.2	6.8	14.1	22.7	21.3	13.8	6.0	16.5	12.0	14.2
RM Cost (% of sales)	54.4	55.1	52.8	53.5	54.4	56.7	53.5	56.1	53.9	55.2
Staff Cost (% of sales)	12.9	12.2	11.1	10.4	10.9	10.6	10.9	9.5	11.6	10.5
Other Expenses (% of sales)	16.2	14.5	21.5	14.2	15.1	14.0	21.5	12.8	16.6	15.8
EBITDA	4,390	5,080	4,476	6,914	6,282	5,962	4,591	7,927	20,933	24,762
Margins (%)	16.6	18.1	14.6	21.9	19.6	18.6	14.1	21.6	17.9	18.6
Depreciation	1,062	1,108	1,243	1,259	939	950	1,150	1,213	4,672	4,252
Interest	5	0	27	1	0	0	0	0	33	0
Other Income	1,295	1,290	1,023	1,582	1,147	1,395	1,250	1,230	5,118	5,022
PBT before EO expense	4,618	5,262	4,229	7,236	6,489	6,407	4,691	7,944	21,346	25,532
Extra-Ord expense	0	0	0	939	0	0	0	0	939	0
PBT after EO Expense	4,618	5,262	4,229	6,297	6,489	6,407	4,691	7,944	20,407	25,532
Tax	1,592	1,728	1,419	1,959	2,179	2,207	1,595	2,699	6,699	8,681
Tax Rate (%)	34.5	32.8	33.6	31.1	33.6	34.4	34.0	34.0	32.8	34.0
Reported PAT	3,026	3,533	2,810	4,338	4,310	4,200	3,096	5,245	13,708	16,851
Adj PAT	3,026	3,533	2,810	4,985	4,310	4,200	3,096	5,245	14,339	16,851
YoY Change (%)	-19.3	-16.5	30.8	13.2	42.4	18.9	10.2	5.2	4.7	17.5

E: MOSL Estimates

CEAT

Bloomberg	CEAT IN
Equity Shares (m)	40.5
M. Cap. (INR b)/(USD b)	52 / 1
52-Week Range (INR)	2030 / 984
1,6,12 Rel Perf. (%)	3 / 1 / -39

Financial Snapshot (INR Billion)

Y/E March	2018	2019E	2020E	2021E
Sales	62.3	70.4	84.7	98.5
EBITDA	6.1	6.8	9.2	11.0
NP	2.6	2.8	3.5	4.4
EPS (Rs)	64.0	70.3	86.4	107.5
EPS Gr. (%)	-30.3	9.9	22.8	24.5
BV/Share	644.3	704.7	779.6	872.9
RoE (%)	10.3	10.4	11.6	13.0
RoCE (%)	8.5	7.5	8.0	8.5

Valuations

P/E (x)	20.2	18.3	14.9	12.0
P/BV (x)	2.0	1.8	1.7	1.5
EV/EBITDA (x)	9.8	10.1	8.7	7.4
EV/Sales (x)	1.0	1.0	0.9	0.8

CMP: INR1,289 TP: INR1,534 (19%)**Buy**

- We expect revenue to increase 11% YoY (flat QoQ) to INR17.5b in 3QFY19.
- RM cost is expected to increase by 50bp QoQ (+300bp YoY) to 61.2% in 3QFY19. RM cost would be impacted by lag impact of ~240bp increase in RM basket in 2QFY19, the extent of which has been diluted by price hikes.
- We estimate 10bp QoQ margin expansion (-270bp YoY) in EBITDA margin to 9.2%.
- EBITDA is likely to decline 14% YoY (+1% QoQ) to INR1.6b.
- We expect adjusted PAT to decline 22% YoY to INR646m.
- The stock trades at 14.9x FY20E and 12x FY21E EPS. Maintain **Buy**.

Key things to watch for

- Growth in replacement market.
- Guidance on RM costs.
- Extent of price increases taken/ planned across segments
- Whether capacity expansion is on track.

Consolidated - Quarterly Earning Model

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	14,597	15,230	15,742	16,739	17,063	17,546	17,473	18,328	62,308	70,410
YoY Change (%)	-0.7	6.7	12.6	13.7	16.9	15.2	11.0	9.5	8.1	13.0
RM cost (%)	65.8	60.6	58.2	60.3	60.7	60.7	61.2	60.3	61.1	60.7
Employee cost (%)	6.9	7.3	7.1	6.9	7.0	8.1	8.0	8.5	7.0	7.9
Other expenses (%)	23.6	20.6	22.8	21.0	22.1	22.2	21.6	21.0	22.0	21.7
EBITDA	547	1,747	1,870	1,976	1,758	1,592	1,608	1,872	6,139	6,830
Margins (%)	3.7	11.5	11.9	11.8	10.3	9.1	9.2	10.2	9.9	9.7
Depreciation	396	409	433	448	460	477	500	516	1,686	1,953
Interest	226	237	273	238	204	186	220	229	974	838
Other Income	103	65	66	69	37	33	45	51	303	165
PBT before EO expense	28	1,166	1,230	1,359	1,131	962	933	1,178	3,783	4,204
Exceptional item	4	80	10	246	23	20	0	0	340	43
PBT	25	1,086	1,220	1,113	1,108	943	933	1,178	3,443	4,161
Tax Rate (%)	193.1	38.7	38.9	35.7	39.9	39.3	38.8	38.1	38.9	39.0
Minority Interest & P/L of Asso. Cos.	-39	-65	-82	-91	-54	-59	-75	-92	-277	-280
Reported PAT	16	730	826	807	720	632	646	820	2,380	2,818
Adj PAT	13	779	833	966	734	644	646	820	2,587	2,844
YoY Change (%)	-98.8	-27	-1	21.0	5,573	-17	-22	-15.1	-30.1	9.9

E: MOSL Estimates

Eicher Motors

Bloomberg	EIM IN
Equity Shares (m)	27.3
M. Cap. (INR b)/(USD b)	577 / 8
52-Week Range (INR)	32210 / 20301
1,6,12 Rel Perf. (%)	-9 / -27 / -32

Financial Snapshot (INR b)

Y/E March	FY17	FY18	FY19E	FY20E
Net Income	70.3	89.6	99.1	111.9
EBITDA	21.7	28.1	30.7	34.6
Net Profit	17.1	21.8	23.3	27.8
Adj. EPS (INR)	630	800	856	1,021
EPS Gr. (%)	59.7	27.0	7.0	19.3
BV/Sh. (INR)	1,964	2,579	3,222	4,008
RoE (%)	38.1	35.2	29.5	28.2
RoCE (%)	33.3	30.1	25.6	25.0

Valuations

P/E (x)	33.6	26.5	24.7	20.7
P/BV (x)	10.8	8.2	6.6	5.3
EV/EBITDA (x)	21.1	15.7	14.1	11.8
Div. Yield (%)	0.5	0.5	0.8	0.9

CMP: INR21,164 TP: INR24,760 (+17%) Buy

- Royal Enfield's volumes grew 3.8% YoY (+2.1% QoQ) to 214,451 units. Net realization is expected to improve by 6.5% YoY (+2% QoQ). S/A EBITDA margin is expected to contract by 140bp YoY to 30.3%.
- Consolidated revenue would increase 10.3% YoY (+3.9% QoQ) to INR25b. Consolidated margin is likely to be 30.3%. Adj. PAT is estimated to grow 8.3% YoY (+1.5% QoQ) to INR5.8b.
- We are lowering our volume estimates for RE to 846k/919k (prior: 892k/1,008k), translating in consol. EPS cut of ~6%/9%.
- Our positive view on the stock is hinged upon RE growing faster (12-15% CAGR) than the motorcycle industry (6-8% CAGR) due to continued trend of up-trading. While we still believe in RE's growth potential, near-term prospects are clouded by substantial increase in cost of ownership (15-18% between Aug-18 to Dec-19) and faster/better-than-expected emergence of competition. Maintain **Buy**.
- Stock trades at 24.7x/20.7x FY19/20 consol. EPS.

Key issues to watch

- Outlook on RE demand from metros, tier 1 and tier 2 cities, and order book trend.
- Inventory levels for RE.

Quarterly performance (Consolidated)

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Operating income	20,006	21,673	22,690	25,280	25,478	24,082	25,029	24,523	89,650	99,111
Growth (%)	28.6	23.5	23.7	33.9	27.3	11.1	10.3	-3.0	27.5	10.6
EBITDA	6,207	6,825	7,072	7,972	8,095	7,293	7,586	7,680	28,076	30,655
EBITDA Margins (%)	31.0	31.5	31.2	31.5	31.8	30.3	30.3	31.3	31.3	30.9
Recurring PAT	4,708	5,295	5,309	6,486	5,761	5,663	5,749	6,155	21,797	23,327
Growth (%)	25.1	28.1	27.0	39.1	22.4	7.0	8.3	-5.1	27.2	7.0
Standalone (Royal Enfield)										
Royal Enfield ('000 units)	184	203	207	227	225	210	214	242	820	846
Growth (%)	24.8	21.5	18.8	27.4	22.5	3.6	3.8	6.8	23.1	3.1
Net Realn (INR '000/unit)	109	107	110	111	113	114	117	101	109	117
Change - YoY (%)	2.9	1.0	3.9	5.4	3.9	7.3	6.5	-9.0	3.4	7.3
EBITDA Margins (%)	31.4	31.9	31.7	32.3	32.3	30.6	30.3	30.4	31.9	30.9
Recurring PAT	4,943	4,864	4,720	4,146	5,912	4,927	5,137	5,025	18,674	21,004
Growth (%)	46.6	22.8	13.7	0.7	19.6	1.3	8.8	21.2	19.7	12.5
VECV										
Total CV Volumes	11,584	15,017	16,231	23,100	16,326	18,696	17,435	21,641	65,932	74,098
Growth (%)	-27.9	12.0	37.7	33.2	40.9	24.5	7.4	-6.3	12.5	12.4
Net Realn (INR '000/unit)	1,556	1,558	1,596	1,436	1,598	1,586	1,571	1,540	1,524	1,572
Change - YoY (%)	16.9	5.9	-0.2	-2.5	2.7	1.9	-1.6	7.2	4.4	3.1
EBITDA Margins (%)	8.3	9.2	8.7	9.5	9.2	9.0	8.4	9.0	9.0	8.9
Recurring PAT	670	950	1,328	1,783	1,180	1,421	1,124	1,526	4,731	5,252
Growth (%)	-38.1	46.2	133.0	52.4	76.1	49.6	-15.3	-14.4	35.8	11.0

E: MOSL Estimates

Endurance Technologies

Bloomberg	ENDU IN
Equity Shares (m)	140.7
M. Cap. (INR b)/(USD b)	175 / 2
52-Week Range (INR)	1579 / 1040
1,6,12 Rel. Perf. (%)	12 / 0 / -15

Financial Snapshot (INR Billion)

Y/E March	2018	2019E	2020E	2021E
Sales	65.4	76.6	89.8	106.8
EBITDA	9.3	11.3	13.8	17.0
NP	4.1	5.1	6.5	8.3
Adj EPS (INR)	29.1	36.2	46.2	59.3
EPS Gr. (%)	23.8	24.5	27.8	28.2
BV/Sh. (INR)	154.5	182.8	215.1	256.6
RoE (%)	21.0	21.5	23.2	25.1
RoCE (%)	15.9	17.0	19.5	22.2

Valuations

P/E (x)	42.8	34.3	26.9	21.0
P/BV (x)	8.0	6.8	5.8	4.8
EV/EBITDA (x)	19.1	15.6	12.5	9.8

CMP: INR1,243 TP: INR1,513 (+22%) Buy

- We expect 19% YoY growth (-3% QoQ) in consolidated revenue to INR18.8b, led by strong performance in standalone operations. While S/A operations revenue is expected to grow ~22% YoY, we expect European operations to deliver 12% revenue growth led by ~8% currency gain.
- Consolidated EBITDA is expected to grow 25% YoY (flat QoQ), with both Indian and EU operations EBITDA growing by ~25% YoY.
- EBITDA margin is likely to expand 70bp YoY (+40bp QoQ) to 14.8%.
- We expect PAT to grow 29% YoY (flat QoQ) to INR1.2b.
- We maintain our EPS estimates for FY19 and FY20.
- The stock trades at 26.9x FY20E EPS and 21x FY21 EPS. Maintain **Buy**.

Key issues to watch for

- Update on new order wins in India and Europe during the quarter.
- Extent of impact of slowdown in domestic 2W industry.
- Update on outlook for European market.

Consolidated - Quarterly

Y/E March	FY18				FY19E				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	15,057	15,723	15,809	17,350	18,604	19,367	18,823	19,831	65,381	76,625
YoY Change (%)	4.5	8.6	19.8	25.7	23.6	23.2	19.1	14.3	17.0	17.2
RM Cost (% of sales)	57.8	58.1	57.4	58.5	58.6	59.7	59.0	58.8	58.8	59.0
Staff Cost (% of sales)	9.8	8.8	9.3	8.5	8.9	8.0	8.5	8.3	8.9	8.4
Other Exp. (% of sales)	18.1	18.5	19.2	18.2	17.9	17.8	17.7	17.9	18.1	17.8
EBITDA	2,139	2,295	2,229	2,573	2,714	2,798	2,792	2,981	9,278	11,285
Margins (%)	14.2	14.6	14.1	14.8	14.6	14.4	14.8	15.0	14.2	14.7
Depreciation	742	768	798	907	820	921	930	951	3,216	3,623
Interest	57	69	47	63	59	55	54	51	235	218
Other Income	56	59	84	77	41	80	65	67	235	254
PBT after EO	1,397	1,517	1,199	1,680	1,876	1,902	1,873	2,047	5,793	7,697
Eff. Tax Rate (%)	30.9	34.3	34.8	30.7	33.6	34.2	33.9	33.8	32.6	33.9
Adj. PAT	965	997	957	1,164	1,246	1,252	1,238	1,354	4,089	5,090
YoY Change (%)	9.7	11.6	28.8	39.3	29.1	25.6	29.4	16.4	23.8	24.5

Escorts

Bloomberg	ESC IN
Equity Shares (m)	122.6
M. Cap. (INR b)/(USD b)	87 / 1
52-Week Range (INR)	1019 / 543
1,6,12 Rel Perf. (%)	1 / -21 / -15

Financial Snapshot (INR Billion)

Y/E March	2017	2018	2019E	2020E
Sales	41.5	50.6	61.2	67.7
EBITDA	3.1	5.5	7.1	8.3
NP	1.8	3.5	4.6	5.4
EPS (INR)	21.0	39.5	51.7	61.1
EPS Growth (%)	86.3	88.0	30.9	18.0
BV/Sh (INR)	190.1	249.2	292.6	345.2
RoE (%)	11.6	18.3	19.1	19.2
RoCE (%)	11.2	18.3	19.3	28.6
Valuations				
P/E (x)	33.7	17.9	13.7	11.6
P/BV (x)	3.7	2.8	2.4	2.0
EV/EBITDA (x)	19.4	10.8	8.2	6.6
EV/Sales(x)	1.4	1.2	0.9	0.8

CMP: INR707 TP: INR745 (+5%) Neutral

- Tractor volumes grew 36% YoY (+22.4% QoQ) to 25,743 units.
- Realizations are estimated to decline 0.8% YoY (+0.3% QoQ) to INR497.1k/unit due to product mix impact.
- Revenues should grow 32.8% YoY (+14.4% QoQ) to INR16b.
- We expect EBITDA margins to contract 50bp YoY (+20bp QoQ) to 11.5%. EBITDA is expected to increase by 26.9% YoY (+16.8% QoQ) to INR1.8b.
- We expect PAT to be at INR1.2b (+30.8% YoY, +17.1% QoQ).
- We have increased EPS estimates for FY19/20 by 4% as we increase tractor volumes by 6%.
- The stock trades at 13.7x/11.6x FY19/20E EPS. Maintain **Neutral**.

Key things to watch for

- Market share movement and new launches in tractor segment.
- Demand momentum in construction equipment segment.
- Visibility of order book execution in railways division.

Standalone Quarterly Performance

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	11,632	12,117	12,050	14,361	15,113	13,984	16,000	16,081	50,593	61,178
YoY Change (%)	11.0	23.3	12.2	40.5	29.9	15.4	32.8	12.0	22.6	20.9
Total Expenditure	10,656	10,708	10,600	12,624	13,257	12,409	14,160	14,285	45,057	54,112
EBITDA	975	1,409	1,450	1,738	1,855	1,575	1,840	1,796	5,536	7,066
Margins (%)	8.4	11.6	12.0	12.1	12.3	11.3	11.5	11.2	10.9	11.6
Depreciation	178	179	179	188	206	215	219	226	732	866
Interest	80	84	59	63	29	39	30	23	295	120
Other Income	205	81	82	226	170	221	190	203	653	784
PBT before EO expense	923	1,227	1,294	1,712	1,791	1,543	1,781	1,750	5,162	6,864
Extra-Ord expense	0	69	-1	0	0	0	0	0	68	0
PBT	923	1,159	1,295	1,712	1,791	1,543	1,781	1,750	5,094	6,864
Tax	297	383	375	587	595	516	579	571	1,625	2,262
Rate (%)	32.1	33.1	29.0	34.3	33.2	33.5	32.5	32.7	31.9	32.9
Adj PAT	626	822	919	1,125	1,196	1,026	1,202	1,178	3,512	4,599
YoY Change (%)	14.3	104.8	67.0	133.6	90.9	24.9	30.8	4.7	77.3	30.9
Margins (%)	5.4	6.8	7.6	7.8	7.9	7.3	7.5	7.3	6.9	7.5

E: MOSL Estimates

Exide Industries

Bloomberg	EXID IN
Equity Shares (m)	850.0
M. Cap. (INR b)/(USD b)	222 / 3
52-Week Range (INR)	305 / 193
1,6,12 Rel Perf. (%)	0 / 0 / 12

Financial Snapshot (INR b)

Y/E MARCH	2017	2018	2019E	2020E
Net Sales	75.8	91.9	109.2	125.4
EBITDA	10.8	12.4	14.4	17.8
Adj. PAT	6.9	7.0	7.8	9.8
Adj. EPS (INR)	8.2	8.2	9.2	11.5
EPS Gr. (%)	11.1	0.4	12.4	25.0
BV/Sh. (INR)	58.4	63.4	70.4	78.2
RoE (%)	14.0	12.9	13.1	14.7
RoCE (%)	14.3	13.3	13.8	15.5
Valuations				
P/E (x)	32.0	31.9	28.4	22.7
P/BV (x)	4.5	4.1	3.7	3.3
EV/EBITDA (x)	18.2	16.2	14.0	11.1
Div. Yield (%)	0.9	0.9	1.0	1.2

CMP: INR261
TP: INR306 (+17%)
Buy

- We expect revenues to grow 12.5% YoY to INR25.6b, led by strong OEM and replacement demand, as well as ramp-up in telecom and new segments such as E-rickshaw and Solar.
- Spot LME lead prices declined for the third consecutive quarter by 3.4% QoQ (-12% YoY) in 3QFY19.
- EBITDA margin is likely to expand 10bp YoY (+30 bp QoQ) to 12.5%.
- PAT is likely to grow by 7.3% YoY (-13.3% QoQ) to INR1.65b.
- The stock trades at 28.4x FY19E and 22.4x FY20E EPS. Maintain **Buy**.

Key issues to watch

- Update on demand environment for OEMs, auto replacement and industrial battery segments post demonetization.
- Market share in autos and non-autos.
- Outlook for raw material cost trend and recent pricing, if any.

S/A Quarterly Performance

Y/E March	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	21,029	23,584	22,783	24,594	27,725	27,204	25,631	28,593	91,863	109,152
Growth YoY (%)	4.6	22.5	32.8	25.8	31.8	15.3	12.5	16.3	21.1	18.8
RM(%)	62.9	67.4	65.5	65.2	66.4	66.9	66.0	65.5	65.4	66.2
Employee cost (%)	6.8	6.3	6.7	6.3	5.8	6.1	6.5	5.9	6.5	6.1
Other Exp(%)	14.9	13.8	15.4	14.8	13.6	14.8	15.0	14.9	14.6	14.6
EBITDA	3,243	2,959	2,826	3,380	3,909	3,327	3,202	3,916	12,408	14,354
EBITDA Margin(%)	15.4	12.5	12.4	13.7	14.1	12.2	12.5	13.7	13.5	13.2
Change (%)	3.2	2.3	24.3	34.2	20.6	12.4	13.3	15.9	14.6	15.7
Non-Operating Income	132	139	111	203	42	116	110	104	584	373
Interest	16	21	9	6	11	14	15	15	52	55
Depreciation	563	597	625	674	719	768	790	803	2,459	3,080
PBT after EO Exp	2,796	2,061	2,302	2,903	3,221	3,745	2,507	3,203	10,062	12,675
Tax	906	706	759	1,007	1,122	1,060	852	1,085	3,378	4,119
Effective Tax Rate (%)	32.4	34.3	33.0	34.7	34.8	28.3	34.0	33.9	33.6	32.5
Adj. PAT	1,890	1,630	1,543	1,896	2,099	1,908	1,655	2,118	6,961	7,825
Change (%)	-3.6	-10.3	1.8	15.4	11.1	17.0	7.3	11.7	0.4	12.4

E: MOSL Estimates

Hero MotoCorp

Bloomberg	HMCL IN
Equity Shares (m)	199.7
M. Cap. (INR b)/(USD b)	608 / 9
52-Week Range (INR)	3862 / 2649
1,6,12 Rel Perf. (%)	0 / -13 / -25

Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Sales	285.0	322.3	341.5	370.2
EBITDA	46.3	52.8	51.1	54.9
NP	33.8	37.0	34.6	37.5
Adj. EPS (INR)	169.1	185.1	173.3	187.2
EPS Gr. (%)	6.9	9.5	-6.4	8.0
BV/Sh. (INR)	506.3	589.3	636.1	683.2
RoE (%)	35.7	33.8	28.3	28.4
RoCE (%)	34.5	32.5	27.2	27.4

Valuations

P/E (x)	18.0	16.5	17.6	16.3
P/BV (x)	6.0	5.2	4.8	4.5
EV/EBITDA (x)	11.8	10.1	10.4	9.6
Div. Yield (%)	2.8	3.1	3.4	3.8

CMP: INR3,046
TP: INR3,040
Neutral

- Volumes increased by 5.3% YoY (-15.7% QoQ) to 1.8m units.
- Realization is expected to grow by 0.4% YoY (+0.9% QoQ) to INR42,983/unit, largely led by price hikes.
- Net revenue is expected to increase by 5.7% YoY (-14.9% QoQ) to INR77.3b.
- EBITDA margin is expected to shrink by 160bp YoY (-100bp QoQ) to 14.2%.
- EBITDA is likely to decline by 4.9% YoY (-20.1% QoQ) to INR11b.
- We expect PAT to decline 6.5% YoY (-22.8% QoQ) to INR7.5b.
- We cut FY19/20 EPS by 5%/6% as we cut volumes by 3.7%/4.7% and margins by 20bp/40bp to factor in negative operating leverage.
- The stock trades at 17.6x FY19E and 16.3 FY20E EPS; maintain **Neutral**.

Key issues to watch

- Update on demand trend in rural and urban markets.
- Level of inventory in the system.
- New product launches and the timelines.
- Outlook on exports.

Quarterly Performance

Y/E March	(INR m)									
	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Total Volumes ('000 nos)	1,858	2,023	1,709	1,997	2,105	2,134	1,799	1,971	7,587	8,009
Growth YoY (%)	6.5	10.9	16.0	23.1	13.3	5.5	5.3	-1.3	13.9	5.6
Net Realization	42,950	41,387	42,796	42,880	41,853	42,600	42,983	43,227	42,480	42,644
Growth YoY (%)	1.3	-3.2	-0.9	0.5	-2.6	2.9	0.4	0.8	-0.7	0.4
Net Op Revenues	79,805	83,717	73,142	85,640	88,098	90,909	77,322	85,190	322,305	341,519
RM Cost (% sales)	67.7	68.2	67.4	67.6	70.0	69.3	69.3	69.4	67.7	69.5
Staff Cost (% sales)	4.7	4.6	5.5	4.4	4.7	4.8	5.6	5.1	4.8	5.0
Other Exp (% sales)	11.4	9.8	11.3	11.9	9.7	10.8	10.9	10.9	11.1	10.5
EBITDA	12,959	14,557	11,580	13,706	13,773	13,787	11,009	12,484	52,802	51,053
EBITDA Margins (%)	16.2	17.4	15.8	16.0	15.6	15.2	14.2	14.7	16.4	14.9
Other Income	1,317	1,176	1,100	1,665	1,157	2,237	1,600	1,169	5,258	6,163
Interest	16	16	16	15	21	21	10	-3	63	50
Depreciation	1,330	1,360	1,383	1,483	1,482	1,518	1,520	1,563	5,556	6,082
PBT	12,931	14,357	11,282	13,872	13,427	14,485	11,079	12,092	52,442	51,083
Effective Tax Rate (%)	29.3	29.6	28.6	30.3	32.3	32.6	32.0	32.0	29.5	32.3
Adj. PAT	9,140	10,105	8,054	9,674	9,092	9,763	7,534	8,221	36,974	34,609
Growth (%)	3.5	0.6	4.3	34.8	-0.5	-3.4	-6.5	-15.0	9.5	-6.4

E: MOSL Estimates

Mahindra & Mahindra

Bloomberg	MM IN
Equity Shares (m)	1209.0
M. Cap. (INR b)/(USD b)	896 / 13
52-Week Range (INR)	992 / 695
1,6,12 Rel Perf. (%)	-5 / -18 / -8

Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Sales	440.5	486.9	533.0	594.2
EBITDA	45.1	62.2	68.5	80.4
NP (incl. MVML)	35.1	43.2	49.5	54.5
Adj. EPS (INR) *	29.6	36.3	41.6	45.8
EPS Gr. (%)	5.0	22.7	14.6	10.1
BV/Share (INR)	225.6	254.6	284	318
RoE (%)	12.6	14.2	14.4	14.5
RoCE (%)	11.9	13.0	13.4	13.5

Valuations

P/E (x)	25.1	20.4	17.8	16.2
P/BV (x)	3.3	2.9	2.6	2.3
EV/EBITDA (x)	9.2	13.5	12.2	10.2
Div. Yield (%)	0.9	1.3	1.3	1.3

* incl. MVML

CMP: INR742 TP: INR914 (+23%) Buy

- Overall volumes were up 11.1% YoY (+2.4% QoQ) to 234k units, as Tractors, UV volumes increased 11% YoY each and 3W volume increased 19.7% YoY.
- MM's (including MVML) realization is expected to increase 1.8% YoY (-0.8% QoQ), led by favorable product mix and price increase.
- Revenue is likely to increase 13% YoY (+1.6% QoQ) to INR129.9b.
- EBITDA margin is expected to expand 20bp YoY (+40 bp QoQ) to 14.9%.
- Adj. PAT is expected to increase 3% YoY (-37.5% QoQ) to INR10.5b.
- We have cut consol. EPS for FY19/20 by 4.3%/6.3% as we cut volumes by 2.3%/3.4%. We cut margins by 30bp/40bp to 14.8%/15.3% due to change in mix (from tractor to UVs).
- We are lowering target P/E to 15x (from 16x) as we expect earnings growth to be driven by Autos than FES going forward.
- The stock trades at 17.8x FY19E and 16.2x FY20E EPS; maintain **Buy**.

Key issues to watch

- Outlook for UV and tractor businesses for FY19 and FY20.
- Update on response to the newly launched products.
- Update on average discounts per unit during festivals.
- Update on new launches and timelines.

Quarterly Performance (incl MVML)

Y/E March	FY18				FY19E				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Total Volumes (nos)	202,130	220,478	210,674	236,376	240,885	228,590	234,001	238,805	869,118	944,862
Growth YoY (%)	3.1	17.4	6.7	25.4	19.2	3.7	11.1	1.0	12.9	8.7
Net Realization	538,146	545,083	545,462	557,957	554,524	559,524	555,111	558,212	547,421	555,297
Growth YoY (%)	0.3	1.7	3.4	0.2	3.0	2.6	1.8	0.0	1.8	1.4
Net Op. Income	108,775	120,179	114,915	131,888	133,577	127,902	129,897	133,304	475,774	524,679
Growth YoY (%)	3.4	19.4	10.3	25.6	22.8	6.4	13.0	1.1	15.0	10.3
Gross operating income	123,048	120,179	114,915	131,888	0	0	0	0	475,774	573,559
Growth YoY (%)	4.0	5.8	10.3	25.6	-100.0	-100.0	-100.0	-100.0	15.0	20.6
RM Cost (% of sales)	67.8	65.9	66.2	66.2	67.4	67.6	67.2	67.6	66.5	67.5
Staff (% of sales)	7.3	6.6	7.0	6.0	6.3	6.5	6.5	6.4	6.7	6.4
Oth. Exp. (% of Sales)	11.7	11.6	12.1	12.6	10.4	11.2	11.4	11.8	12.0	11.3
EBITDA	14,341	19,220	16,926	19,950	21,101	18,493	19,413	18,614	70,434	77,621
EBITDA Margins (%)	13.2	16.0	14.7	15.1	15.8	14.5	14.9	14.0	14.8	14.8
Other income	1,283	5,548	1,011	1,659	1,930	8,478	1,163	1,322	9,517	12,891
Interest	509	440	435	499	431	379	490	431	1,882	1,732
Depreciation	3,820	3,992	4,052	4,390	4,295	4,986	5,150	5,388	16,254	19,819
PBT	11,296	20,335	17,307	17,199	18,550	22,981	14,935	14,116	66,152	70,582
Effective Tax Rate (%)	33.4	30.7	24.6	32.9	32.2	22.6	30.0	30.1	30.1	28.2
Adj PAT	7,518	14,094	10,147	11,227	12,406	16,723	10,455	9,864	43,202	49,515
Change (%)	-16.0	21.8	22.0	60.4	65.0	18.7	3.0	-12.1	23.0	14.6

E: MOSL Estimates

Maruti Suzuki

Bloomberg	MSIL IN
Equity Shares (m)	302.1
M. Cap. (INR b)/(USD b)	2197 / 31
52-Week Range (INR)	9923 / 6502
1,6,12 Rel Perf. (%)	-4 / -19 / -30

Financial Snapshot (INR b)

Y/E MARCH	2017	2018	2019E	2020E
Sales	680.3	797.6	857.5	962.1
EBITDA	103.5	123.1	120.7	142.1
Adj. PAT	73.5	79.0	76.5	95.2
Con.adj.EPS	248.6	266.7	257.3	321.7
EPS Gr. (%)	36.6	7.3	-3.6	25.1
BV/Sh. (INR)	1,206	1,382	1,520	1,685
RoE (%)	20.2	18.5	17.0	18.7
RoCE (%)	26.9	27.3	23.8	26.3

Valuations

P/E (x)	29.2	27.3	28.3	22.6
P/BV (x)	6.0	5.3	4.8	4.3
EV/EBITDA (x)	18.5	15.0	15.1	12.6
Div. Yield (%)	1.0	1.1	1.4	1.7

CMP: INR7,272 TP: INR8,845 (+22%) Buy

- Volume declined by 0.6% YoY (-11.6% QoQ) to 428.6k units.
- Net realization is expected to improve 1.7% YoY (-0.8% QoQ) to INR454,840 per unit, resulting in net revenue increase by 1.1% YoY (-12.3% QoQ) to INR194.9b. Growth in realization is likely to be driven largely by a favorable product mix.
- We expect margins to contract 270bp YoY (-140 bp QoQ) to 13.1%, mainly due to higher RM costs.
- EBITDA is estimated to grow by 15.6% YoY (-20.7% QoQ) to INR25.6b.
- We expect adj. PAT to decline by 5.9% YoY (-19.5% QoQ) to INR16.9b.
- We cut our FY19/20 EPS estimates by 3.3%/3.9% as we cut volumes by 2.5%/3%.
- The stock trades at 28.3x FY19E and 22.6x FY20E EPS. Maintain **Buy**.

Key issues to watch

- Update on demand scenario, channel inventory, discounting trends and new launches.
- Demand trend in urban and rural areas.

Quarterly Perf. (INR m)

Y/E March	FY18				FY19E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY18	FY19E
Total Volumes (nos)	394,571	492,118	431,112	461,773	490,479	484,848	428,643	469,552	1,779,574	1,873,522
Change (%)	13.2	17.6	11.3	11.4	24.3	-1.5	-0.6	1.7	13.4	5.3
Realizations (INR/car)	444,678	442,337	447,290	458,355	457,907	458,560	454,840	459,268	448,212	457,715
Change (%)	3.7	3.6	2.6	3.6	3.0	3.7	1.7	0.2	3.3	2.1
Net operating revenues	175,457	217,682	192,832	211,656	224,594	222,332	194,964	215,650	797,627	857,540
Change (%)	17.4	21.8	14.2	15.4	28.0	2.1	1.1	1.9	17.2	7.5
RM Cost (% of sales)	70.0	68.8	69.1	67.9	69.0	68.7	70.0	69.7	68.9	69.3
Staff Cost (% of sales)	3.7	3.1	3.6	3.9	3.4	3.6	4.1	4.0	3.6	3.8
Other Cost (% of sales)	13.0	11.2	11.5	13.9	12.6	13.2	12.8	12.7	12.1	12.8
EBITDA	23,312	36,775	30,378	30,150	33,511	32,313	25,634	29,267	123,122	120,725
EBITDA Margins (%)	13.3	16.9	15.8	14.2	14.9	14.5	13.1	13.6	15.4	14.1
Depreciation	6,839	6,825	6,890	7,025	7,198	7,212	7,250	7,357	27,579	29,017
EBIT	16,473	29,950	23,488	23,125	26,313	25,101	18,384	21,910	95,543	91,708
EBIT Margins (%)	9.4	13.8	12.2	10.9	11.7	11.3	9.4	10.2	12.0	10.7
Interest	313	150	263	224	207	257	210	176	3,457	850
Non-Operating Income	6,827	5,229	2,449	5,950	2,718	5,266	6,000	5,240	20,455	19,224
PBT	22,987	35,029	25,674	26,344	28,824	32,110	24,174	26,974	110,034	112,082
Effective Tax Rate (%)	32.3	29.1	29.9	28.6	31.5	30.2	30.0	30.2	29.8	30.5
Adjusted PAT	15,564	24,843	17,990	20,612	19,753	21,009	16,922	18,818	78,977	76,507
Change (%)	4.4	3.3	3.0	20.5	26.9	-15.4	-5.9	-8.7	7.4	-3.1

E:MOSL Estimates

Motherson Sumi

Bloomberg	MSS IN
Equity Shares (m)	3157.9
M. Cap. (INR b)/(USD b)	517 / 7
52-Week Range (INR)	260 / 141
1,6,12 Rel Perf. (%)	6 / -16 / -41

Financial Snapshot (INR b)

Y/E Mar	2017	2018	2019E	2020E
Sales	423.8	562.9	647.2	784.9
EBITDA	41.7	51.2	60.5	82.9
NP	16.1	17.0	18.1	26.7
EPS (INR)	7.6	8.1	5.7	8.4
EPS Gr. (%)	17.1	6.0	6.3	47.4
BV/Sh. (INR)	39.3	44.3	33.6	39.4
RoE (%)	25.3	19.4	18.2	23.2
RoCE (%)	14.7	12.2	12.5	16.9

Valuations

P/E (x)	32.2	30.4	28.6	19.4
P/BV (x)	6.2	5.5	4.9	4.2
EV/EBITDA(x)	6.8	8.0	9.5	6.6
EV/Sales (x)	0.7	0.7	0.9	0.7

CMP: INR164
TP: INR191 (+17%)
Buy

- We estimate consolidated revenues to grow 17.3% YoY (+11.7% QoQ), driven by PKC (+22.8%), SMP (+25.5%) and SMR (5.7%).
- Consol. PAT is expected to grow 20.2% YoY to INR4.4b, driven by margin expansion at SMP and PKC.
- Standalone EBITDA margin is expected to contract 30bp YoY (-100 bp QoQ) to 15.8% due to low revenues.
- For SMR, we estimate EBITDA margin at 11% (flat YoY/ QoQ).
- For SMP, we estimate EBITDA margins to improve 30bp YoY (+180 bp QoQ) to 6% due to ramp-up of new plants.
- For PKC, we estimate EBITDA margins to expand 270bp YoY (+20 bp QoQ) to 9% led by expectation of healthy operating performance.
- The stock trades at 28.6x FY19E and 19.4x FY20E EPS. Maintain **Buy**.

Key issues to watch

- Update on new business wins at PKC.
- Update on ramp-up of new plants at SMR/PBV.
- Update on trends in key businesses.

Quarterly performance (Cons.)

Y/E March	FY18				FY19E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY18	FY19E
Net Sales	130,774	134,204	143,877	154,078	147,755	151,050	168,787	179,579	562,933	647,170
YoY Change (%)	25.1	32.4	35.7	36.9	13.0	12.6	17.3	16.6	32.8	15.0
RM Cost (% of sales)	61.1	60.6	61.5	60.6	57.6	57.9	58.0	58.2	61.0	57.9
Staff Cost (% of sales)	19.7	19.8	19.5	19.6	21.9	21.7	21.0	21.1	60.6	21.4
Other Exp (% of sales)	10.5	10.4	10.3	10.1	11.0	11.8	12.2	10.4	10.3	11.3
EBITDA	11,352	12,284	12,493	15,001	14,121	13,001	14,880	18,523	51,226	60,525
Margins (%)	8.7	9.2	8.7	9.7	9.6	8.6	8.8	10.3	9.1	9.4
Depreciation	3,768	3,978	3,937	4,069	4,471	4,879	5,000	5,110	15,752	19,459
Interest	1,176	771	1,032	1,130	1,005	1,315	1,280	1,439	4,108	5,039
Intrest Charges	551	379	253	615	447	463	430	410	1,701	1,750
PBT before EO expense	6,959	7,914	7,777	10,418	9,093	7,269	9,030	12,385	33,067	37,777
Tax Rate (%)	33.7	29.5	32.4	27.6	36.0	35.4	32.2	38.2	30.5	35.7
Min. Int & Share of profit	335	1,168	1,595	2,151	1,389	982	1,725	2,094	5,249	6,190
Adj PAT	3,637	4,396	3,659	5,332	4,431	3,711	4,397	5,561	17,024	18,100
YoY Change (%)	20.2	21.8	-12.0	1.3	21.8	-15.6	20.2	4.3	10.2	6.3

E: MOSL Estimates

Tata Motors

Bloomberg	TTMT IN
Equity Shares (m)	3396.6
M. Cap. (INR b)/(USD b)	572 / 8
52-Week Range (INR)	444 / 155
1,6,12 Rel Perf. (%)	-1 / -39 / -68

Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Net Sales	2,697	2,946	3,148	3,400
EBITDA	369.1	369.7	349.3	425.7
NP	67.3	77.8	10.9	74.0
Adj. EPS (INR)	19.8	22.9	3.2	21.8
EPS Gr. (%)	-48.4	15.7	-85.8	575.8
BV/Sh. (INR)	171.0	281.0	282.9	304.4
RoE (%)	9.8	10.1	1.1	7.4
RoCE (%)	9.2	6.4	5.0	4.8
Valuations				
P/E (x)	8.5	7.4	52.3	7.7
P/BV (x)	1.0	0.6	0.6	0.6
EV/EBITDA (x)	2.0	2.2	2.8	2.2

CMP: INR169
TP: INR244 (+45%)
Buy

- Consolidated revenues are estimated to grow 4.5% YoY (+7.4% QoQ), with EBITDA margin contracting 70bp YoY to 10.8%. We estimate consolidated PAT of INR4.1b.
- We expect JLR's (including JV) volume to decline by 8.7% YoY (+11% QoQ), impacted by slow demand and deferment of purchase in China due to reduction in import duty.
- JLR's net realization is expected to increase by 1.8% YoY (+0.2% QoQ). JLR's EBITDA margin would contract 20bp YoY (+160 bp QoQ) to 10.7%. We expect PAT of GBP35m (v/s loss of GBP101m in 2QFY19 and profit of GBP89m in 3QFY18).
- S/A volume remained flat YoY (-9.9% QoQ) as CV volume declined 1% YoY, while PV volume grew 2.9% QoQ. EBITDA margin is expected to be at 7.9% (-100bp YoY and -50bp QoQ). We expect adjusted PAT to be at INR22m.
- We cut FY19/20 consolidated PAT by 15%/3% as we cut S/A PAT by 22%/12% (margins cut by 50bp/30bp to 8.4%/10%). For JLR, we marginally raise our volume and margins estimates.
- The stock trades at 7.7x FY20E EPS. Maintain **Buy**.

Key issues to watch

- Current demand trends for JLR and outlook for key markets.
- Demand trend in domestic markets and new product launch.
- Impact of forex hedge loss.

Quarterly Performance

Y/E March (Consolidated)	FY18				FY19				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
JLR vols. (incl JV)	138,476	153,210	159,067	182,757	131,560	130,652	145,189	187,591	633,510	594,992
JLR Realizations (GBP/unit)	47,483	48,137	47,181	46,547	48,002	47,910	48,030	48,182	47,288	48,045
JLR EBITDA (%)	7.9	11.8	10.9	13.5	6.2	9.1	10.7	12.6	11.2	10.0
S/A vol. (units)	109,692	153,321	171,508	204,236	176,412	190,448	171,602	209,792	638,757	748,254
S/A Realizations (INR/unit)	828,485	899,947	938,110	968,454	945,230	949,956	942,831	969,219	921,030	948,158
S/A EBITDA (%)	0.2	6.7	8.9	6.9	8.6	8.5	7.9	8.5	6.5	8.4
S/A PAT (INR m)	-4,631	-2,833	2,158	5,152	11,877	1,768	22	2,936	216	16,681
Net Op Income	584,934	703,734	741,561	912,791	667,011	721,121	774,798	984,681	2,946,192	3,147,610
Growth (%)	-10.0	10.8	16.0	18.2	14.0	2.5	4.5	7.9	9.2	6.8
EBITDA	49,648	86,210	85,435	108,944	50,504	67,576	83,984	112,281	333,411	314,344
EBITDA Margins (%)	8.5	12.3	11.5	11.9	7.6	9.4	10.8	11.4	11.3	10.0
PBT before EO Exp	1,168	30,814	20,338	39,480	-25,842	-2,932	5,964	40,518	91,799	17,708
EO Exp/(Inc)	-36,202	0	47	16,403	0	5,303	0	0	-19,751	5,303
PBT after EO Exp	37,370	30,814	20,290	23,077	-25,842	-8,234	5,964	40,518	111,550	12,405
Tax rate (%)	32.3	35.4	52.6	42.3	16.1	-33.0	40.0	26.9	38.9	95.4
Adj PAT	9,712	24,828	12,015	31,271	-19,024	-10,244	4,134	32,877	77,051	10,946
Growth (%)	(56.8)	197.2	(423.5)	(26.6)	(295.9)	(141.3)	(65.6)	5.1	14.5	-85.8

E: MOSL Estimates

TVS Motor Company

Bloomberg	TVSL IN
Equity Shares (m)	475.1
M. Cap. (INR b)/(USD b)	254 / 4
52-Week Range (INR)	795 / 479
1,6,12 Rel Perf. (%)	-3 / -6 / -37

Financial Snapshot (INR b)

Y/E March	2017	2018	2019E	2020E
Sales	121.4	151.3	183.4	217.8
EBITDA	8.6	11.3	14.9	20.1
Adj. PAT	5.6	6.6	7.1	10.4
EPS (INR)	11.7	13.9	14.9	21.8
EPS Gr. (%)	14.1	18.7	6.7	46.6
BV/Sh (INR)	50.7	60.6	70.7	86.5
RoE (%)	25.6	25.1	22.7	27.7
RoCE (%)	22.8	24.1	25.1	32.2

Valuations

P/E (x)	45.5	38.4	36.0	24.5
P/BV (x)	10.6	8.8	7.6	6.2
EV/EBITDA (x)	31.0	23.7	17.9	13.2
Div. Yield (%)	0.5	0.6	0.7	0.9

CMP: INR535 TP: INR569 (+6%) Neutral

- Volume increased 19.8% YoY (-9.1% QoQ) to 989.8k units. Scooter, Motorcycle and Mopeds volume increased YoY by 31.7%, 20.3% and 0.9%, respectively. 3W volumes rose by 46.9% YoY.
- Net realization is likely to increase 3.1% YoY (+0.2% QoQ) to INR45,995 per unit due to price hikes and better product mix.
- We estimate net sales to grow by 23.5% YoY (-8.8% QoQ) to INR45.5b.
- EBITDA margin is expected to be 7.7% (-10 bp YoY and -90 bp QoQ).
- We expect PAT to increase 2.8% YoY (-24.9% QoQ) to INR1.6b.
- The stock trades at 36x FY19E and 24.5x FY20E EPS; Maintain **Neutral**.

Key issues to watch

- Update on demand from rural and urban areas.
- Exports outlook for 2W and 3W in key markets.
- Response to newly launched Radeon.
- New product launches including EV.

S/A Quarterly Performance

Y/E March (INR m)	FY18				FY19E				FY18	FY19E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Volumes (units)	802,108	948,584	826,285	889,133	928,274	1,088,374	989,787	989,178	3,466,110	3,995,613
Growth (%)	12.2	16.3	15.0	32.0	15.7	14.7	19.8	11.3	18.8	15.3
Realization (INR/unit)	42,382	42,850	44,597	44,906	44,905	45,880	45,995	46,758	43,650	45,899
Growth (%)	5.2	2.0	7.4	6.3	6.0	7.1	3.1	4.1	5.0	5.2
Net Sales	33,995	40,647	36,850	39,928	41,685	49,935	45,525	46,252	151,297	183,397
Growth (%)	18.0	18.6	23.5	40.4	22.6	22.8	23.5	15.8	24.7	21.2
RM (% of sales)	74.6	73.2	72.7	73.8	75.9	75.8	75.8	75.3	73.6	75.7
Emp cost (% of sales)	6.1	5.4	5.7	5.7	5.7	4.9	5.6	5.5	5.7	5.4
Other exp (% of sales)	13.1	12.5	13.8	13.5	10.7	10.7	10.9	10.7	13.2	10.8
EBITDA	2,114	3,626	2,868	2,807	3,212	4,282	3,505	3,948	11,292	14,947
EBITDA Margin(%)	6.2	8.9	7.8	7.0	7.7	8.6	7.7	8.5	7.5	8.2
Interest	107	155	122	183	180	212	200	200	566	792
Depreciation	783	836	824	944	933	1,016	1,025	1,029	3,387	4,003
Other Income	571	333	182	240	26	7	20	37	1,448	90
PBT after EO Exp	1,794	2,968	2,104	1,921	2,124	3,062	2,300	2,756	8,786	10,242
Tax rate (%)	27.8	28.2	26.6	13.8	31.0	31.0	31.0	31.0	24.6	31.0
Adjusted PAT	1,295	2,132	1,543	1,656	1,466	2,113	1,587	1,901	6,626	7,067
Growth (%)	6.1	20.2	16.3	30.6	13.2	(0.9)	2.8	14.8	18.7	6.7

E: MOSL Estimates

NOTES

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