Auto & Parts - Overall

2QFY25 results review

India

Neutral *(no change)*

Highlighted Companies

Hero MotoCorp

ADD, TP Rs5810, Rs4733 close

Rural demand recovery due to good monsoons and government policies, aided by new vehicle launches, to drive market share recovery that was witnessed during the Diwali festive season.

Tata Motors

REDUCE, TP Rs746, Rs772 close

Supply challenges at JLR and demand weakness/ inventory challenge in Indian market to impact volume performance. Big ask in 2HFY25F to meet management guidance amid concerns over weakening global demand environment.

Eicher Motors Ltd

HOLD, TP Rs4841, Rs4876 close

Improving management action on product variants to gain volume momentum in India and export markets provide comfort. Valuation easing below the 10-year mean level adds to the comfort.

Summary Valuation Metrics

P/E (x)	Mar24-A	Mar25-F	Mar26-F
Hero MotoCorp	24.25	19.52	17.72
Tata Motors	8.91	12.6	10.26
Eicher Motors Ltd	33.5	30.06	27.85

P/BV (x)	Mar24-A	Mar25-F	Mar26-F
Hero MotoCorp	5.26	4.82	4.43
Tata Motors	3.35	2.7	2.19
Eicher Motors Ltd	7.4	7.03	6.1

Dividend Yield	Mar24-A	Mar25-F	Mar26-F
Hero MotoCorp	2.96%	3.38%	3.8%
Tata Motors	0.54%	0.81%	1.08%
Eicher Motors Ltd	1.05%	1.15%	1.27%

- 2Q EBITDA estimate was missed by majority of our companies (80%) due to gross margin qoq dip and ASP discount. Festive-led recovery provides hope.
- Consensus EPS estimate upgrade for FY25F-26F was selective - only for 20% of our 17 auto sector coverage universe - mostly in tractor and 2W segments.
- With a sharp Nifty Auto Index correction, P/E valuation eases to mean level but with the delay in interest rate cut to revive demand, we retain Neutral rating.

2QFY25 performance summary

The EBITDA miss trend accelerated, as nearly 80% of our coverage stocks missed our estimates vs. 50% in the last quarterly season (Jun 2024). The miss was across auto component companies. The beat was selective in tractors and two-wheeler or 2W OEMs. A double-digit yoy EBITDA growth was seen across our coverage universe, barring car and commercial vehicle or CV makers. Gross margin & EBITDA margin continued to ease from their recent peaks. Management commentaries on festive demand has been encouraging and rural demand seems to be improving better than urban. Concerns over dealer inventory ease from their peak, but still watch out for December month discounts.

Earnings revision turns selective

The FY25F-26F EBITDA upgrade turned selective, as only 20% of Bloomberg or BB consensus companies and 30% of our coverage universe saw EBITDA growth. Mahindra & Mahindra or M&M registers an upgrade from our end as well as BB consensus. We also raise our volume estimates for select 2W and tractor OEMs, while we cut volume estimates for truck OEMs. 2W OEMs either retain or witness a marginal EBITDA upgrade. The major EBITDA cut was for Apollo Tyres, Exide Industries, Balkrishna Industries, Ashok Leyland and Tata Motors.

Retain Neutral rating as challenges prevail

The sharp sell-off in the Nifty Auto Index in recent months (13% in 1M and 9% in 3M) took away the entire YTDFY25 gains for the sector. The sharp underperformance of Nifty Auto Index vs. Nifty-50 Index was on the expected lines - downgrade of sector rating to Neutral in May 2024. Forward P/E valuation eased to the 10-year mean level, but demand recovery seems to be delayed as rising inflation delays interest rate cuts. We maintain our Neutral sector rating but increase our preference for the 2W segment by upgrading Eicher Motors' rating to HOLD (from REDUCE earlier). With rural demand recovery, Hero MotoCorp is our preferred OEM, followed by Maruti Suzuki and Ashok Leyland. Key REDUCE-rated stocks are Tata Motors, TVS Motor Company and Escorts due to their rich valuations. 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 Samvardhana Motherson International or SAMIL.

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Figure 1: Gross margin performance of our coverage universe

(Rs m)	Revenue	YoY %	QoQ %	Gross Margin	YoY	QoQ
Ashok Leyland	87,688	1%	4%	28.8%	*235*	*99*
Bajaj Auto	1,31,275	22%	10%	29.7%	*(34)*	*(130)*
Eicher Motors	42,631	4%	-3%	46.5%	*42*	*10*
Hero MotoCorp	1,04,632	11%	3%	33.6%	*188*	*99*
Hyundai India	1,72,601	-8%	0%	27.4%	*234*	*(61)*
Mahindra & Mahindra	2,75,533	12%	2%	26.5%	*83*	*(45)*
Maruti Suzuki	3,72,028	0%	5%	29.0%	*(128)*	*(172)*
Tata Motors	10,14,500	-3%	-6%	38.5%	*230*	*(34)*
TVS Motor Company	92,282	13%	10%	27.2%	*247*	*(14)*
Escorts Kubota	21,260	4%	-7%	31.9%	*(33)*	*9*
Apollo Tyres	87,688	1%	2%	46.1%	*(91)*	*(76)*
Balkrishna Industries	24,652	10%	-10%	58.8%	*68*	*(55)*
Bharat Forge	22,467	0%	-4%	59.7%	*251*	*101*
Bosch Ltd	43,943	6%	2%	34.5%	*167*	*(57)*
Exide Industries	42,673	4%	-1%	34.3%	*43*	*86*
SAMIL	2,78,119	18%	-4%	43.6%	*260*	*(62)*
Endurance Technologies	29,127	14%	3%	42.7%	*240*	*(24)*

SOURCE: INCRED RESEARCH, COMPANY REPORTS

2QFY25 results review

Gross and EBITDA margin trend in 2QFY25

Gross margin qoq contraction was seen in most companies in our coverage universe (63%) while the yoy expansion trend still prevailed on a low base. Most companies expressed rising commodity costs as a cause of concern. The long-term gross margin trend indicates the peak is clearly behind us.

Considering the weak seasonal demand and inventory build-up, price cut or ASP discount was the common trend. The price hike needed in tyres to compensate for rubber cost spike was steep among auto component makers. The EBITDA margin for OEMs also started easing from their recent peak and joined the sliding trend of our auto component universe (Fig. 3).

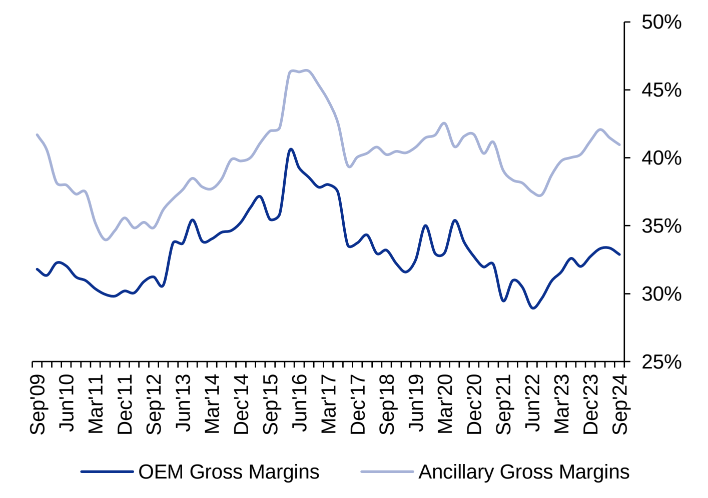
Figure 2: 2QFY25 results analysis vs. our expectations and future earnings revisions

2QFY25 Review

(Rs m)	Revenue	YoY%	QoQ%	EBITDA	YoY%	QoQ%	Adjusted PAT	YoY%	QoQ%	EBITDA miss/ beat	EPS miss/ beat	FY25-27F EBITDA change	FY25-27F EPS change
Ashok Leyland	87,688	1%	2%	10,173	0%	12%	6,527	11%	24%	-0.3%	10.7%	-4 to -10%	-6%
Bajaj Auto	1,31,275	22%	10%	26,522	24%	10%	22,163	21%	11%	-0.3%	-1.1%	-1 to +2%	-1 to +1%
Eicher Motors	42,631	4%	-3%	10,877	0%	-7%	11,003	8%	8%	-2.0%	5.6%	+6%	+4 to 5%
Hero MotoCorp	1,04,632	11%	3%	15,159	14%	4%	12,035	14%	7%	-3.1%	-1.3%	+3%	+1 to 1.5%
Hyundai India	1,91,939	-9%	0%	22,050	-10%	-6%	13,752	-16%	-8%	NA	NA	Retained	Retained
Mahindra & Mahindra	2,75,533	12%	2%	39,497	21%	-2%	37,831	12%	45%	2.6%	-3.8%	+2 to 8%	0 to +6%
Maruti Suzuki	3,72,028	0%	5%	44,166	-8%	-2%	39,068	5%	7%	-9.5%	-0.7%	-1 to -2%	-2%
Tata Motors	10,14,500	-3%	-6%	1,46,160	-10%	-20%	28,560	-28%	-46%	-13.4%	-42.7%	-4 to -11%	-2 to -3%
TVS Motor Company	92,282	13%	10%	10,798	20%	12%	6,626	33%	21%	-5.3%	-0.8%	Retained	Retained
Escorts Kubota	21,260	4%	-7%	2,828	7%	-14%	2,587	10%	-11%	NA	NA	NA	NA
Apollo Tyres	64,371	3%	2%	8,779	-24%	-3%	3,025	-38%	-12%	-15.2%	-22.2%	-2 to -9%	-4 to -15%
Balkrishna Industries	24,652	10%	-10%	6,163	13%	-14%	3,496	4%	-27%	-4.2%	-12.2%	0 to -3%	0 to -3%
Bharat Forge	22,467	0%	-4%	6,254	3%	-4%	3,476	0%	-16%	1.1%	-6.4%	-1 to -3%	-1 to -5%
Bosch Ltd.	43,943	6%	2%	5,605	14%	8%	4,874	128%	5%	-10.6%	-4.0%	-2 to -5%	-2%.
Exide Industries	42,673	4%	-1%	4,836	0%	-2%	2,978	4%	7%	-11.6%	-7.0%	-3 to -6%	-4 to -7%
SAMIL	2,78,119	18%	-4%	24,479	30%	-12%	7,467	37%	-25%	-12.0%	-24.6%	-4%	-7 to -9%
Endurance Technologies	29,127	14%	3%	3,820	20%	2%	2,030	31%	0%	-7.8%	-11.9%	-4 to -5%	-4 to -8%
Schaeffler India	21,131	14%	0%	3,806	12%	1%	2,590	11%	6%	6.3%	6.3%	Retained	Retained
SKF India	12,442	11%	3%	1,238	2%	-36%	942	4%	-41%	-42.0%	-39.6%	NA	NA
Timken India	7,638	12%	-3%	1,523	12%	8%	1,067	15%	11%	-4.0%	-14.7%	-3 to -6%	-3 to -5%

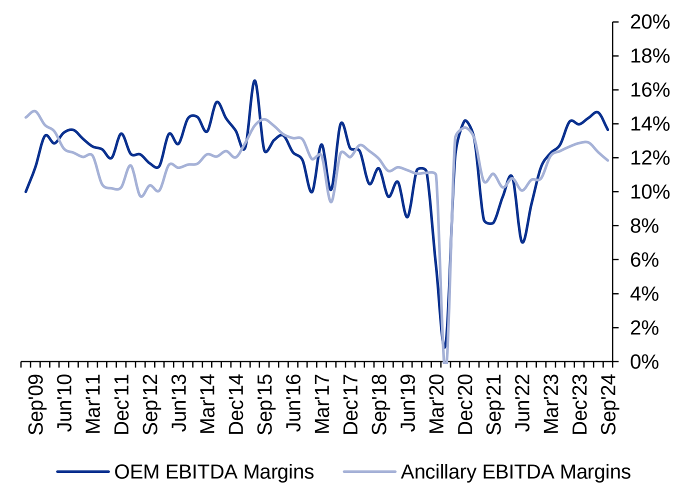
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Industry's gross margin expansion pauses in 2QFY25



SOURCE: ACE EQUITY, INCRED RESEARCH, COMPANY REPORTS

Figure 4: Industry EBITDA margin expands for OEMs only



SOURCE: ACE EQUITY, INCRED RESEARCH, COMPANY REPORTS

InCred Equities

Bloomberg consensus EBITDA/EPS upgrades/downgrades

Major FY25F-26F EBITDA Bloomberg consensus upgrade was in M&M, while the estimates were maintained for Bajaj Auto and TVS Motor Company. Rest of the pack witnessed consensus EBITDA cut, with a major cut happening for Apollo Tyres, Exide Industries, Balkrishna Industries, Ashok Leyland and Tata Motors. Auto component companies witnessed major cuts vs OEMs for the quarter.

Figure 5: Bloomberg consensus estimate changes for Aug-Nov 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-Aug-24	18-Nov-24		01-Aug-24	18-Nov-24		01-Aug-24	18-Nov-24		01-Aug-24	18-Nov-24	
Ashok Leyland	10.9	10.3	-6.1%	12.3	11.6	-5.6%	51,293	47,896	-6.6%	56,757	52,940	-6.7%
Bajaj Auto	317.2	316.1	-0.3%	368.8	372.0	0.9%	1,06,315	1,06,641	0.3%	1,24,385	1,25,661	1.0%
Eicher Motors	164.5	165.3	0.5%	184.8	183.8	-0.5%	49,670	48,387	-2.6%	55,982	54,727	-2.2%
Escorts Kubota	108.8	105.3	-3.2%	126.8	123.6	-2.5%	13,986	13,930	-0.4%	16,508	15,611	-5.4%
Hero MotoCorp	234.8	234.8	0.0%	225.1	243.7	8.3%	62,271	60,791	-2.4%	70,631	67,826	-4.0%
Mahindra & Mahindra	101.4	102.2	0.8%	116.6	116.5	0.0%	1,59,493	1,63,062	2.2%	1,85,189	1,87,136	1.1%
Maruti Suzuki	488.0	456.7	-6.4%	544.2	522.0	-4.1%	1,92,489	1,85,348	-3.7%	2,19,909	2,08,607	-5.1%
Tata Motors	66.3	60.4	-9.0%	79.4	72.6	-8.6%	6,70,369	6,26,610	-6.5%	7,52,023	7,03,613	-6.4%
TVS Motor Company	56.4	56.3	-0.1%	69.2	69.7	0.7%	43,346	43,578	0.5%	51,632	52,604	1.9%
Apollo Tyres	30.4	25.1	-17.4%	34.6	31.7	-8.5%	45,230	37,131	-17.9%	46,739	42,425	-9.2%
Balkrishna Industries	88.6	84.8	-4.3%	108.8	103.4	-4.9%	27,287	25,398	-6.9%	32,330	30,683	-5.1%
Bharat Forge	35.0	31.5	-10.2%	44.8	40.6	-9.4%	32,824	30,732	-6.4%	38,643	36,215	-6.3%
Bosch Ltd	709.4	702.8	-0.9%	840.1	823.2	-2.0%	25,440	24,347	-4.3%	30,119	28,674	-4.8%
Endurance Technologies	63.1	61.1	-3.2%	79.6	78.2	-1.8%	16,471	15,998	-2.9%	19,765	19,520	-1.2%
Exide Industries	15.3	14.1	-7.8%	18.0	16.6	-7.8%	22,220	20,592	-7.3%	25,563	23,743	-7.1%
SAMIL	6.2	5.8	-6.5%	7.3	7.5	2.6%	1,18,238	1,12,673	-4.7%	1,27,371	1,28,913	1.2%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Management conference-call highlights for the sector/ various companies

Demand outlook

- Festive demand commentaries have been encouraging on a like-to-like period basis. ASP discounts have been universal across product lines. OEMs increased discounts near the end of the festive season to convert most enquiries into sales, which helped eased the inventory to below normal level for many segments like car and 2W. Truck demand is still soft. Tractor demand recovered sharply.
- The withdrawal of discounts has been slow post festive season. The key thing to watch out for will be the discount trend for Nov/Dec 2024. Rural demand growth was better than urban by 200-400bp in the festive season. All hopes are on the marriage season demand in Nov 2024.
- Manufacturers raised tractor volume growth guidance to the mid-teen level for 2HFY25F, while dealer inventory is still marginally higher than the normal level.
- International demand was softer than expected for OEMs and auto component companies in 2QFY25. The outlook remains soft in the short term.

Company-wise management commentary

- **Ashok Leyland**: For the domestic medium and heavy commercial vehicle industry, management gave guidance of flat volume in 2HFY25F vs. a 7% dip witnessed in 1H, aided by improved truck transport sector's capacity utilization, government capex revival and the low base effect in 4QFY25F. As regards the bus business and exports, management gave guidance of sustaining double-digit growth for the rest of FY25F. Management gave guidance of the electric vehicle or EV subsidiary, Switch Mobility, achieving EBITDA breakeven in FY25F, and capex & subsidiary investment of Rs7bn and Rs5bn, respectively, in FY25F.
- **Apollo Tyres**: Management stated that 2Q was seasonally weak for the tyre industry and Apollo Tyres expects to see a recovery led by the European market. The replacement segment saw volume growth in mid-single digit on the back of double-digit volume growth in truck and car segments. Net debt spiked to support higher working capital requirement. Management expects elevated input costs to rise further next quarter and then moderate in the Mar

2025F quarter. Europe inventory level rose to cater to the upcoming winter season tyre demand.

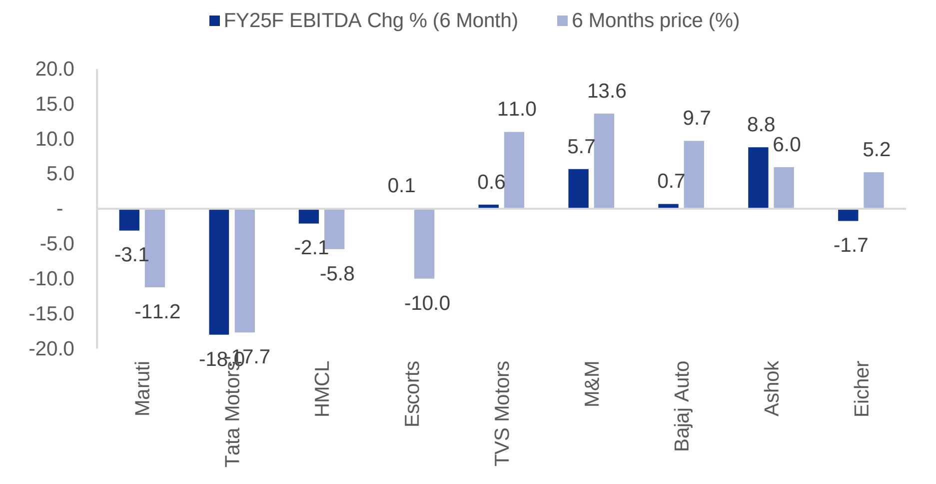
- **Bajaj Auto**: Management indicated that festival motorcycle demand started on a muted note but an improvement is likely in the Diwali festive season. The entry-level bike segment is still on the decline, despite the higher ASP discount. Export recovery was driven by Latin America, while the decline in Africa eased to single digit. The EV portfolio continues to be at EBITDA breakeven point. Bajaj Auto believes the new EV scooter and E3W launch in 2HFY25F will sustain the growth momentum and market share gain. The vehicle finance subsidiary, Bajaj Auto Credit, had Rs9.2bn equity infusion in 1HFY25 from the parent company and there are plans for a Rs12bn infusion in 2HFY25F.
- **Balkrishna Industries**: Management gave guidance of minor revenue growth and ~25% EBITDA margin for the full year, as European geopolitical tensions and fears of a recession in America are likely to persist. During the quarter, the company took a price hike of ~1%, which will reflect in 3QFY25F ASP. Revenue contribution from the carbon black business is currently below 10% of total income. Advanced carbon black production commenced in Sep 2024. Capex was Rs5bn in 1HFY25, and the full-year capex guidance at Rs8-10bn. The new European regulation on deforestation-free products (EUDR), the approval for which is still pending, will be delayed by one year and will be effective by Dec 2025F, as per the company.
- **Bharat Forge**: Management attributed the sales weakness yoy to European commercial vehicle or CV parts exports and qoq weakness to Indian CV part supplies. Defence segment sales eased 7% qoq due to the execution of export orders. However, with Rs6.4bn order inflow in 2Q, management seems confident about sustaining the strong yoy momentum. The EBITDA loss reduced in India EV parts division (27% qoq) and US aluminium forgings (8% qoq). Total order wins across verticals, including defence, for the quarter stood at Rs12bn. Equity investment of Rs11.2bn in subsidiaries, planned for the next six quarters, to ease debt in European operations, US capacity expansion and EV parts business.
- **Bosch Ltd**: Management talked about its new businesses such as CNG bike and direct injection gasoline engines. Exports recorded a 10% growth in 1HFY25. Double-digit sales growth continued in building solutions (20%) and consumer goods (10%) segments. In the automotive segment, supplies to two-wheeler & aftermarket provide strong growth. Management retained its double-digit sales growth guidance for FY25F vs. 5% posted in 1HFY25. Capex in 1H stood at just Rs1.4bn, but the company retained its full-year Rs4bn plan.
- **Eicher Motors:** Management indicated that retail festive season demand growth was very strong at 26% aided by new model intervention and aggressive bank finance schemes, leading to the channel inventory easing to a bare minimum level of two-to-three weeks. The new Bullet 350cc variant Battalion black launch in key markets of North India helped it to regain glory in this model. Export retails noticed a healthy growth of 20% in 2Q. The new emission regulations (OBD-II), effective Jan 2025, may be a short-term distortion for production ramp-up and dealer inventory management.
- **Endurance Technologies**: Management gave guidance of new capacity in aluminium alloy wheels and car driveline parts in CY25F, supported by strong client orders. The three-wheeler or 3W transmission component capacity has been fully utilized and the company plans to expand it after getting two new clients. The European plant has won a new order for BMW E-axle and specialty plastic parts for Volkswagen. With strong demand for two-wheeler components and new order wins, management reiterated double-digit sales momentum. As regards global expansion, the company is looking at expansion through the M&A route.
- **Exide Industries**: Management highlighted that the slowdown in automobile manufacturing led to lows in 2Q net sales, while replacement growth was in double digits. The decline in supplies to inverter and telecom segments impacted 2Q sales. Management feels the sales momentum should improve from organization restructuring undertaken and new leadership hiring to

strengthen its go-to-market strategy for B2C segment products. The lithium-ion manufacturing plant is likely to start production in mid-CY25F. On the EBITDA margin front, the company's endeavour is to attain mid-teen growth in the medium term.

- **Hero MotoCorp**: The month-long Oct 2024 festive demand helped the company to post an impressive 13% growth over the last festive season. Management highlighted that strong customer enquiries, supported by aggressive campaigns and promotional schemes, helped the company to end with record retail volume during the Diwali festival. The marriage season delayed to Nov 2024 holds a next trigger point for the industry. Festive season-led demand execution helped the company to regain its leadership position in 2W retail sales. Management indicated the launch of scooters, EVs and premium bikes in coming quarters will lead to market share gains. Management feels that exports, starting to the Philippines and Mexico, will help sustain the 40% growth witnessed in 1HFY25.
- **Mahindra and Mahindra**: Festive demand for its sports utility vehicle or SUV was very strong, helping to reduce channel inventory. Good customer response to the Thar 5-door launch aids management to build an additional 2,000 vehicles/month capacity, leading to total Thar capacity of 11,500 vehicles by Jan 2025F. Management feels product price rationalization of XUV700 and Thar 3-door helped overcome the urban demand slowdown challenges and revive volume growth. Good festive demand for tractors in recent months led management to upgrade industry volume growth outlook by 200bp to 7% for FY25F, which builds mid-teen growth in 2HFY25F.
- **Maruti Suzuki**: Management indicated that festive demand picked up towards the end (14% yoy growth in the last one-month like-to-like festival period of last year), thereby helping ease the channel inventory to below 30 days. The festive demand-led revival was driven by incentives (+110bp qoq to 4.3% of ASP) and variant model launches helped to reiterate its full-year volume growth guidance of 3-4%. The new electric vehicle or EV campaign is expected to start soon. Management indicated that the gross margin dip of 170bp qoq was driven by 50bp higher raw material costs and the remaining by a weaker product mix.
- **SAMIL (Samvardhana Motherson International)**: Despite an industry decline, the organic business witnessed ~4-5% growth over the market. During 1HFY25, total capex was Rs20.24bn, with the guidance reduced to Rs50bn (+/- 5%) from (+/- 10%), despite the addition of Yachiyo, ADI and Lumen. As many as 8 out of the remaining 14 greenfield facilities are expected to come on stream in 2HFY25F. 2Q is a seasonally weak quarter due to plant shutdowns in Europe. Global automotive production declined by 5% yoy, as Europe is facing a delay in new launches due to weak demand. In China, there is a shift in interest to regional players from international players. Globally, EVs are not growing, as anticipated, except in China. Logistics and supply challenges led to an increase in the inventory level and working capital requirement.
- **Tata Motors:** JLR's 2Q EBITDA margin collapse of 320bp yoy and 410bp qoq to 11.7% on just a 6% yoy dip in net sales disappoints. Despite a superior product mix, weak ASP (-4% qoq), easing gross margin and rising variable marketing expenses are areas of concern. Management blamed supply challenges and quality issues for weak 2Q performance and expects to meet its full-year EBIT margin guidance. Considering the weak global demand, Chinese competition and guidance cuts by other premium car makers, we cut EBITDA by 8-14% for FY25F-27F. Lower depreciation and higher other income in 2Q limit the EPS impact.
- **TVS Motor Company**: Management expects the two-wheeler industry's volume to grow by 7-8% in 3QFY25F. Management stated that the electric vehicle or EV business turned positive at the contribution level and posted Rs16bn revenue in 2Q.Three-wheeler exports are muted as TVS Motor Company is mainly in Africa. Spare parts revenue stood at Rs9.3bn; export revenue at Rs22.29bn. No production-linked incentive or PLI scheme benefits were accounted for in 2Q. Management stated that all EV products are PLI-

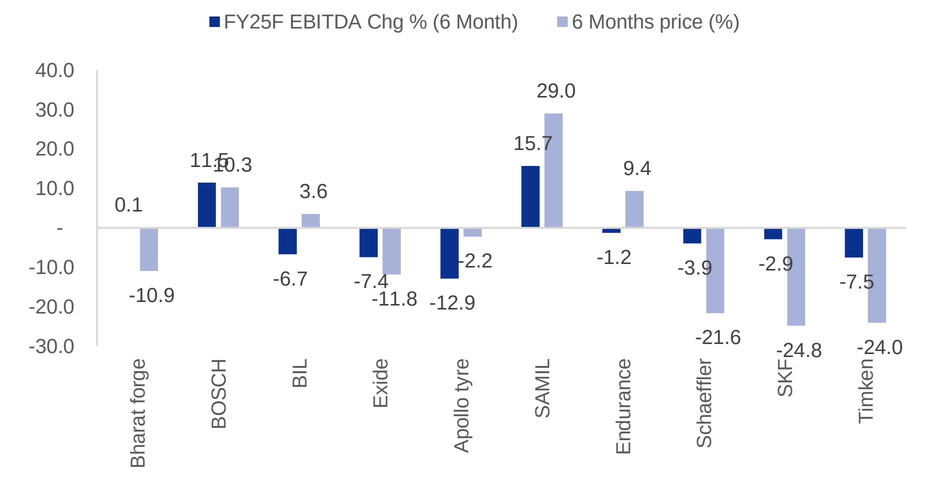
compliant. Staff costs in 2Q includes Rs110-120m ESOP cost. TVS Credit Services, its subsidiary, posted a PBT growth of 20% with AUM at Rs267bn, up 13% yoy. The net worth stood at Rs45bn. The share of 2Ws in AUM was 27-28%.

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



SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

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



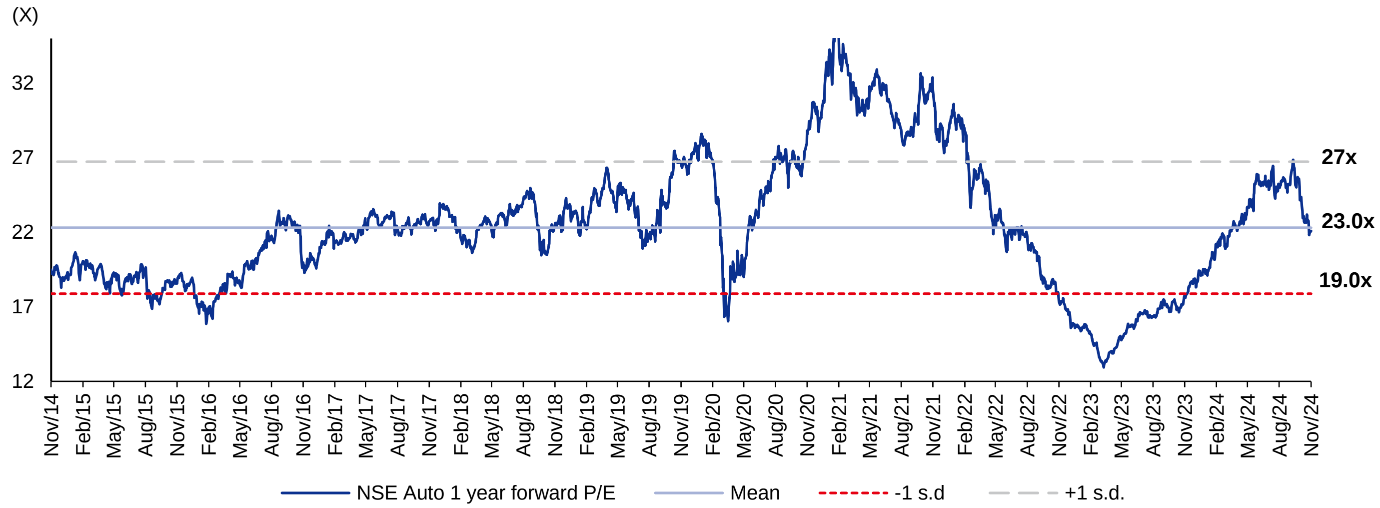
SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY REPORTS

Figure 8: Valuation summary of our coverage universe

Company Name	Reco.	Price	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	11,106	14,593	38,48,272	45,980	518	566	21.5	19.6	3.2	2.9	15.4	1.4%	31.4%	16.9%
Tata Motors	REDUCE	773	746	37,48,952	44,793	60	73	12.8	10.5	2.8	2.3	5.0	0.8%	-3.5%	24.3%
Hero MotoCorp	ADD	4,750	5,810	11,95,863	14,288	241	263	19.7	18.1	4.8	4.5	16.9	3.4%	22.3%	25.6%
M&M	HOLD	2,834	2,915	30,88,326	36,900	101	110	27.9	25.9	5.2	4.5	15.3	0.7%	2.9%	19.9%
Escorts Kubota	REDUCE	3,484	3,064	4,30,928	5,149	107	124	32.6	28.1	3.8	3.4	31.4	0.5%	-12.1%	12.2%
Bajaj Auto	HOLD	9,555	11,860	33,05,631	39,496	331	377	28.9	25.3	9.4	8.2	27.8	2.1%	24.1%	34.6%
Ashok Leyland	ADD	220	265	7,05,694	8,432	11	13	20.0	17.1	6.3	5.3	13.1	2.6%	20.3%	33.7%
Eicher Motors	HOLD	4,880	4,841	13,29,331	15,883	153	166	31.9	29.4	7.1	6.2	25.1	1.1%	-0.8%	22.7%
TVS Motor	REDUCE	2,422	1,782	13,39,758	16,008	47	51	52.0	47.7	15.1	12.0	33.6	0.4%	-26.4%	28.9%
Endurance Tech.	ADD	2,367	2,832	3,38,688	4,047	65	85	36.2	28.0	5.8	5.0	21.1	0.5%	19.7%	17.2%
Balkrishna Ind.	ADD	2,746	3,517	5,94,591	7,104	89	101	30.7	27.1	5.2	4.5	22.1	0.7%	28.1%	18.1%
Exide Industries	REDUCE	418	395	4,08,850	4,885	14	17	28.9	25.0	2.6	2.5	19.1	2.0%	-5.5%	9.2%
Bharat Forge	ADD	1,310	1,622	7,45,017	8,902	29	36	44.7	36.8	5.7	4.9	25.7	0.8%	23.8%	15.3%
Apollo Tyres	REDUCE	473	408	3,29,141	3,933	29	27	16.3	17.5	2.0	1.8	7.4	1.7%	-13.7%	12.7%
Bosch Ltd	REDUCE	34,036	26,379	10,23,332	12,227	661	733	51.5	46.4	7.9	7.5	37.9	1.3%	-22.5%	15.8%
SAMIL	HOLD	166	173	13,24,109	15,821	6	8	28.0	21.4	3.8	3.4	12.9	0.8%	4.2%	14.5%

NOTE: VALUATION MULTIPLE OF M&M IS ADJUSTED FOR SUBSIDIARY VALUE OF RS691/SHARE
SOURCE: BLOOMBERG, INCRED RESEARCH, COMPANY DATA

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



SOURCE: BLOOMBERG, INCRED RESEARCH

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