

India Research

Automobiles

QUARTERLY PREVIEW

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Mar'19 Quarterly PAT Estimates

Company	PAT (Rs mn)
Maruti Suzuki	19,510
M&M	9,619
Hero MotoCorp	7,677
Bajaj Auto	10,539
TVS Motor	1,419
Ashok Leyland	6,325
Eicher Motors	5,391
Bharat Forge	2,586
Sandhar	208
Subros	236
Endurance	1,251

Old and New Rating

Company	Old	New
Maruti Suzuki	SELL	BUY
M&M	BUY	BUY
Hero Motocorp	BUY	BUY
Bajaj Auto	BUY	BUY
TVS Motor	HOLD	BUY
Ashok Leyland	BUY	BUY
Eicher Motors	SELL	SELL
Bharat Forge	BUY	BUY
Mahindra CIE	BUY	BUY
Sandhar	BUY	BUY
Subros	BUY	BUY
Endurance	SELL	SELL

Old and New TP

Company	Old	New
Maruti Suzuki	6,791	8,701
M&M	813	825
Hero Motocorp	3,331	3,419
Bajaj Auto	3,203	3,561
TVS Motor	613	583
Ashok Leyland	107	128
Eicher Motors	20,804	20,897
Bharat Forge	583	604
Mahindra CIE	312	312
Sandhar	351	366
Subros	329	346
Endurance	918	1057

Source: Karvy Stock Broking

Near Business Cycle Trough – Upgrade Auto Sector to BUY

Q4FY19 Highlights: We believe, Indian Auto companies are likely to report another quarter of weak sales and PAT growth during Q4FY19. Sales growth challenges include weakness in overall consumer demand for auto products in domestic market. At the same time EBITDA Margins of Auto Companies are likely to be influenced by rising raw material prices, lower operating leverage and intensive competition leading to higher discounts. In our Auto coverage universe of 12 companies, 8 companies are likely to report either negative profit growth or single digit growth during the quarter.

FY20 Growth Outlook: We believe overall growth for the Auto sector is likely to rebound in H2FY20 as uncertainties regarding Monsoon and General Elections results will be over leading to positive consumer sentiment. We also understand that lower base in H2FY19 will also help the Companies to report growth during second half of FY20. We anticipate Indian 2W, 4W and CV market to grow at 6-8%, 5-8% and 14-18% over the next 12 months primarily supported by gradual economic recovery and higher rural spending by Government.

Stock Recommendations: We understand, on account of current softer business outlook and profitability challenges, PE multiples of Auto Companies have shrunk and earnings estimates have been revised downwards. As we anticipate overall growth for the Auto sector to rebound in H2FY20, we expect upward earning and PE multiples revision. Hence we upgrade the entire Auto sector to BUY except Endurance and Eicher wherein we maintain our SELL rating on the stock due to structural reasons.

BUY Recommendations:

Our Top picks with BUY recommendation include Maruti Suzuki, M&M, Hero Motocorp, Bajaj Auto TVS Motors, Ashok Leyland, Bharat Forge, Mahindra CIE, Sandhar Technologies and Subros.

SELL Recommendations:

Our SELL recommendation includes Eicher Motors and Endurance technologies.

Indian Auto industry Volume growth during Q4FY19 and FY19:

Segments	FY19	YoY %	Q4FY19	YoY %
Passenger Vehicles (PV)	40,53,629	0.4	10,10,103	-4.0
M&HCVs	439,414	14.2	1,23,791	-4.9
LCVs	6,67,836	17.4	1,84,602	2.1
Three Wheelers	12,68,700	24.8	3,19,429	8.1
Two wheelers	244,62,231	6.3	54,15,324	-7.6

Source: SIAM

Automobiles
Mar'19 Automobile Quarterly Estimates

Rs mn	Q4FY19E	Q4FY18	YoY (%)	Q3FY19	QoQ (%)	Comments
Maruti Suzuki (MSIL IN Equity, BUY, CMP Rs. 7,352, TP Rs 8,701, Upside 18.3%, Mcap Rs 2,215 bn)						
Volumes	4,58,479	4,61,773	-0.7%	4,28,643	7.0%	<ul style="list-style-type: none"> Sales to grow 11.1% YoY and EBIDTA to de-grow by 2.9% YoY. EBIDTA margins are expected to contract by 179bps YoY on account of rising raw material prices, increased competitive intensity resulting in higher discounts
Average Realization	5,12,802	4,58,355	11.9%	4,58,850	11.8%	
Sales	2,35,109	2,11,656	11.1%	1,96,683	19.5%	
EBITDA	29,287	30,150	-2.9%	19,311	51.7%	
EBITDA margin (%)	12.5%	14.2%	-179	9.8%	264	
PAT	19,510	18,821	3.7%	14,893	31.0%	
M&M (MM IN Equity, BUY, CMP Rs. 684, TP Rs 825, Upside 20.7%, Mcap Rs 805 bn)						
Tractor Volume	60,731	70,635	-14.0%	90,729	-33.1%	<ul style="list-style-type: none"> Sales are expected to grow by 1.1% YoY on account of 5.7% Auto Volume Growth and 14.0% Tractor Volume de-growth. EBIDTA is expected to de-grow by 9.2% YoY and PAT is expected to decrease by 13.1% YoY.
Auto Volume	1,74,679	1,65,252	5.7%	1,43,272	21.9%	
Sales	1,33,374	1,31,888	1.1%	1,28,925	3.5%	
EBITDA	18,112	19,950	-9.2%	17,029	6.4%	
EBITDA margin (%)	13.6%	15.1%	-155	13.2%	37	
PAT	9,619	11,070	-13.1%	14,760	-34.8%	
Hero Motocorp (HMCL IN Equity, BUY, CMP Rs. 2702, TP Rs 3419, Upside 26.5%, MCap Rs 527 bn)						
Volume	17,81,250	20,01,571	-11.0%	17,98,905	-1.0%	<ul style="list-style-type: none"> Sales are expected to de-grow by 9.7% YoY on overall volume de-growth of 11.0% on account of weak rural and urban demand. EBIDTA and PAT are expected to de-grow by 21.6% and 20.6% YoY respectively.
Sales	77,357	85,640	-9.7%	78,648	-1.6%	
EBITDA	10,750	13,706	-21.6%	11,048	-2.7%	
EBITDA margin (%)	13.9%	16.0%	(211)	14.05%	(15)	
PAT	7,677	9,674	-20.6%	7,691	-0.2%	
Bajaj Auto (BJAUT IN Equity, BUY, CMP Rs. 3040, TP Rs 3561, Upside 17.1%, Mcap Rs 870 bn)						
Volume	11,93,690	10,45,378	14.2%	12,59,828	-5.2%	<ul style="list-style-type: none"> Overall volumes to grow by 14.2% YoY on account of higher export volumes and 3W volumes EBIDTA margins are expected to contract by 380bps to 15.6% on account of higher material prices and discounts. PAT is expected to de-grow by 16.4%.
Sales	72,702	67,733	7.3%	74,094	-1.9%	
EBITDA	11,358	13,152	-13.6%	11,554	-1.7%	
EBITDA margin (%)	15.6%	19.4%	(380)	15.59%	3	
PAT	10,539	12,611	-16.4%	11,012	-4.3%	
TVS Motor (TVSL IN Equity, BUY, CMP Rs. 504, TP Rs 583, Upside 15.8%, MCap Rs 237 bn)						
Volume	9,07,228	8,89,133	2.0%	9,89,787	-8.3%	<ul style="list-style-type: none"> Sales are expected to grow by 4.1% YoY on account of positive volume growth. EBIDTA margins are expected to expand by 62bps to 7.6% on account of higher operating leverage. PAT is expected to de-grow by 14.3% YoY.
Sales	41,555	39,928	4.1%	46,640	-10.9%	
EBITDA	3,178	2,807	13.2%	3,757	-15.4%	
EBITDA margin (%)	7.6%	7.0%	62	8.1%	(41)	
PAT	1,419	1,656	-14.3%	1,784	-20.4%	
Ashok Leyland (AL IN Equity, BUY, CMP Rs. 95, TP Rs 128, Upside 34.8%, MCap Rs 270 bn)						
Volume	59,521	58,735	1.3%	43,763	36.0%	<ul style="list-style-type: none"> Sales are expected to grow by 1.3% supported by similar volume growth. EBITDA to de-grow by 2.7% YoY respectively PAT is expected to decline by 5.2% YoY
Sales	88,899	87,725	1.3%	63,252	40.5%	
EBITDA	10,049	10,327	-2.7%	6,496	54.7%	
EBITDA margin (%)	11.3%	11.8%	(47)	10.27%	103	
PAT	6,325	6,674	-5.2%	3,869	63.5%	
Eicher Motors (EIM IN Equity, SELL, CMP Rs. 21,335 TP Rs 20,897, Downside 2.1%, MCap Rs 582 bn)						
Volumes	1,96,162	2,27,042	-13.6%	1,94,473	0.9%	<ul style="list-style-type: none"> Sales and EBIDTA are expected to de-grow by 7.1% and 11.7% YoY respectively on account of 13.6 volume decline in the motorcycle segment. PAT is expected to de-grow by 16.9% YoY
Sales	23,484	25,280	-7.1%	23,411	0.3%	
EBITDA	7,038	7,972	-11.7%	6,795	3.6%	
EBITDA margin (%)	30.0%	31.5%	(157)	29.03%	94	
PAT	5,391	6,486	-16.9%	5,330	1.2%	

Source: Company, Karvy Stock Broking

Automobiles

Rs mn	Q4FY19E	Q4FY18	YoY (%)	Q3FY19	QoQ (%)	Comments
Bharat Forge (BHFC IN Equity, BUY, CMP Rs. 513, TP Rs 604, Upside 17.7%, MCap Rs 229 bn)						
Volumes	68,706	68,706	0.0%	67,674	1.5%	
Sales	16,825	14,666	14.7%	16,925	-0.6%	
EBITDA	4,681	4,177	12.1%	5,258	-11.0%	▪ Volumes to remain flat and Sales and EBITDA are expected to grow by 14.7% and 12.1% YoY.
EBITDA margin (%)	27.82%	28.48%	(66)	31.07%	(324)	▪ PAT is expected to grow by 10.7% YoY
PAT	2,586	2,335	10.7%	3,098	-16.5%	
Mahindra CIE (MACA IN Equity, BUY, CMP Rs. 223, TP Rs 312, Upside 39.9%, MCap Rs 84 bn)						
Sales	20,176	19,172	5.2%	19,738	2.2%	▪ Sales and EBIDTA is expected to grow by 5.2%/6.0% YoY.
EBITDA	2,742	2,587	6.0%	2,747	-0.2%	▪ EBITDA Margins are expected to expand by 10bps to 13.6% YoY
EBITDA margin (%)	13.6%	13.5%	10	13.9%	(33)	
Subros (SUBR IN Equity, BUY, CMP Rs. 294, TP Rs 346, Upside 17.6%, MCap Rs 16.9 bn)						
Sales	5,632	5,522	2.0%	5,107	10.3%	▪ Sales are expected to grow by 2.0% YoY respectively. Muted sales growth can be attributed to lower volumes from Maruti Suzuki.
EBITDA	634	637	-0.4%	568	11.6%	▪ PAT is expected to grow by 27.1% YoY
EBITDA margin (%)	11.3%	11.5%	(27)	11.1%	14	
PAT	236	186	27.1%	172	37.4%	
Endurance (ENDU IN Equity, SELL, CMP Rs. 1174, TP Rs 1057, Downside 10.0%, MCap Rs 164 bn)						
Sales	19,505	17,350	12.4%	18,130	7.6%	▪ Sales and EBIDTA is expected to grow by 12.4% and 6.9% YoY respectively.
EBITDA	2,750	2,573	6.9%	2,530	8.7%	▪ PAT is expected to grow by 7.5% YoY
EBITDA margin (%)	14.1%	14.8%	(73)	13.95%	14	
PAT	1,251	1,164	7.5%	1,174	6.6%	
Sandhar (SANDHAR IN Equity, BUY, CMP Rs. 258, TP Rs 366, Upside 41.8%, MCap Rs 15 bn)						
Sales	4,662	4,116	13.3%	4,946	-5.7%	▪ Sales and EBIDTA is expected to grow by 13.3% and 5.0% YoY respectively.
EBITDA	511	487	5.0%	528	-3.2%	▪ PAT is expected to grow by 17.6% YoY
EBITDA margin (%)	11.0%	11.8%	(86)	10.7%	29	
PAT	208	177	17.6%	206	1.2%	

Source: Company, Karvy Stock Broking

Automobiles
Stock Returns (in %)

Company Name	Mkt Price Rs	1W	1M	3M	6M	1Y
Ashok Leyland Ltd.	95	9.00	2.90	1.43	-17.40	-34.08
Bajaj Auto Ltd.	3040	5.12	0.40	10.56	14.68	8.86
Bharat Forge Ltd.	513	-3.87	-7.09	2.25	-14.14	-32.60
Eicher Motors Ltd.	21335	1.82	-4.90	4.16	-10.64	-30.38
Endurance Technologies Ltd.	1174	-0.48	-0.24	-3.48	-1.44	-13.69
Hero MotoCorp Ltd.	2702	0.82	-6.00	-8.95	-8.78	-29.59
Mahindra & Mahindra Ltd.	684	3.04	-1.41	-6.83	-11.75	-13.92
Mahindra CIE Automotive Ltd.	223	-0.62	-6.55	-6.65	-15.79	3.77
Maruti Suzuki India Ltd.	7352	3.31	2.59	0.31	0.76	-20.22
Subros Ltd.	294	-4.32	4.72	5.36	5.16	-16.34
Sandhar Technologies Ltd.	258	-3.09	-14.49	-9.39	-22.17	-32.24
TVS Motor Company Ltd.	504	3.04	0.60	-7.52	-6.38	-22.04

Source: ACE Equity, Karvy Stock Broking

Domestic Auto Industry Segment-wise Overall Volumes FY19 (Apr-Mar'19)

Automobile Segment	FY18	FY19	% Change
Passenger Cars	21,74,024	22,18,549	2.05%
Utility Vehicles(UVs)	9,22,322	9,41,461	2.08%
Total Passenger Vehicles (PVs)	32,88,581	33,77,436	2.70%
Scooters	67,19,909	67,01,469	-0.27%
Motor cycles	1,26,20,690	1,35,99,678	7.76%
Mopeds	8,59,518	8,80,243	2.41%
Total Two wheelers	2,02,00,117	2,11,81,390	4.86%
Total Three Wheelers	6,35,698	7,01,011	10.27%
Total LCVs	5,16,135	6,16,579	19.46%
Total M&HCVs	3,40,781	3,90,740	14.66%
Total Commercial Vehicles	8,56,916	10,07,319	17.55%
Grand Total of All Categories	2,49,81,312	2,62,67,783	5.15%

Source: SIAM

Earnings Revision, Outlook and Recommendations

Maruti Suzuki (MSL)

For MSL, we reduce our volume estimates by 0.3%/0.3% for FY20 and FY21 respectively. We increase our sales and PAT estimates by 4.3%/5.7% and 5.0%/7.6% for FY20 and FY21 respectively. We expect MSL to report 7.8% volume CAGR, 10.7% sales CAGR and 17.2% PAT CAGR over FY19-21E. The Company is expected to report EPS of Rs302 and Rs348 in FY20E and FY21E respectively.

At CMP of Rs 7352, MSL stock is quoting at PE of 21.1x FY21 earnings. On account of stable volume growth and 17.2% PAT CAGR over FY19-21E, we increase the target PER multiple from 21x to 25x FY21E (5% discount to its five year 12M fwd average PE) and upgrade the stock from SELL to BUY rating with a revised price target of Rs8,701 (PER of 25x FY21E earnings).

Automobiles
Mahindra & Mahindra (M&M)

For M&M, we reduce our Tractor volume estimates by 7.0%/7.0% and Auto volume by 0.2%/3.2% for FY19 and FY20 respectively. We reduce our sales and PAT estimates by 2.7%/2.6% and 3.8%/1.6% for FY19 and FY20 respectively. We expect, M&M to report 5.0% tractor volume CAGR and 8.0% Automobile Volume growth, 9.7% sales CAGR and 1.3% PAT CAGR over FY19-21E. The Company is expected to report core EPS of Rs 39.9 and Rs 42.8 in FY20E and FY21E respectively.

At CMP of Rs 684, M&M stock is quoting at PE of 8.7x FY21 core earnings. On account of attractive valuations we retain our BUY rating on the stock with a revised price target of Rs825 (PER of 12x FY21E core earnings + Rs 312 – Subsidiary Valuation).

Hero Motocorp (HMCL)

For HMCL, we reduce our volume estimates by 1.4%/1.6% for FY20 and FY21 respectively. We increase our sales estimates by 0.4%/1.8% and reduce our PAT estimates by 5.4%/3.4% for FY20 and FY21 respectively. We expect HMCL to report 5.5% volume CAGR, 6.4% sales CAGR and 8.3% PAT CAGR over FY19-21E. The Company is expected to report EPS of Rs183 and Rs201 in FY20E and FY21E respectively.

At CMP of Rs 2,702, HMCL stock is quoting at PE of 13.4x FY21 earnings. For HMCL, we expect business environment to become positive over the next 12-18 months and hence, we increase the target PER multiple from 16x to 17x FY21E (5% below its five year 12M forward average PE) and retain our BUY rating on the stock with a revised price target of Rs3,419 (PER of 17x FY21E earnings).

Bajaj Auto (BAL)

For BAL, we have increased our Volume/Sales/ PAT estimates by 6.0%/1.9%/7.9% and 6.0%/0.2%/0.9% for FY20 and FY21 respectively. Over FY19-21E, we expect, BAL to report 9.3% volume CAGR, 9.6% sales CAGR and 12.3% PAT CAGR over FY19-21E. The Company is expected to report EPS of Rs174 and Rs193 in FY20E and FY21E respectively.

At CMP of Rs3040, BAL stock is quoting at PE of 15.3x FY21 earnings (net of KTM). We maintain our BUY rating with a revised price target of Rs3561 (PER of 18x FY21E earnings – in line with its five year 12M forward average PE + Rs 90 Subsidiary Valuation).

TVS Motors (TVS)

For TVS, we reduce our volume estimates by 2.7%/5.4% for FY19 and FY20 respectively. We also reduce our PAT estimates by 2.0%/15.0% for FY19 and FY20 respectively.

Over FY19-21E, we expect, TVS to report 9.2% volume CAGR, 11.5% sales CAGR and 24.4% PAT CAGR. The Company is expected to report EPS of Rs18 and Rs22 in FY20E and FY21E respectively.

At CMP of Rs504, based on core earnings, TVS stock is quoting at PE of 22.8x FY21. We upgrade our rating from HOLD to BUY with a revised price target of Rs 583 (PER of 25x FY21E earnings + Rs 32 Subsidiary Valuation).

Automobiles**Ashok Leyland (ASL)**

For ASL, we reduce our volume estimates by 2.7% for FY20. We also reduce our Sales and PAT estimates by 0.5%/2.8% for FY20.

Over FY19-21E, we expect, ASL to report 9.7% volume CAGR, 13.8% sales CAGR and 11.4% PAT CAGR. The Company is expected to report EPS of Rs8.1 and Rs8.3 in FY20E and FY21E respectively.

At CMP of Rs95, ASL stock is quoting at core PE of 10.7x FY21 earnings. We maintain our BUY rating on the stock with a revised price target to Rs128 (PER of 15x FY21E earnings + Rs7 Subsidiary Valuation). We have increased our target PER multiple from 12x to 15x attributing to business outlook in coming quarters.

Eicher Motors (EICH)

For EICH, we reduce our volume estimates by 8.6%/6.5% for FY20 and FY21 respectively. We also reduce our sales and PAT estimates by 9.3%/10.4% and 8.7%/9.2% for FY20 and FY21 respectively.

Over FY19-21E, we expect, EICH to report 10.8% volume CAGR, 14.0% sales CAGR and 13.4% PAT CAGR. The Company is expected to report EPS of Rs932 and Rs1045 in FY20E and FY21E respectively. At CMP of Rs21,361 EICH stock is quoting at PE of 20.4x FY21 earnings. We maintain our SELL rating on the stock with a revised price target to Rs20,897 (PER of 20x FY21E earnings).

Bharat Forge (BFL)

We reduce our Sales and PAT estimates by 0.8%/1.1% for FY20E respectively. Over FY19-21E, we expect, BFL to report 8.1% sales CAGR and 11.4% PAT CAGR. The Company is expected to report EPS of Rs24.3 and Rs27.4 in FY20E and FY21E respectively.

At CMP of Rs513, BFL stock is quoting at PE of 18.7x FY21E earnings. We maintain our BUY rating on the stock with a revised price target of Rs604 (PER of 22x FY20E – 7 year avg 12M forward PER).

Mahindra CIE (MHCIE)

We maintain our Sales and PAT estimates for CY19E and CY20E for MHCIE. Over CY18-20E, we expect, MHCIE to report 7.5% sales CAGR and 12.6% PAT CAGR. The Company is expected to report EPS of Rs16.2 and Rs18.3 in CY19E and CY20E respectively.

At CMP of Rs223, MHCIE stock is quoting at PE of 12.2x CY20E earnings. We maintain our BUY rating on the stock with a price target of Rs312 (PER of 17x CY20E).

Automobiles**Subros (Subros)**

For Subros, we increase our sales and PAT estimates by 2.8%/5.5% and 2.9%/5.3% for FY20E and FY21E respectively.

Over FY19-21E, we expect, Subros to report 13.7% sales CAGR and 36.2% PAT CAGR. The Company is expected to report EPS of Rs18.0 and Rs24.7 in FY20E and FY21E respectively.

At CMP of Rs294, Subros stock is quoting at PE of 11.9x FY21 earnings. We maintain our BUY rating on the stock with a revised price target of Rs346 (PER of 14x FY20E earnings).

Endurance Technologies

We increase our Sales and PAT estimates by 0.4%/5.5% and 0.4%/6.7% for FY20E and FY21E respectively. Over FY19-21E, we expect, ETL to report 11.4% sales CAGR and 9.9% PAT CAGR. The Company is expected to report EPS of Rs38.7 and Rs42.3 in FY20E and FY21E respectively.

At CMP of Rs1174, ETL stock is quoting at PE of 27.8x FY21E earnings. We retain our SELL rating on the stock with a revised price target of Rs1057 (PER 25x FY21E).

Sandhar Technologies

We reduce our Sales and PAT estimates by 2.9%/7.5% and 2.6%/7.5% for FY20E and FY21E respectively. The Company is expected to report EPS of Rs21.6 and Rs28.1 in FY20E and FY21E respectively. Over FY19-21E, we expect, Sandhar to report 12.9% sales CAGR and 36.2% PAT CAGR.

At CMP of Rs258, Sandhar stock is quoting at PE of 9.2x FY21E earnings. We maintain our BUY rating on the stock with a revised price target of Rs366 (PER of 13x FY20E).

Automobiles
Valuation Summary

Company Name	Rating	CMP	TP	Upside	Sales (Rs mn)		EBITDA (Rs mn)		EPS (Rs)		PE (x)		EV/EBITDA (x)	
		(Rs)	(Rs)	(%)	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Automobiles														
Maruti Suzuki	BUY	7352	8701	18.3%	9,60,559	10,78,655	1,37,659	1,56,380	302.0	348.0	24.3	21.1	13.0	11.0
M&M	BUY	684	825	20.7%	5,69,385	6,30,376	79,533	86,161	39.9	42.8	9.3	8.7	4.7	4.0
Hero Motocorp	BUY	2702	3419	26.5%	3,62,026	3,88,210	53,235	57,843	182.6	201.1	14.8	13.4	8.5	7.5
Bajaj Auto	BUY	3040	3561	17.1%	3,34,309	3,61,567	55,998	60,925	174.3	192.8	16.9	15.3	11.4	9.9
TVS Motor	BUY	504	583	15.8%	2,00,026	2,23,360	16,774	19,538	17.7	22.1	28.6	22.8	14.3	11.9
Ashok Leyland	BUY	95	128	34.7%	3,42,114	3,76,767	38,678	40,712	8.1	8.3	10.9	10.7	6.2	5.4
Eicher Motors	SELL	21361	20897	-2.1%	1,10,650	1,25,333	33,634	38,205	932.0	1,045.0	22.9	20.4	14.4	12.0
Ancillary														
Bharat Forge	BUY	513	604	17.7%	70,180	76,418	20,016	21,871	24.3	27.4	21.1	18.7	12.3	10.9
Mahindra CIE	BUY	223	312	39.9%	85,698	92,881	11,646	12,904	16.2	18.3	13.7	12.2	8.1	6.8
Endurance Tech	SELL	1174	1057	-10.0%	85,567	93,790	11,718	12,751	38.7	42.3	30.3	27.8	13.6	12.1
Sandhar Tech	BUY	258	366	41.8%	25,698	28,821	2,895	3,362	21.6	28.1	11.9	9.2	6.1	4.9
Subros	BUY	294	346	17.6%	24,236	28,051	2,764	3,340	18.0	24.7	16.3	11.9	6.9	5.3

Source: Company, Karvy Stock Broking

Change in Sales Estimates:

Automobiles	Sales (Rs mn)					
	New		Old		% Change	
	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Maruti Suzuki	9,60,559	10,78,655	9,21,175	10,20,447	4.3%	5.7%
Hero Motocorp	3,62,026	3,88,210	3,60,505	3,81,183	0.4%	1.8%
Bajaj Auto	3,34,309	3,61,567	3,28,022	3,60,801	1.9%	0.2%
Eicher Motors	1,10,650	1,25,333	1,22,001	1,37,324	-9.3%	-8.7%
Bharat Forge	70,180	76,418	70,738	76,418	-0.8%	0.0%
Subros	24,236	28,051	23,575	27,258	2.8%	2.9%
Sandhar Tech	25,698	28,821	26,452	29,589	-2.9%	-2.6%
Endurance	85,567	93,790	85,245	93,451	0.4%	0.4%
Mahindra CIE*	85,698	92,881	85,698	92,881	0.0%	0.0%
M&M	5,69,385	6,30,376	5,92,088	NA	-3.8%	NA
TVS Motor	2,00,026	2,23,360	2,04,090	NA	-2.0%	NA
Ashok Leyland	3,42,114	3,76,767	3,43,810	NA	-0.5%	NA

Source: Karvy Stock Broking, *CY end company

Automobiles
Change in EBITDA Estimates:

Automobiles	EBIDTA (Rs mn)					
	New		Old		% Change	
	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Maruti Suzuki	1,37,659	1,56,380	1,31,930	1,46,516	4.3%	6.7%
Hero Motocorp	53,235	57,843	54,311	57,862	-2.0%	0.0%
Bajaj Auto	55,998	60,925	54,124	61,131	3.5%	-0.3%
Eicher Motors	33,634	38,205	37,166	41,932	-9.5%	-8.9%
Bharat Forge	20,016	21,871	20,379	21,871	-1.8%	0.0%
Subros	2,764	3,340	2,729	3,292	1.3%	1.4%
Sandhar Tech	2,895	3,362	3,044	3,550	-4.9%	-5.3%
Endurance	11,718	12,751	11,581	12,509	1.2%	1.9%
Mahindra CIE*	11,646	12,904	11,646	12,904	0.0%	0.0%
M&M	79,533	86,161	87,406	NA	-9.0%	NA
TVS Motor	8,386	10,488	17,761	NA	-52.8%	NA
Ashok Leyland	38,678	40,712	39,314	NA	-1.6%	NA

Source: Karvy Stock Broking, *CY end company

Change in PAT Estimates:

Automobiles	PAT (Rs mn)					
	New		Old		% Change	
	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Maruti Suzuki	91,238	1,05,133	86,915	97,682	-4.7%	-7.1%
Hero Motocorp	36,464	40,165	38,548	41,573	5.7%	3.5%
Bajaj Auto	50,442	55,803	46,733	55,286	-7.4%	-0.9%
Eicher Motors	25,406	28,483	28,355	31,352	11.6%	10.1%
Bharat Forge	11,315	12,780	11,435	12,780	1.1%	0.0%
Subros	1,176	1,611	1,115	1,531	-5.2%	-5.0%
Sandhar Tech	1,301	1,694	1,407	1,831	8.1%	8.1%
Endurance	5,446	5,946	5,163	5,574	-5.2%	-6.2%
Mahindra CIE*	6,155	6,951	6,155	6,951	0.0%	0.0%
M&M	50,788	54,510	51,609	NA	1.6%	NA
TVS Motor	8386	10488	9,861	NA	17.6%	NA
Ashok Leyland	23,683	24,234	24,359	NA	2.9%	NA

Source: Karvy Stock Broking, *CY end company

Stock Ratings	Absolute Returns
Buy	> 15%
Hold	5-15%
Sell	< 5%

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Disclosures Appendix

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