India

Neutral *(no change)*

Highlighted Companies

Ashok Leyland

ADD, TP Rs281, Rs260 close

The commercial vehicle demand cycle is recovering from a mid-cycle consolidation. Market share expansion, pricing discipline in the segment and low new technological challenges provide comfort.

Hero MotoCorp

ADD, TP Rs5812, Rs5244 close

Rural demand recovery from good monsoons and government policy, aided by new vehicle launches, to drive market share recovery going ahead. Upgrade to ADD rating.

Tata Motors

REDUCE, TP Rs831, Rs1087 close

Supply challenges at JLR and demand weakness in India's car market to impact the car division's performance. Recent consensus EPS cut overlooked by rich P/BV valuation and stock price rally.

Summary Valuation Metrics

P/E (x)	Mar24-A	Mar25-F	Mar26-F
Ashok Leyland	29.15	23.64	20.17
Hero MotoCorp	26.87	21.78	19.93
Tata Motors	13.06	18.01	14.8

P/BV (x)	Mar24-A	Mar25-F	Mar26-F
Ashok Leyland	8.66	7.38	6.25
Hero MotoCorp	5.83	5.35	4.93
Tata Motors	4.91	3.94	3.18

Dividend Yield	Mar24-A	Mar25-F	Mar26-F
Ashok Leyland	1.9%	2.23%	2.5%
Hero MotoCorp	2.67%	3.05%	3.43%
Tata Motors	0.37%	0.55%	0.74%

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Autos

1QFY25 results review

- A mixed results season was witnessed for our coverage universe stocks in 1Q as only 50% of them beat on EBITDA - the lowest proportion in last one year.
- Bloomberg consensus noticed 50% of our coverage universe recording FY25F-26F EBITDA upgrade, majorly M&M, Ashok Leyland, Maruti, & SAMIL.
- Retain Neutral sector rating as valuations rise sharply but volume growth turns selective. Upgraded HMCL to ADD & downgraded SAMIL to HOLD recently.

1QFY25 performance summary

Nearly 50% of our coverage stocks provided beat on the EBITDA front vs. 80+% in the last two quarterly seasons (Mar 2024 and Dec 2023). The big beat was in 2W and tractor OEMs. Car OEM and bearing companies' results disappointed. A higher double-digit yoy EBITDA growth was seen across our coverage universe barring Escorts Kubota, Apollo Tyres and SKF India. Gross margin seems to have taken a pause after two years of consistent rise (Fig. 3). Managements' guidance was the demand momentum improving for rural economy products like two-wheelers or 2Ws and tractors, and turning cautious on the rest. Concerns over dealer inventory prevail in the car segment.

FY25F earnings revision highlights

The major EBITDA upgrade in our coverage universe was for Bajaj Auto, TVS Motor and Escorts Kubota among OEMs. The marginal EBITDA cut was for Eicher Motors and Maruti Suzuki. In the auto component segment, major upgrade was in SAMIL, Schaeffler India and Bharat Forge while the cut was in SKF India, Apollo Tyres, and Bosch. Bloomberg consensus noticed 50% of our coverage universe recording EBITDA upgrade for FY25F-26F, majorly Mahindra & Mahindra or M&M, Ashok Leyland, Maruti Suzuki and SAMIL. The cuts were prominent for Apollo Tyres, Tata Motors and Eicher Motors. The stock price rally in the last six months seems to overlook FY25F Bloomberg consensus EPS cuts for Tata Motors and Escorts Kubota in the last six months (Fig. 7).

Retain Neutral rating for the sector as valuations overlook challenges

We maintain our Neutral rating for the sector as the sharp run-up in the NSE Auto Index raises forward P/E valuation to above the 10-year mean level (Fig. 9), while volume growth turns selective. We upgrade Hero MotoCorp or HMCL's rating to ADD on tactical festive season/ rural play and a relative better valuation. We downgrade Samvardhana Motherson International or SAMIL to HOLD as global currency and demand volatility risks rise. Our order of preference is Maruti Suzuki and Ashok Leyland with an ADD rating. Rural recovery preference is for HMCL (ADD) vs. M&M (HOLD). We reiterate REDUCE rating on Tata Motors and TVS Motor as global operation challenges overrule domestic recovery benefit at their current rich valuations. We have a HOLD rating on Bajaj Auto and a REDUCE rating on Eicher Motors. In the auto ancillary segment, we have an ADD rating on Bharat Forge, Endurance Technologies and Balkrishna Industries and a REDUCE rating on Bosch, Apollo Tyres and Exide Industries. We have a HOLD rating on SAMIL.

Figure 1: Gross margin performance of our coverage universe

(Rs m)	Revenue	YoY %	QoQ %	Gross Margins	*YoY*	*QoQ*
Ashok Leyland	85,985	5%	-22%	27.8%	*156*	*(35)*
Bajaj Auto	1,19,280	16%	4%	29.7%	*187*	*24*
Eicher Motors	43,931	10%	3%	46.5%	*224*	*(17)*
Hero MotoCorp	1,01,437	16%	7%	33.6%	*166*	*(126)*
Mahindra & Mahindra	2,70,388	11%	8%	26.5%	*59*	*(28)*
Maruti Suzuki	3,55,314	10%	-7%	29.0%	*262*	*81*
Tata Motors	10,80,480	6%	-10%	38.5%	*138*	*49*
TVS Motor	83,756	16%	3%	27.2%	*316*	*136*
Escorts Kubota	22,925	-2%	10%	31.9%	*173*	*1*
Apollo Tyres	85,985	5%	-24%	46.1%	*47*	*(172)*
Balkrishna Industries	27,415	30%	2%	58.8%	*143*	*(21)*
Bharat Forge	23,381	10%	0%	59.7%	*246*	*(39)*
Bosch Ltd.	43,168	4%	2%	34.5%	*(3)*	*90*
Exide Industries	43,128	6%	8%	34.3%	*243*	*(232)*
SAMIL	2,88,680	29%	7%	43.6%	*294*	*(65)*
Endurance Technologies	28,255	15%	6%	42.7%	*158*	*(8)*

SOURCE: INCRED RESEARCH, COMPANY REPORTS

1QFY25 results review

Gross and EBITDA margin trend in 1QFY25

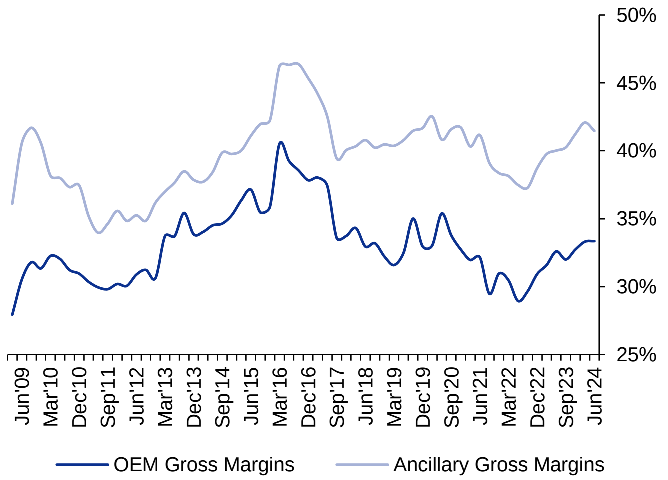
Gross margin qoq contraction was seen in most companies in our coverage universe (63%) while the yoy expansion trend is still there on a low base. Most companies expressed rising commodity costs as cause of concern. Considering the weak seasonal demand and inventory build-up, price hikes have been difficult to come by. The price hike needed in tyres is steep among auto component makers.

Figure 1: 1QFY25 results analysis vs. our expectations and earnings revisions

(Rs m)	Revenue	YoY%	QoQ%	EBITDA	YoY%	QoQ%	Adjusted PAT	YoY%	QoQ%	EBITDA miss/ beat	EPS miss/ beat	FY25-26F EBITDA change	FY25-26F EPS change
Ashok Leyland	85,985	5%	-24%	9,109	11%	-43%	5,256	30%	-46%	-2.1%	6.2%	+0.4 to 0.8%	+7 to 9%
Bajaj Auto	1,19,280	16%	4%	24,153	24%	5%	19,883	19%	3%	4.4%	0.5%	+4 to 6%	+3 to 5%
Eicher Motors	43,931	10%	3%	11,654	14%	3%	10,211	11%	-5%	13.2%	5.0%	-0.8 to -0.4%	-0.8 to -0.4%
Hero MotoCorp	1,01,437	16%	7%	14,598	21%	7%	11,226	19%	10%	-5.9%	-7.3%	+0.5 to 0.6%	-0.1%
Mahindra & Mahindra	2,70,388	11%	8%	40,222	13%	24%	26,126	10%	28%	-4.5%	-2.1%	na	na
Maruti Suzuki	3,55,314	10%	-7%	45,023	40%	-8%	36,499	34%	-11%	-0.2%	1.3%	-2%	+2%
Tata Motors	10,80,480	6%	-10%	1,82,680	15%	-10%	52,470	22%	-45%	4.8%	-6.7%	+0.4 to 2%	+1%
TVS Motor	83,756	16%	3%	9,602	26%	4%	5,488	33%	3%	0.9%	2.5%	+4 to 5%	+6 to 9%
Escorts Kubota	22,925	-2%	10%	3,271	0%	23%	2,896	2%	20%	10.5%	8.8%	+4 to 7%	+4 to 6%
Apollo Tyres	63,349	1%	1%	9,093	-14%	-17%	3,424	-17%	-18%	-20.9%	-33.2%	-4 to -3%	-2 to -6%
Balkrishna Industries	27,415	30%	2%	7,134	47%	2%	4,773	53%	-1%	17.1%	24.3%	+1%	-0.5%
Bharat Forge	23,381	10%	0%	6,515	19%	-1%	4,151	33%	3%	-3.0%	-0.8%	+1 to 4%	+2%
Bosch Ltd.	43,168	4%	2%	5,197	11%	-7%	4,655	14%	4%	-14.2%	-9.1%	-2%	-2 to -1%.
Exide Industries	43,128	6%	8%	4,943	14%	-4%	2,796	16%	-1%	-9.3%	-13.3%	na	na
SAMIL	2,88,680	29%	7%	27,753	44%	4%	9,942	65%	14%	9.7%	16.0%	+4 to 5%	+2%
Endurance Technologies	28,255	15%	6%	3,741	16%	1%	2,039	25%	7%	4.5%	3.5%	+0.3 to -0.4%	+2 to 3%
Schaeffler India	21,068	15%	12%	3,763	10%	14%	2,455	3%	12%	5.1%	0.8%	+2 to 3%	+1%
SKF India	12,062	5%	0%	1,937	-5%	-9%	1,589	3%	-9%	-9.3%	-25.6%	-16%	-12%
Timken India	7,837	9%	-13%	1,409	4%	-29%	963	7%	-32%	-11.1%	-23.0%	-0.4 to +1%	-2 to +4%

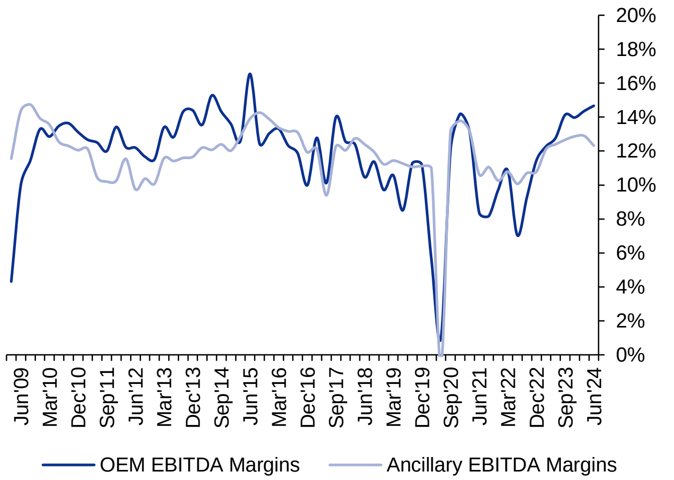
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Industry's gross margin expansion pauses in 1QFY25



SOURCE: ACE EQUITY, INCRED RESEARCH, COMPANY REPORTS

Figure 3: Industry's EBITDA margin expands for OEMs only



SOURCE: ACE EQUITY, INCRED RESEARCH, COMPANY REPORTS

Summary of EBITDA and EPS upgrades/downgrades when it comes to Bloomberg consensus

Major FY25F-26F EBITDA upgrade was in M&M, Ashok Leyland and Maruti Suzuki. The cut or downgrade was in 2W OEMs and Tata Motors. Among auto component makers, the major upgrade was in SAMIL and Endurance Technologies while the downgrade was in Apollo Tyres, Bosch, and Exide Industries.

Figure 4: Bloomberg consensus estimate changes for Jun-Aug 2024

Bloomberg Consensus Estimates	FY25F EPS (Rs)		FY25F EPS change %	FY26F EPS (Rs)		FY26F EPS change %	FY25F EBITDA (Rs m)		FY25F EBITDA change %	FY26F EBITDA (Rs m)		FY26F EBITDA change %
	01-Jun-24	20-Aug-24		01-Jun-24	20-Aug-24		01-Jun-24	20-Aug-24		01-Jun-24	20-Aug-24	
Ashok Leyland	10.7	10.9	2.4%	11.7	12.4	5.2%	50,277	51,534	2.5%	54,522	56,871	4.3%
Bajaj Auto	314.5	316.3	0.6%	366.2	367.8	0.4%	1,06,042	1,06,268	0.2%	1,23,079	1,24,214	0.9%
Eicher Motors	163.8	163.7	0.0%	183.4	183.6	0.1%	49,924	49,374	-1.1%	56,146	55,749	-0.7%
Escorts Kubota	108.3	111.4	2.8%	129.3	129.6	0.2%	13,921	14,039	0.8%	16,601	16,607	0.0%
Hero MotoCorp	235.8	235.8	0.0%	225.1	256.7	14.0%	61,760	61,226	-0.9%	69,782	69,373	-0.6%
Mahindra & Mahindra	99.2	100.6	1.4%	112.9	116.0	2.8%	1,53,972	1,58,530	3.0%	1,76,906	1,83,560	3.8%
Maruti Suzuki	475.9	484.9	1.9%	528.1	540.5	2.3%	1,90,655	1,92,495	1.0%	2,16,915	2,19,742	1.3%
Tata Motors	64.2	65.5	2.0%	77.9	80.4	3.2%	6,75,101	6,63,980	-1.6%	7,60,885	7,52,952	-1.0%
TVS Motor	56.2	56.2	0.1%	69.2	69.8	0.8%	43,317	43,404	0.2%	51,626	52,168	1.0%
Apollo Tyres	30.6	27.7	-9.6%	34.5	34.2	-0.9%	45,144	41,076	-9.0%	46,767	45,125	-3.5%
Balkrishna Industries	89.3	87.3	-2.3%	108.7	109.6	0.8%	27,394	27,112	-1.0%	32,228	32,282	0.2%
Bharat Forge	35.5	34.5	-2.7%	44.8	44.3	-0.9%	32,962	32,822	-0.4%	38,528	38,926	1.0%
Bosch Ltd.	706.0	705.7	0.0%	842.5	824.4	-2.1%	25,535	24,872	-2.6%	30,184	29,338	-2.8%
Endurance Technologies	63.2	63.9	1.0%	78.7	80.1	1.8%	16,437	16,523	0.5%	19,634	19,834	1.0%
Exide Industries	15.7	15.2	-3.1%	18.2	17.9	-1.2%	22,456	22,134	-1.4%	25,395	25,412	0.1%
SAMIL	6.2	6.1	-2.4%	7.7	7.6	-2.3%	1,16,806	1,18,769	1.7%	1,31,737	1,34,417	2.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Management conference-call highlights for the sector/ companies

Demand outlook

- Slowdown in the premium segment like sports utility vehicles or SUVs and above 200cc bikes disappoints. The passenger vehicle or PV segment's growth outlook remains sober on concerns over a high base. Compared to the weakness in demand in recent months for tractors and medium and heavy commercial vehicles or MHCVs, the positive outlook provides comfort.
- The 2W makers gave guidance of a strong double-digit volume growth aided by strong monsoon outlook by the India Meteorological Department or IMD. However, the 2W export recovery is gradual. The price hike and technology upgrade needed in Apr 2025 OBD-II norms can also help pre-purchase benefit. Repeated government policy changes in the electrical vehicle or EV segment are leading to further consolidation among incumbents, while start-ups struggle. The new FAME policy announcement has been delayed to Sep 2024.
- We feel tractor volume growth recovery will be gradual and back-ended in 2HFY25F as rainfall distribution, dealer inventory, non-performing asset or NPA concerns still prevail. We feel only marginal growth is possible.
- Auto ancillary companies continue to witness good demand from OEMs as their production ramps up. The stronger-than-expected international operations came as a surprise but volatile currency movement and the weak demand trend globally are the areas of concern.

Figure 5: Our growth scenario for FY25F

Domestic volume growth (%)	Base case	Bull case	Bear case
Passenger cars and MPVs	-3.9%	3.7%	-10.9%
Utility Vehicles	13.0%	20.0%	7.0%
Total Passenger Vehicles	**6.2%**	**13.4%**	**-0.2%**
M&HCVs	7.0%	11.0%	-2.0%
LCVs	2.0%	7.0%	-5.0%
Total Commercial Vehicles	**4.0%**	**8.6%**	**-3.8%**
Two-wheelers	13.1%	19.1%	9.1%
Three-wheelers	12.0%	15.0%	8.0%
Total Domestic Automobile Sector	**11.5%**	**17.5%**	**6.9%**
Tractors	3.0%	5.0%	-12.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Company management commentary

- **Ashok Leyland**: Management indicated that the commercial vehicle or CV industry started on a good note in 1QFY25, despite concerns over the outcome of general elections in India, and it expects a healthy growth in FY25F. The company maintained its market share in the medium and heavy commercial vehicle or MHCV business and gained 1% market share in light commercial vehicles or LCVs led by new launches. Management gave guidance of Rs5-7bn capex for FY25F. The electric vehicle or EV arm, Switch, won an order for 1,000 vehicles from various state governments. Management indicated one-time spending on EV truck R&D which led to higher other expenses (+120bp yoy).

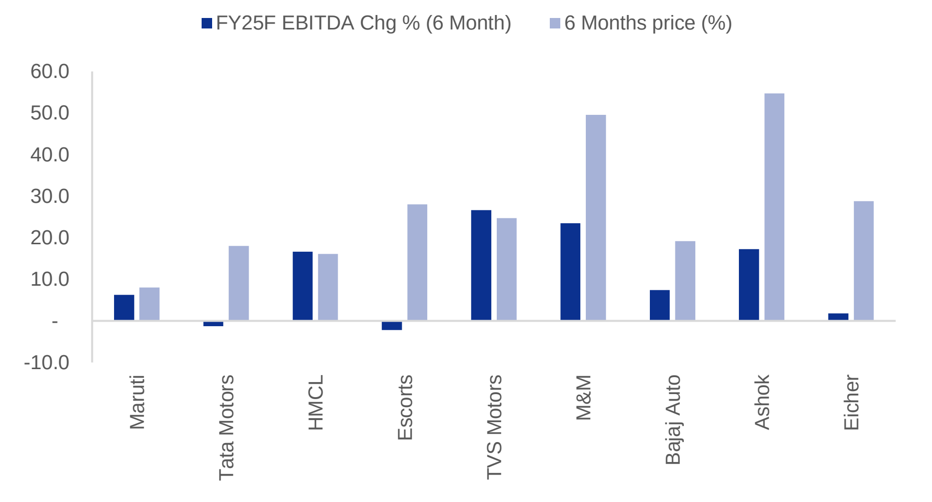
- **Apollo Tyres**: Management called out for a 60bp provision for EPR in 1QFY25, impacting the EBITDA margin, which will be recurring in nature. The company took a price hike of 2% in the car segment and 1% in the truck segment due to rising rubber prices. To neutralize rubber price inflation, it may have to take multiple price hikes totaling 5%. Considering the sustained underperformance to India peers on the profit margin front in recent quarters, management will be reviewing and taking necessary action. Apollo 2.0 program is planned to take the benefit of global-scale operations.
- **Bajaj Auto**: Management indicated that CNG bike Freedom garnered bookings for 4,200 bikes in recent days, with most of the bookings for the top variant. Management gave guidance of Mar 2025F-end capacity plan of 40,000 bikes per month. It intends to expand market share in entry-level bikes from 15% to 25%, with CNG variants across platforms. Electric vehicle or EV sales formed 14% of 1QFY25 revenue and there was profit neutrality as profits from E3Ws and the PLI scheme absorbed the losses from the launch of a new entry-level scooter. The PLI incentive for two of its five EVs aided the EBITDA margin by around 50bp in 1QFY25.
- **Balkrishna Industries**: Considering the short-term uncertainty from geopolitical tensions, likely US recession and system inventory, management gave marginal volume growth guidance for FY25F. Management announced a new capex program of Rs13bn towards the OTR tyre capacity of 35,000t, to be commissioned gradually. The new European regulation on deforestation-free products (EUDR), announced in Jun 2023, will be effective from Dec 2024. Considering such inputs are 15% costlier than the current usage inputs, management expects some challenges in early CY25F
- **Bharat Forge**: Management has taken an enabling resolution to raise Rs20bn equity instruments to fund capex and acquisitions in India. Management gave guidance of the oil & gas segment recovering from its recent lows. It expects India government's gun orders soon, amounting to around Rs20bn. Also, the government support for defence exports is improving, including better financing terms. Considering its nine platforms for guns, the company plans to gain a better market share globally. New customer order ramp-up for car parts may aid in FY26F. JS Auto continues to scale up, with a 48% yoy rise in its EBITDA to Rs220m.
- **Bosch Ltd**: Management indicated that the slow growth witnessed in 1QFY25 will improve in the rest of the year and provide double-digit growth, as seen in FY24. 1Q sales momentum was driven by the aftermarket (8% yoy) and 2W (15%). Management gave guidance that the 8m unit capacity Lamda sensor project's commissioning in 1QFY26F will support new emission norms for the two-wheeler or 2W sector. With the cost structure of India plants improving, management is keen to export injectors and pumps to the global market and power tolls to SAARC nations, for which shareholders' approval was taken recently, which would likely lead to a sharp 250% rise in exports in the coming four-year period.
- **Eicher Motors:** Management indicated slow sales conversion in the mid-size premium bike segment, as customers are taking a longer time to finalize purchases from increased model offerings. This led its market share to continue declining on a qoq basis to 26.7% in 1Q. With the launch of Guerrilla 450cc bike, management plans to increase the K-platform production to 8,000 vehicles per month. The company has changed its dealer inventory management to improve system efficiency which, it feels, could have impacted dispatches in the short term, while it witnessed retail sales rising. As regards exports, the company remains cautiously optimistic
- **Endurance Technologies**: Management announced the construction of a new plant on an 11-acre land in Aurangabad, which is likely to start producing non-auto aluminium castings in FY26F. The company plans to incur Rs4bn capex for the plant, with 1.25x asset turnover possibility. It is foraying into aluminium forgings in FY25F for supplying them to JLR and Harley Davidson.

The dual channel ABS supply starts this year while the aluminium wheel demand is very strong. The new electric vehicle or EV spare parts capacity in Europe has already topped 50% utilization and new orders should help it overcome the global slowdown in EVs.

- **Escorts Kubota**: Management maintained mid-single digit growth for the domestic tractor industry in FY25F, where it plans to catch up on market share loss. Strong recovery in Maharashtra and continued double-digit growth in Uttar Pradesh are the driving force. Exports are expected to remain weak in the short term due to Europe slowdown. The slowdown in railway procurement in 1Q impacted the company, while with the expected approval for its products in Vande Bharat trains it plans to return to sales growth soon. Management indicated a delay in respect of the new greenfield plant's land acquisition.
- **Mahindra and Mahindra**: Management reiterated that the top-end of XUV700 price cut is as per its plan to revive the three-year old version in order to garner short-term volume. Considering the savings from semi-conductor costs & operating leverage, it expects a minimal EBITDA margin impact. Management believes the new Thar 5-door is likely to cannibalize the old Thar 3-door and hence, clearing pending orders. The domestic industry outlook is improving, led by the farming community, in terms of favourable trade and price realization in mandis (markets), positive monsoon outlook, improved Government of India's spending on the rural sector and the start of Navratri festive season in 2HFY25F.
- **Maruti Suzuki**: Management highlighted that export double-digit volume growth was driven by Jimny, making it the top-selling export model. CNG mix of the industry, for the first time, topped diesel vehicles' proportion, which helps the leader, Maruti Suzuki. Management indicated that raw material costs have normalized now and expects them to sustain. However, the rise in dealer inventory to 37 days of sales, from the normal level of 30 days, is a cause of concern. Higher launches and World Cup cricket advertisement expenses one-off accounted for 30bp of sales in 1QFY25.
- **SAMIL (Samvardhana Motherson International)**: Management announced the entry of SAMIL into the consumer electronic business through a joint venture, with a capex of Rs26bn spread over the coming years. SAMIL has started component assembly operations and plans to start making glass for smart phones in 2HFY25F as a part of its plan to increase non-automotive business from 9% of sales currently to 25% in the coming years. Management gave guidance of a softer 2QFY25F, considering the seasonality and demand weakness in electric vehicles and premium vehicles. Net debt spiked led by the payments for acquisitions and for meeting working capital requirements.
- **Tata Motors:** JLR, despite its best product mix benefit favouring Range Rover, was able to clock just a 0.6% ASP growth yoy. Variable marketing expenses rose by 20bp qoq to 3.2% due to weak demand in Europe and concerns over China. For JLR, management indicated constrained production in 2Q/3QFY25F due to the annual summer plant shutdown and floods at a key alumina supplier. We maintain our JLR PAT estimates as a rich product mix, while meeting short-term supply challenges, provides support.
- **TVS Motor**: Management gave guidance of Rs10bn capex and investment in each of the subsidiaries in FY25F. As per the annual report, Norton Motorcycle subsidiary suffered a PAT loss of Rs3.9bn (+ 41% yoy) while Swiss E-mobility incurred a loss of Rs2.2bn (+126% yoy). Norton new bike launch is planned by the end of CY25F, while Swiss E-mobility's market conditions are still weak and the inventory is high. Management indicated that domestic 2W rural volume growth has been impressive at 17% in 1Q vs. total industry growth of 13%. The company plans to launch one model each in the ICE, EV scooter and E3W segments in the coming months.

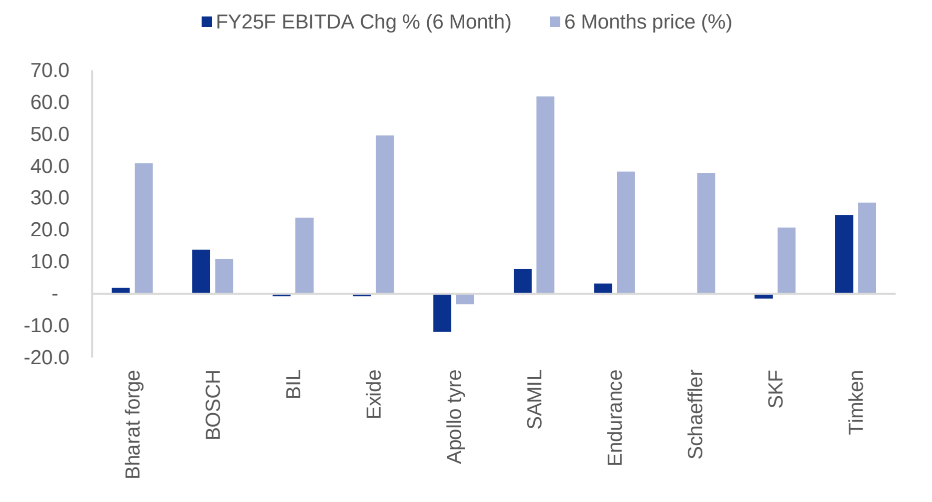
InCred Equities

Figure 6: FY25F EBITDA changes vs. six-month price performance of various OEMs



SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

Figure 7: FY25F EBITDA changes vs. six-month price performance of auto component companies



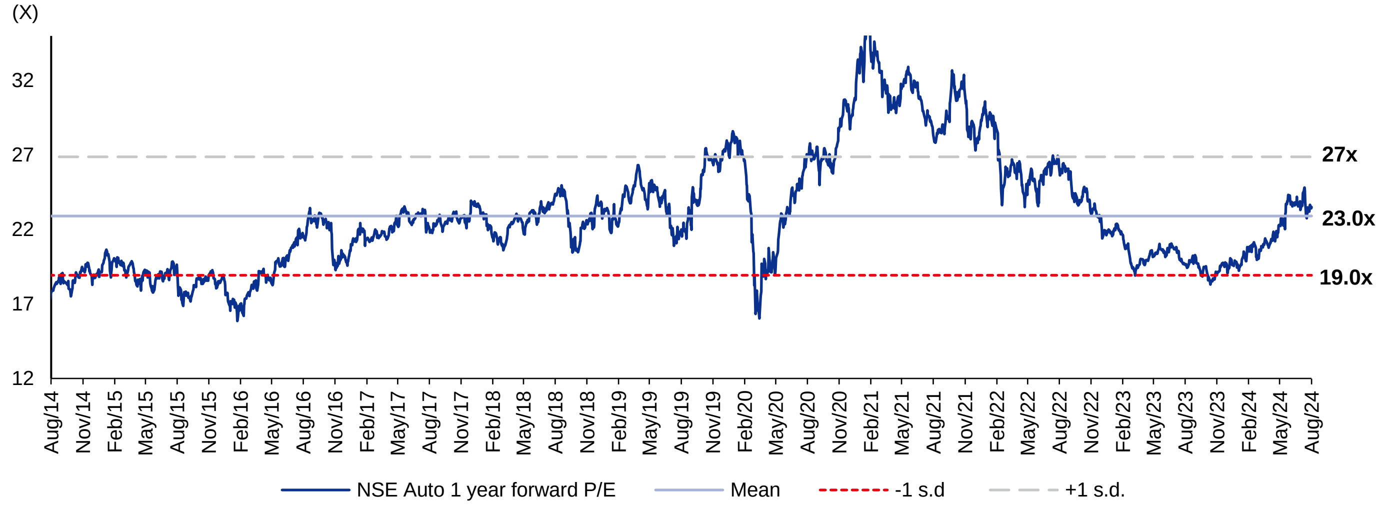
SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

Figure 8: Valuation summary of our coverage universe

Company Name	Reco.	CMP	Target Price	Market Capital	Market Capital	EPS (Rs)		P/E (x)		P/BV (x)		EV/EBITDA (x)	Dividend Yield (%)	Upside/ Downside%	RoE
		Rs	Rs	(Rs m)	(US$ m)	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F	FY25F	FY25F		FY25F
Maruti Suzuki	ADD	12,255	15,541	38,52,972	46,006	518	566	23.7	21.7	3.6	3.2	15.4	1.3%	26.8%	16.9%
Tata Motors	REDUCE	1,087	831	41,64,969	49,731	60	73	18.3	14.9	4.0	3.2	5.7	0.6%	-23.5%	24.0%
Hero MotoCorp	ADD	5,247	5,812	10,48,311	12,517	241	263	21.8	19.9	5.3	4.9	14.6	3.1%	10.8%	25.6%
Mahindra & Mahindra	HOLD	2,755	2,455	30,58,514	36,520	101	109	27.2	25.2	5.0	4.4	15.2	0.8%	-10.9%	19.9%
Escorts Kubota	REDUCE	3,751	3,064	4,14,458	4,949	96	112	39.0	33.5	4.1	3.7	34.3	0.5%	-18.3%	11.0%
Bajaj Auto	HOLD	9,815	9,811	27,40,152	32,718	321	359	30.6	27.3	9.7	8.7	23.5	2.0%	0.0%	33.7%
Ashok Leyland	ADD	260	281	7,63,230	9,113	10	12	24.8	21.6	7.5	6.5	14.1	2.2%	8.1%	32.4%
Eicher Motors	REDUCE	4,875	4,086	13,32,365	15,909	154	167	31.6	29.2	7.1	6.2	25.1	1.1%	-16.2%	23.0%
TVS Motor	REDUCE	2,631	1,782	12,49,988	14,925	43	48	61.6	54.8	16.8	13.5	33.0	0.3%	-32.3%	26.8%
Endurance Technologies	ADD	2,525	2,549	3,55,167	4,241	65	85	38.7	29.9	6.2	5.3	22.1	0.5%	1.0%	17.2%
Balkrishna Industries	ADD	2,836	3,542	5,48,131	6,545	89	101	31.7	28.0	5.4	4.7	20.5	0.7%	24.9%	18.1%
Exide Industries	REDUCE	494	412	4,19,985	5,015	14	17	34.2	29.5	3.1	2.9	19.6	1.7%	-16.6%	9.2%
Bharat Forge	ADD	1,573	1,831	7,32,235	8,743	29	36	53.6	44.2	6.9	5.8	25.3	0.7%	16.4%	15.3%
Apollo Tyres	REDUCE	497	414	3,15,327	3,765	29	27	17.1	18.4	2.1	1.9	7.1	1.6%	-16.6%	12.7%
Bosch Ltd.	REDUCE	31,960	26,302	9,42,500	11,254	596	686	53.6	46.6	7.3	7.0	36.7	1.3%	-17.7%	14.0%
SAMIL	HOLD	187	177	12,65,696	15,113	6	8	32.2	24.6	4.3	3.8	12.9	0.7%	-5.2%	14.2%

SOURCE:INCRED RESEARCH, BLOOMBERG
NOTE: VALUATION MULTIPLE OF M&M IS ADJUSTED FOR SUBSIDIARY VALUE OF RS638/SHARE

Figure 9: NSE auto one-year forward P/E above the mean level



SOURCE: BLOOMBERG, INCRED RESEARCH

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