

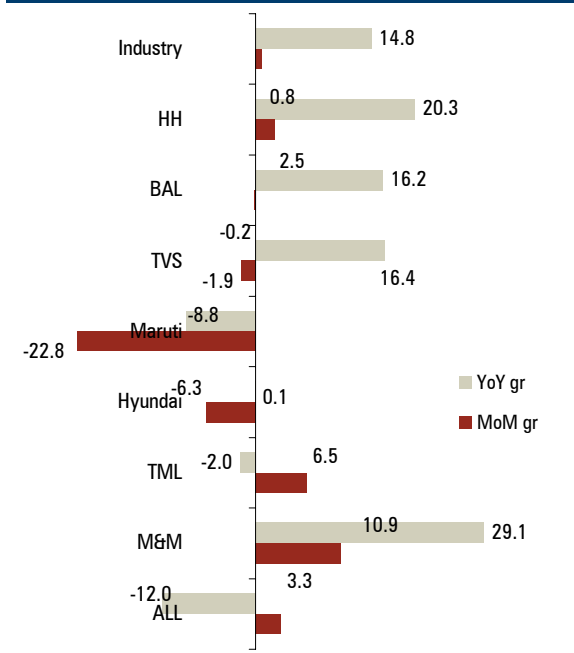
Sector View

Equal weight

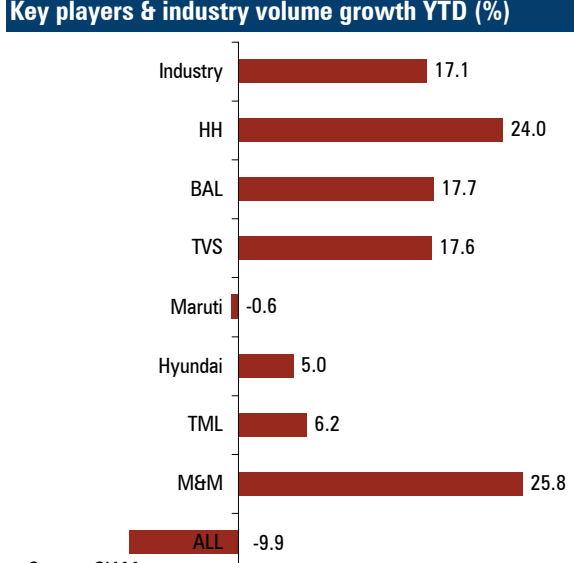
Volume performance...

Company	Gr.	YoY(%)
Hero Honda	↑	20.3
Bajaj Auto	↑	16.2
TVS Motors	↑	16.4
Maruti Suzuki	↓	-8.8
Tata Motors	↓	-2.0
Mahindra and Mahindra	↑	29.1
Ashok Leyland	↓	-12.0

Key players & industry volume growth -June'11(%)



Key players & industry volume growth YTD (%)



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Sales slide continues...

Demand shrinks as buyers face stiff barriers to purchase...

June volumes continued to weaken as consumers balked at purchases in the grim scenario of high interest rates and dearer fuel prices. The industry clocked ~1.6 million units in June 2011, down 0.8% on an MoM basis. Sluggish sales in what is generally considered to be a seasonally weak quarter can be attributed to near-term macro headwinds. Volumes remain robust in the two-wheeler segment on account of lesser dependency on vehicle financing and persistent growth from Tier-II cities and rural areas. We believe that although consumer demand is more structural today as compared to previous years, volume growth would remain stunted (till H1FY12) as the interest rate cycle peaks out. For FY12E, we continue to maintain our volume estimates of ~13% for the industry. The volume growth of the industry in June 2011 has been 14.6% YoY with the passenger car (PV) segment languishing with ~6.8% YoY growth rate. The commercial vehicle (CV) segment performed above expectations, growing at 18.7% with MH&CV improving volumes by ~7.2% YoY. Two-wheeler segment growth continued to beat industry growth rates, growing at ~15.5% YoY on a high base.

Lagged effect of tightening rates comes through...

The interest rate hikes we witnessed in previous months have impacted the demand side in both the CV and PV space. Demand is expected to face stiff pressures as the RBI seems to have shifted its focus towards containing inflation in the near term. This could lead to further rate hikes. On the brighter side, inflation seems to be moderating and any positive surprise in declines could lead to an early peaking of the interest rate cycle.

Global commodities slowing down on global concerns...

Global commodity prices have witnessed mild declines in various commodities ranging from oil to metals. Commodity prices ranging from steel to aluminium have seen a cool off of a couple of percentage points. Also, natural rubber, a commodity that remains critical to the auto sector, has slowed down to a slight extent. It has come off its peak of ~₹ 235 and is at ~₹ 210 (down 12%). Our in-house auto RM index is down ~1% YoY (refer Exhibit 16), showing mild declines on an MoM basis. We believe global commodity prices are expected to slow down in the near to medium term as global growth rates seem to taper off from earlier estimates.

Industry outlook

The outlook towards volume growth in the sector is positive. We expect industry wide volume growth of ~13% for FY12E. On an index performance basis, the BSE Auto index has marginally outperformed the BSE Sensex with YoY return of 7.7% as compared to 3.3% during the same period. The demand side, which remained robust in FY11, has shown early signs of a slowdown amid the challenges. Though we believe demand is structural, immediate concerns for the sector like higher interest rates and commodity hikes could cause serious concerns for the whole industry as profitability and volume growth could see erosion. Among our ICICIdirect.com auto coverage, we remain bullish on frontline OEM stocks like Tata Motors. In the ancillary coverage, we find favourable valuation and business growth perspectives in Bharat Forge and Exide Industries.

News & views

- Bajaj Auto has undergone expansion in its Pantnagar manufacturing facility. The capacity of the plant is being raised to 150,000 units per month. An initial investment of ₹ 75 crore has already been made. Production at the Pantnagar plant is considered to be the highest among all plants
- The Etios Liva, Toyota's first hatchback and perhaps Maruti Suzuki's most serious competition, has hit the Indian roads. The base version of the Liva is priced at a psychologically significant point of ₹ 3.99 lakh (ex-Delhi showrooms) - a few thousand rupees below Maruti's Ritz petrol model and its most successful car in premium hatchbacks, the Swift. The aim of the management is to sell more than 100,000 Etios sedans and hatchbacks in 2012
- The 13-day strike at Maruti's Manesar plant ended after the management agreed to take back the sacked employees though no new union separately was formed. The 13-day strike has led to a revenue loss of almost ₹ 420 crore and a production loss of 12,600 units. The Manesar plant rolls out about 1,200 units every day in two shifts. The factory produces hatchbacks Swift and A-Star and sedans Dzire and SX4
- With petrol prices spiralling upward, Ford India will largely focus on diesel-run cars for future launches. Ford India had lined up eight product launches by the middle of the decade. Clocking a sales figure of 83,000 units in 2010, the company has already crossed sales of 58,000 units so far. The management is targeting the one-lakh mark this year.

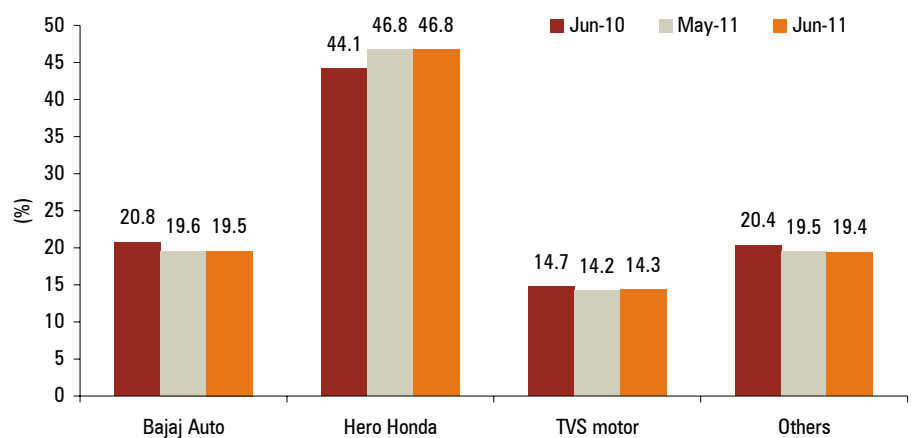
Two-three wheeler industry

The two-wheeler industry has continued on the growth path and posted strong 18.4% YTD growth. Market leader Hero Honda posted another 5.0 lakh units plus sale even as its base keeps growing. Bajaj Auto has also witnessed a rebound post March 2011 with ~16% YoY growth. The two-wheeler segment continues to outperform the PV segment. Scooter sales growth rates continued to remain among the highest in the two-wheeler segment. However, the next few months would be an important indicator towards the demand scenario.

Market share movement

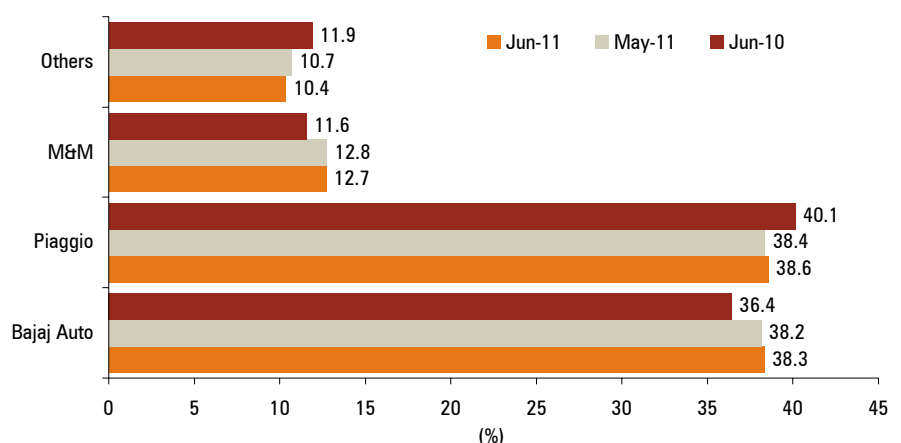
According to data released by the Society of Indian Automobile Manufacturers (SIAM), the domestic market share of two and three-wheeler players is as below for June 2011.

Exhibit 1: Domestic market share movement in two-wheelers



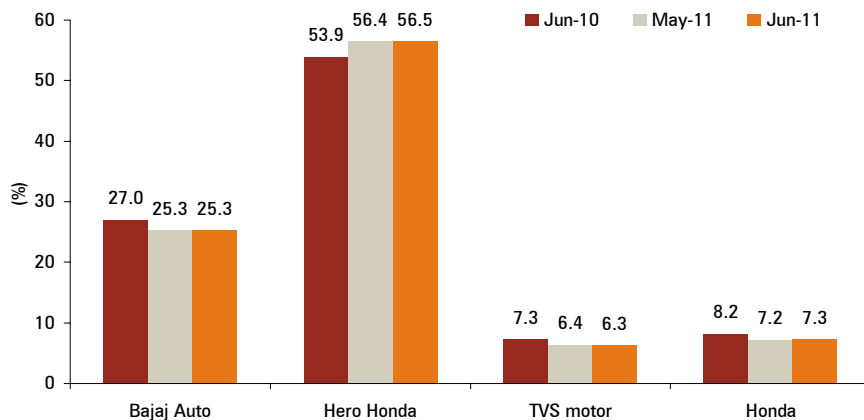
Source: SIAM

Exhibit 2: Domestic market share movement in three-wheelers



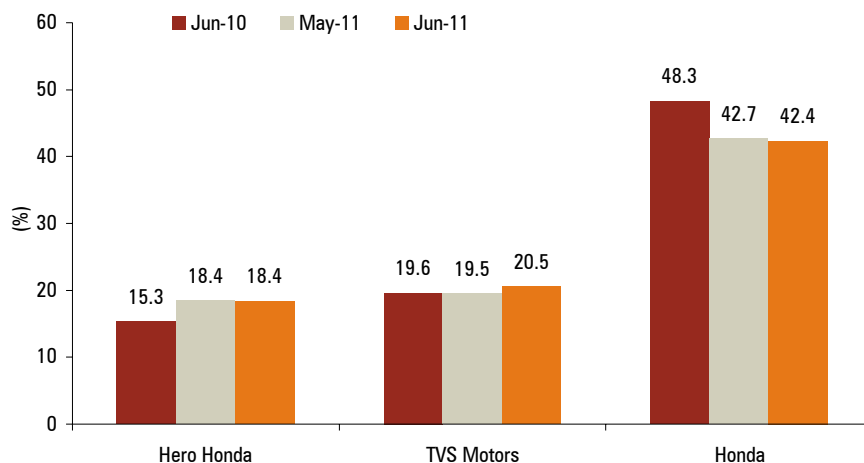
Source: SIAM

Exhibit 3: Domestic market share movement in motorcycles



Source: SIAM

Exhibit 4: Domestic market share movement in scooter /scooterette

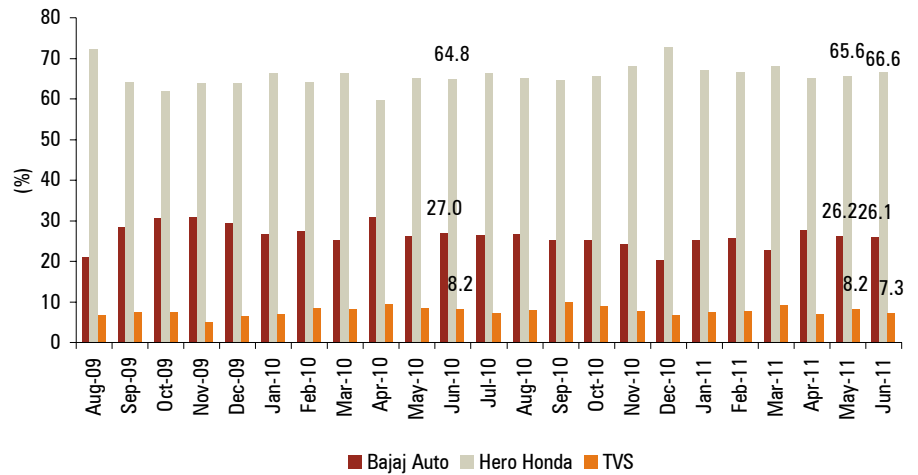


Source: SIAM

December 2010 has seen a halt to the intermediate declines of market share of Bajaj Auto and saw it gain ground relative to Hero Honda in the executive segment. Hero Honda, however, has clawed back some of the market share with strong Q1FY12 sales

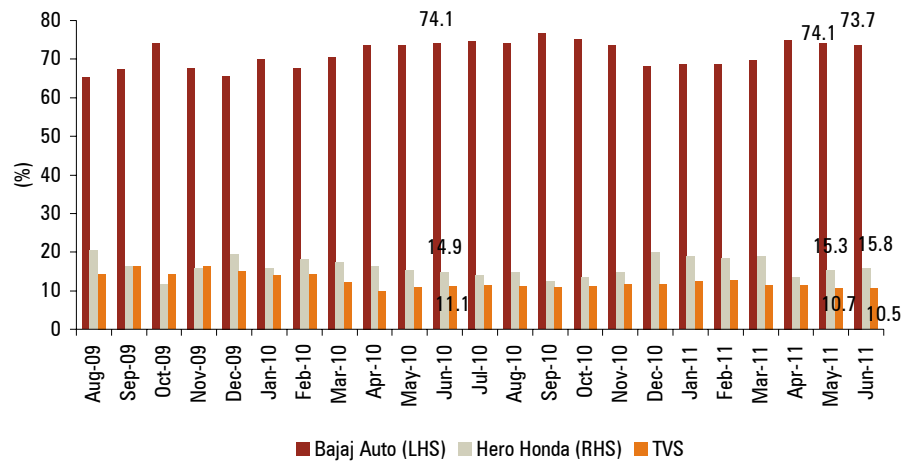
Bajaj Auto, in its strongest segment, has seen its market share witness a decline of 40 bps MoM with Hero Honda witnessing an improvement in market share of ~50 bps

Exhibit 5: Market share movement in executive motorcycle segment*



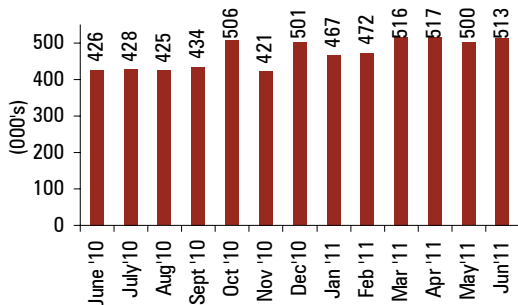
Source: SIAM * considering only top three 2-wheeler OEM's

Exhibit 6: Market share movement in greater than 125 cc segment



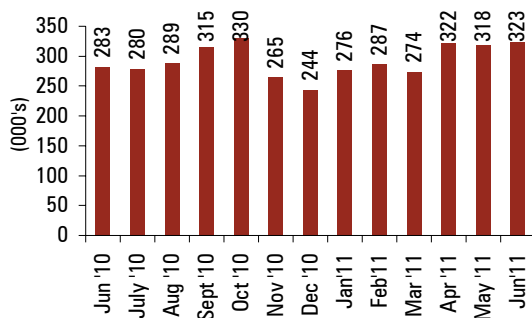
Source: SIAM * considering only top three vehicle two-wheeler OEMs

Hero Honda Motors: sales volumes



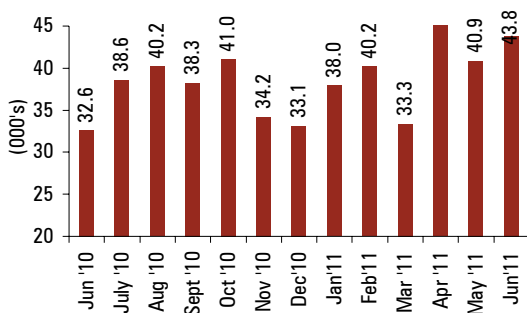
Source: SIAM, ICICIdirect.com Research

Bajaj Auto : Two-wheeler sales volumes



Source: SIAM, ICICIdirect.com Research

Bajaj Auto : Three-wheeler sales volumes



Source: SIAM, ICICIdirect.com Research

Hero Honda Motors (HERHON)

- Hero Honda Motors, market leader in the two-wheeler segment, registered its fourth consecutive month of over five lakh unit sales in a month. HHL has witnessed a rise in domestic market share of 10 bps each (MoM) in the motorcycle (refer Exhibit: 1, 3)
- The company registered volumes of 5,12,244 units with 20.1% YoY and a 2.4% MoM growth. The management is confident of surpassing sales of over 6 million units in FY12. Its first quarter performance is on track with record sales of over 1.5 million units
- The scooter segment saw a decline in volume of ~17% MoM basis at 36,669 units. The company plans to increase its focus on the scooter segment with capacity expansion of ~65% in FY12 to touch ~57,500 units per month

Exhibit 7: Volume performance (in units)

Segment	Jun-11	Jun-10	%chg	May-11	%chg	YTD'12	YTD'11	%chg
Total Sales	512,945	426,454	20.3	500,234	2.5	1,530,278	1,234,039	24.0

Source: Company, SIAM

Bajaj Auto (BAAUTO)

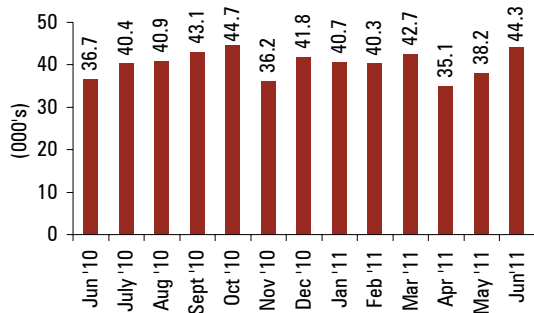
- Bajaj Auto posted healthy volume numbers with exports providing strong support (up 24.6% YoY). On the domestic front, its market share remained flat at 25.3% in the motorcycle segment as domestic sales remained sluggish on an MoM basis
- Total volumes for the month were at 3,66,657 units reflecting a decent 16.2% YoY growth. In the two-wheeler segment, Pulsar (~90,000 unit sales) and Discover (~135,000 units) brands (accounting for ~70% of total sales) continued to be the volume driver. The domestic contribution to motorcycle sales fell ~480 bps MoM to 64.7% in June 2011 with a higher export sales push in view of the loss of DEPB benefits post Q2FY12
- The three-wheeler segment for Bajaj Auto continued its phenomenal growth. It witnessed 34.4% YoY growth at 43,830 units. Exports contribution in June moderated to 61.6% from 66.5% in May. Overall exports advanced to 142,124 units, ~24.6% jump YoY. The export contribution to total sales in June 2011 rose to 38.8% from 35.3% in May

Exhibit 8: Volume performance (in units)

Segment	Jun-11	Jun-10	%chg	May-11	%chg	YTD'12	YTD'11	%chg
Motorcycles	322,827	282,808	14.2	322,235	0.2	963,051	828,391	16.3
3-wheelers	43,830	32,614	34.4	45,074	-2.8	129,764	99,918	29.9
Total 2&3 wheelers*	366,657	315,422	16.2	367,309	-0.2	1,092,815	928,336	17.7
Exports (incl. in above)	142,124	114,024	24.6	158,422	-10.3	427,364	323,899	31.9
Exports as % of sales	38.8	36.1		43.1	-	39.1	34.9	-

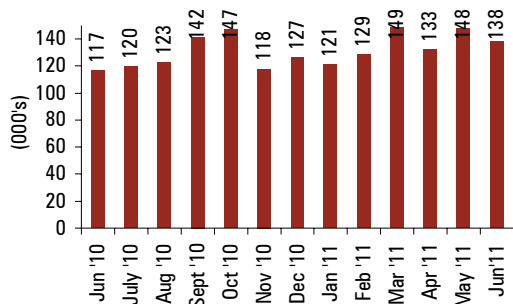
Source: Company, SIAM* Scooters have been discontinued as part of product mix

TVS Motors : Scooter sales volumes



Source: SIAM, ICICIdirect.com Research

TVS Motors: Motorcycles & moped volumes



Source: SIAM, ICICIdirect.com Research

TVS Motors (TVSSUZ)

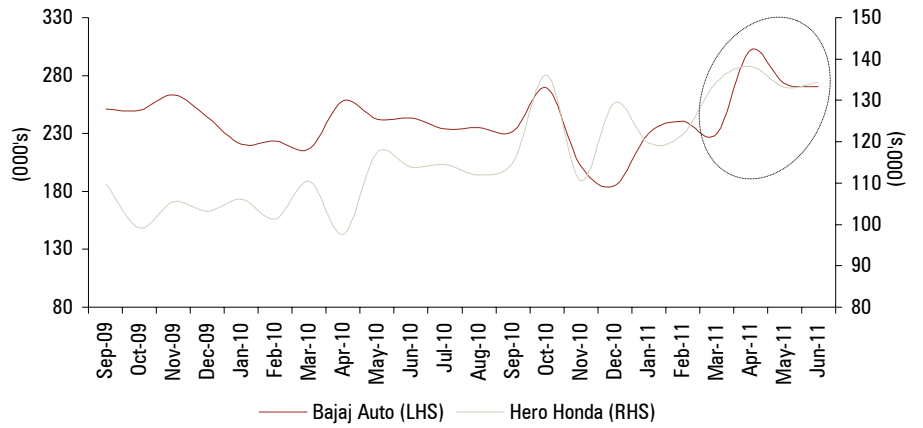
- TVS Motor’s sales continued to move in line with the industry trend on stronger two-wheeler sales in comparison to the overall industry
- Overall sales were clocked at 1,82,455 units, which was 16.4% YoY growth and a fall of 1.9% MoM. Motorcycle volumes fell to 69,859 units, a decline of 7.6% MoM and growth of 5.1% YoY
- Scooter sales witnessed an MoM jump of ~16% and YoY increase of ~20.5% at 44,281 units. In the two-wheeler industry, the automatic scooter segment witnessed good growth and had an overall 15.2% YTD volume growth for the segment at 480,774 units
- The moped segment performed well with a 35.2% YoY jump to 68,316 units. This was driven by strong retail sales in the southern region from the rural segment
- The export segment continued to do well with 57.1% YoY growth and remained flat MoM clocking 26,359 units. The contribution of exports continues to remain higher on YoY terms with YTD contribution at 14.7%, up from 11.9% in FY11

Exhibit 9: Volume performance (in units)

Segment	Jun-11	Jun-10	%chg	May-11	%chg	YTD'12	YTD'11	%chg
Motorcycles	69,859	66,452	5.1	75,619	-7.6	215,051	200,358	7.3
Scooters	44,281	36,742	20.5	38,168	16.0	117,523	95,486	23.1
Mopeds	68,316	50,488	35.3	72,143	-5.3	203,556	154,881	31.4
Total Sales	182,456	156,685	16.4	185,930	-1.9	536,130	456,041	17.6
Exports(incl. in above)	26,359	16,780	57.1	26,168	0.7	78,652	54,044	45.5
Exports as % of sales	14.4	10.7		14.1	-	14.7	11.9	

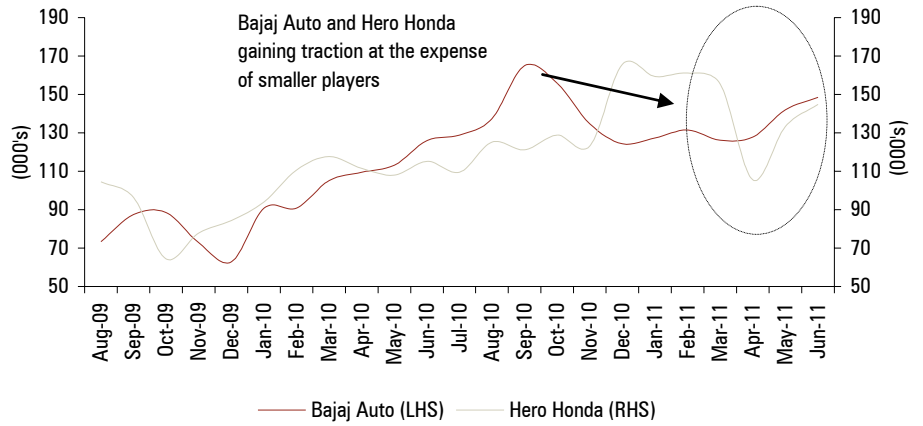
Source: Company, SIAM* TVS Jive launched nationwide in March'10, TVS Wego test launched in April'10. The numbers of three-wheelers are included in total volumes

Exhibit 10: Volume trends in executive segment



Source: SIAM Volumes have been rebased with Apr-09 as base as base with 100

Exhibit 11: Volume trends in premium segment



Source: SIAM Volumes have been rebased with April-09 as base as base with 100

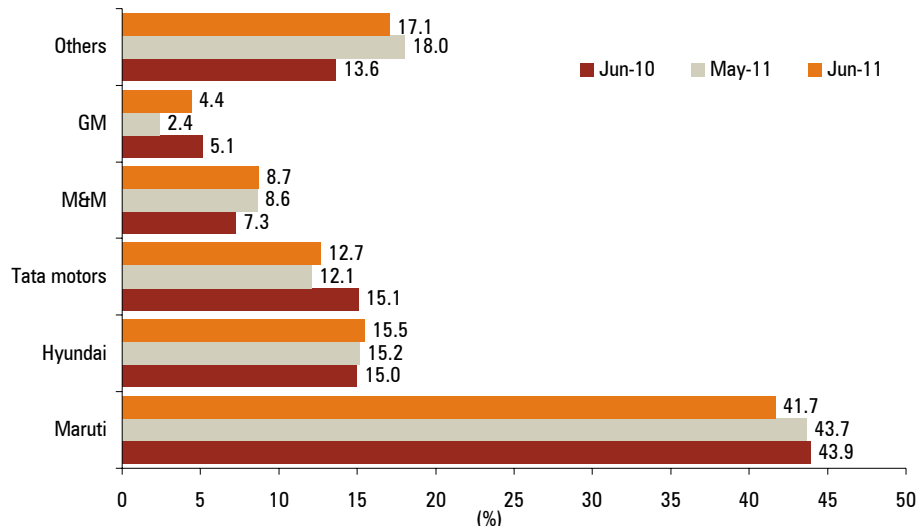
Four-wheeler industry

Commercial vehicles growth surged ~19% YoY amid bearish expectations. On the positive side, the M&HCV segment witnessed better-than-expected ~7.2% growth. However, this segment would continue to face challenges on the interest rate front and could receive a boost if the infra and capital goods segment witnesses a stronger pick-up in H2FY12E. The passenger car market has seen slackening of demand in the A2 segment with overall growth of meagre 6.8% in June 2011 even though sales got impacted by Maruti's 13 day plant strike. Input prices remain an overhang with rising prices. Hence, material prices could further rise on a longer term. On the positive side, however, OEMs have some degree of leverage on pricing as demand grows, thus supporting a likely margin decline.

Market share movement

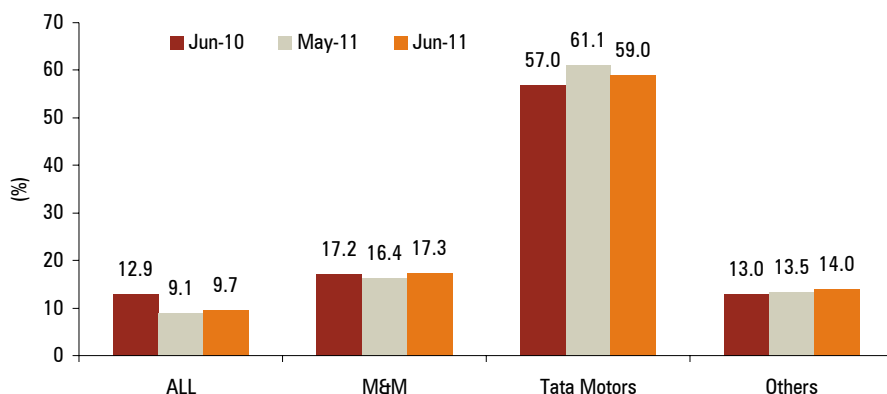
According to SIAM, the domestic market share for passenger vehicles (PV) and CVs in June 2011 has been as follows.

Exhibit 12: Domestic market share movement in passenger vehicles



Source: SIAM

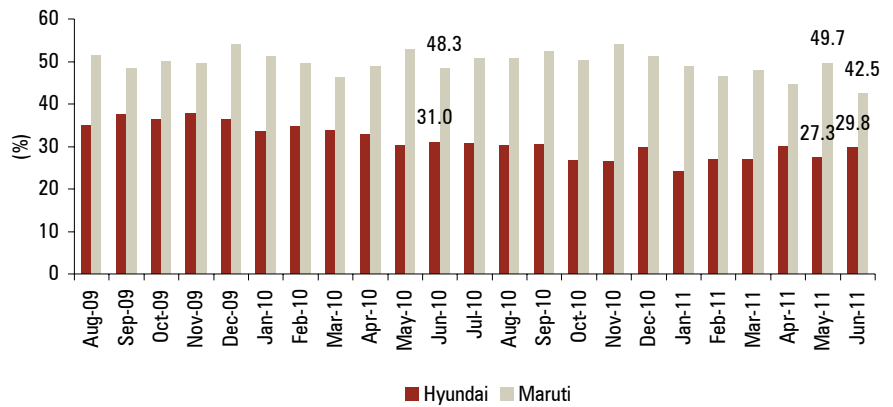
Exhibit 13: Domestic market share movement in commercial vehicle



Source: SIAM

The A2 segment remains driven by Maruti Suzuki and Hyundai's volumes, which contribute ~81% of the total segment volumes. The market share loss for MSIL in June 2011 is due to the plant strike and plant shutdown in the month

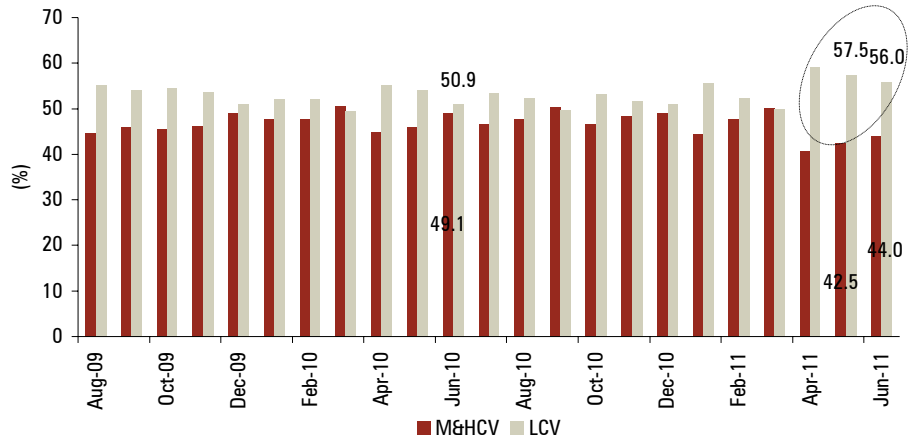
Exhibit 14: Market share movement in A2 segment



Source: SIAM, Top two PV OEM's considered

The growth of the CV segment has been significant, driven mainly by the increase in economic activity across all major sectors like construction, infrastructure, etc. A second consecutive month of bounce in M&HCV sales contribution to overall CV sales in June 2011 is a positive signal amid all the concerns

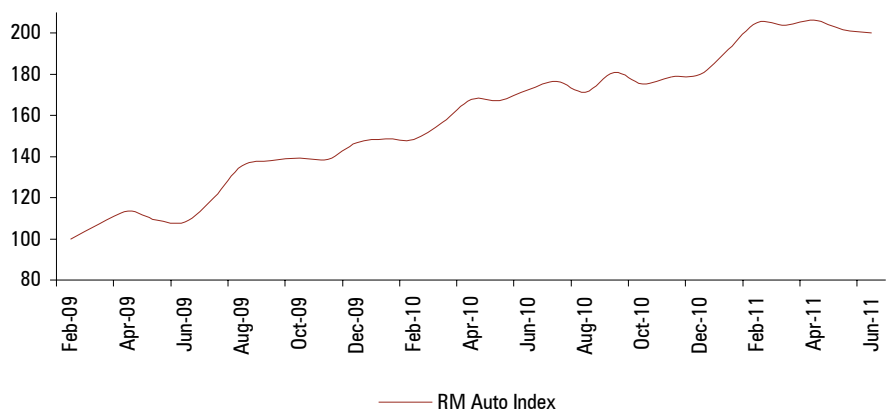
Exhibit 15: Segmental share in CVs



Source: SIAM

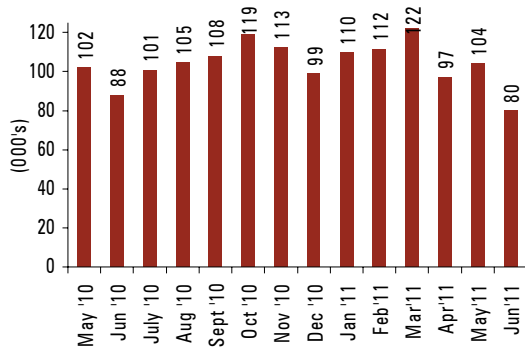
The in-house raw material index reflects the combination of various input materials (steel, rubber, aluminium, plastics) for OEMs, which have been rebased with February 2009 as the base year to 100. The chart shows the increasing trend in raw material prices causing concerns for the industry

Exhibit 16: Auto raw material index



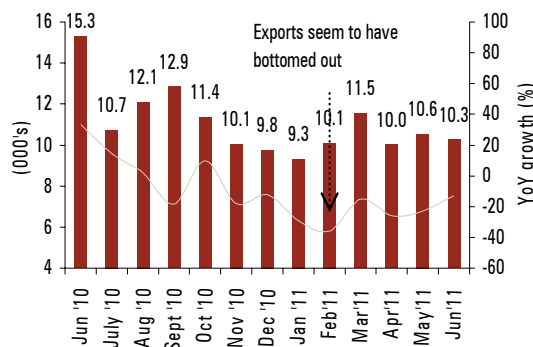
Source: Bloomberg, Reuters, Company, ICICIdirect.com Research

Maruti Suzuki India: sales volumes



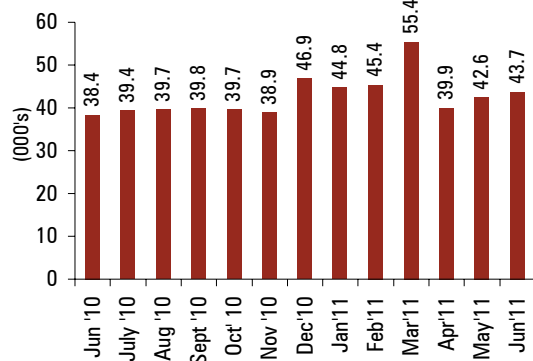
Source: SIAM, ICICIdirect.com Research

Maruti Suzuki India: Export performance



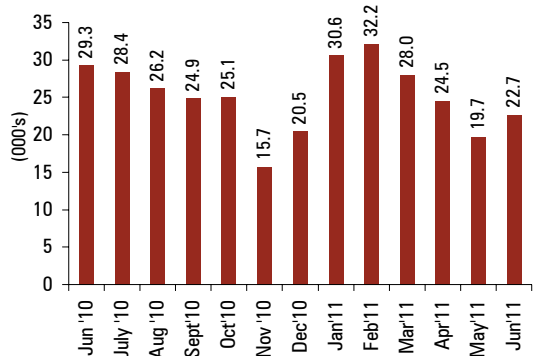
Source: SIAM, ICICIdirect.com Research

Tata Motors: CVs sales volume



Source: SIAM, ICICIdirect.com Research

Tata Motors: PVs sales volume



Source: SIAM, ICICIdirect.com Research

Maruti Suzuki India (MARUTI)

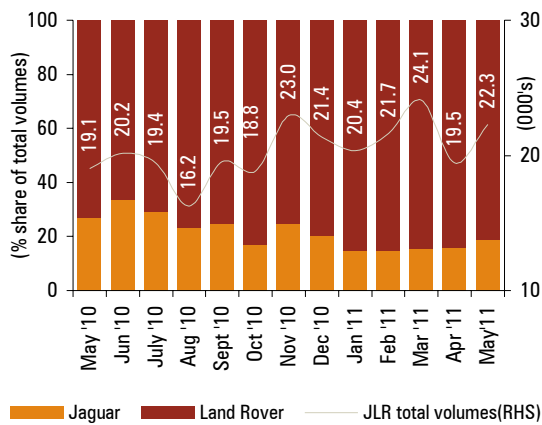
- Maruti Suzuki India (MSIL) has witnessed a slide in retail sales and reduction in footfalls and conversions due to higher interest rates, hike in petrol prices and strike at its Manesar plant. The worker's strike resulted in a production halt of 10.5 days along with a planned maintenance shutdown at its Manesar facility from June 27 to July 2. The Manesar plant rolls out about 1,200 units a day in two shifts and produces the Swift and A-Star (hatchbacks) and Dzire and Sx4 (sedans)
- Domestic sales plunged to 70,020 units (25.1% MoM and 3.8% YoY decline). Maruti's overall market share slid to 41.7%, down 200 bps MoM in the PV segment due to plant shutdown and strike during June 2010. SIAM has pruned down growth forecasts for passenger cars to 10-12% from earlier 16-18% in FY12E. In the immediate future, we believe the sales volumes would remain under pressure until the interest rate cycle peaks out by H1FY12E
- The bread and butter segment, the "A2 segment" (Alto, Swift, Wagon-R, Zen, A-star, Ritz), sold 52,599 units, a decline of 13.8% MoM. It remains the most interest rate sensitive segment in the PV space. However, the C segment (Omni, Versa and Eeco) (12,182 units, 22.9% YoY increase) performed relatively better. The Alto family continues to witness lesser volumes post the March 2011 highs of ~38,000 units with volumes of ~23,200 units followed by Wagon-R at ~12,200 odd units. In the A2 segment, Ritz held its fort with volumes at ~5,300 odd units
- The month saw a severe fall in the high yielding A3 segment as overall volumes came in at 3,199 (60.4% YoY fall). This decline was mainly on account of the worker's strike at the Manesar plant, which affected the production of its SX4 and Swift D'zire accompanied by the planned maintenance shutdown at the Gurgaon plant. The production stop for 10.5 days led to a production loss of ~13,200 units

Exhibit 17: Volume performance (in units)

Segment	Jun-11	Jun-10	%chg	May-11	%chg	YTD'12	YTD'11	%chg
M800	1,823	2,090	-12.8	2,262	-19.4	6,613	6,906	-4.2
Omni, Eeco, Versa	12,182	9,914	22.9	15,545	-21.6	40,749	33,521	21.6
Alto, Wagon-R, Zen, Swift, Ritz	52,599	51,418	2.3	61,048	-13.8	171,090	170,513	0.3
SX4, Swift & Dzire	3,199	8,081	-60.4	13,514	-76.3	30,612	28,958	5.7
Kizashi	32	0		50		117	-	-
Total Passengers	69,835	71,503	-2.3	92,419	-24.4	249,181	239,898	3.9
Gypsy, Vitara	185	1,309	-85.9	1,100	-83.2	1,502	2,989	-49.7
Total Domestic	70,020	72,812	-3.8	93,519	-25.1	250,683	242,887	3.2
Exports	10,278	15,279	-32.7	10,554	-2.6	30,843	40,437	-23.7
Total Sales	80,298	88,091	-8.8	104,073	-22.8	281,526	283,324	-0.6
Exports as % of sales	12.8	17.3		10.1		11.0	14.3	

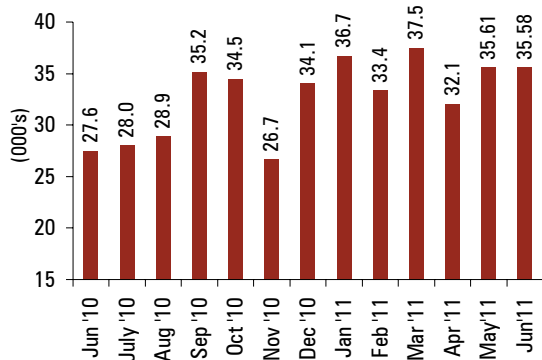
Source: Company, SIAM. * Alto-K10 launched in Aug '10 and EECO in January 2010.

Jaguar Land Rover sales volume



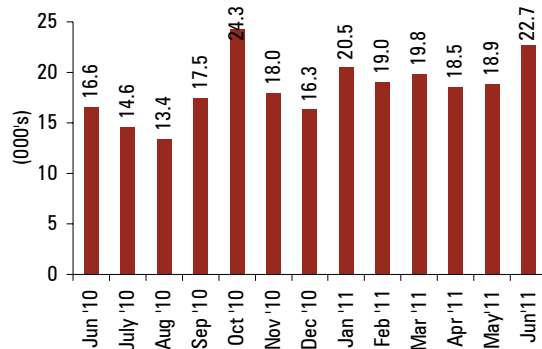
Source: Company, ICICIdirect.com Research

Mahindra and Mahindra: Sales volume



Source: SIAM, ICICIdirect.com Research

Mahindra and Mahindra: Tractor sales



Source: SIAM, ICICIdirect.com Research

Tata Motors (TELCO)

- Tata Motors witnessed a decline in PV sales in the domestic market (23.5% decline YoY) as Nano and Indigo volumes dampened with rising interest rates and increased competition taking its toll
- At a segmental level, the domestic M&HCV segment registered 6.2% YoY and 3.5% MoM growth indicating a better product mix. The domestic LCV segment continues to be the volume driver registering 18% YoY and 6.3% MoM growth. Overall, domestic CV segment registered 18.7% YoY growth to 70,356 units
- Passenger car volumes declined 25.5% YoY but increased 15.4% MoM led by the strong response to the Indica EV among customers. The UV segment registered a decline of 1.6% YoY but was up 12.8% MoM. Rising interest rates and increasing competition have affected the PV and UV space
- The sales of the Indica range of vehicles declined by 9% YoY to 8,188 units while the sales of the Indigo range of vehicles declined by 35% YoY to 4,882 units. Similarly, Nano sales declined by 29% YoY to 5,451 units. Nano sales have again started to flounder and reached their lowest level since November 2010 in which they touched 509 units. Exports contribution to sales remained flat YoY at 7.7%. June 2011 saw exports fall 0.7% YoY and 8% MoM to 5,094 units

Exhibit 18: Volume performance (in units)

Segment	Jun-11	Jun-10	%chg	May-11	%chg	YTD'12	YTD'11	%chg
M & HCV	17,565	16,400	7.1	16,928	3.8	49,115	45,298	8.4
LCV	26,096	22,023	18.5	25,631	1.8	77,033	61,639	25.0
Utility vehicles	3,581	3,639	-1.6	3,176	12.8	10,627	9,795	8.5
PV	19,117	25,668	-25.5	16,561	15.4	56,263	64,979	-13.4
Total sales	66,359	67,730	-2.0	62,296	6.5	193,038	181,711	6.2
Exports	5,094	5,128	-0.7	5,534	-8.0	14,886	12,243	21.6
Exports as % of sales	7.7	7.6	-	8.9	-	6.7	5.3	-

Source: Company, SIAM

Mahindra and Mahindra (MAHMAH)

- Mahindra and Mahindra (M&M) witnessed superior volume growth in comparison to its peers in both the automotive as well as FES segment. The automotive segment witnessed higher diesel vehicle demand as rising petrol prices hurt buyer sentiment
- The utility vehicle segment, inclusive of four-wheeler pick-ups, grew to 26,103 units, a 32.1% YoY jump and 2.9% MoM rise. Volumes in the UV segment witnessed a positive performance with a stronger pick-up in sales as the newly launched Genio supported Maximmo sales. However, sales of Bolero and Scorpio were ~7,500 and ~3,600 odd units in May 2011 (down ~7.7%, 9%, respectively, on an MoM basis). Sales of the Xylo (~2,600 odd units) have seen an improvement with its competitor the Tata Sumo witnessing a decline in sales
- Automotive exports have fallen on an MoM basis to ~16.3% to touch 1,812 units but rose 37.4% YoY with overall sales being higher from the Asian region

- The farm equipment segment (FES) has outperformed in comparison to other peers like Escorts and TAFE. It witnessed a 37% YoY rise at 22,730 units. Domestic volumes grew ~39.8% YoY at 21,552 units. On the exports side, volumes were flattish at 1,178 units. We believe the higher impetus from the government towards the rural segment along with expectation of normal monsoons would be a positive and help in improving further offtake in the agri-related segment with expected demand growth of 13-15% in FY12E.

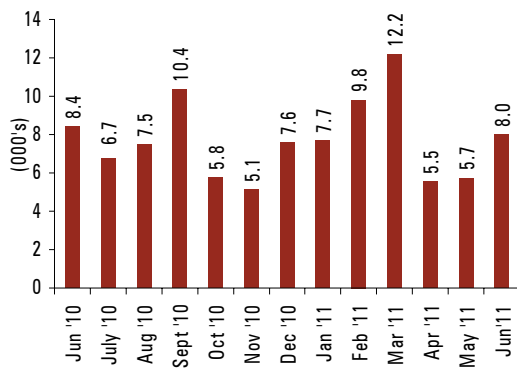
Exhibit 19: Volume performance (in units)

Segment	Jun-11	Jun-10	%chg	May-11	%chg	YTD'12	YTD'11	%chg
UV's (inclusive of pick ups)	26,710	17,010	57.0	23,991	11.3	94,017	53,948	74.3
CV's	1,011	1,111	-9.0	941	7.4	2,953	2,976	-0.8
Verito	1,510	563	168.2	1,006	50.1	3,807	1,316	189.3
Total 4wheeler	29,230	18,684	56.4	25,938	12.7	100,776	58,240	73.0
3wheeler (Champion, Alfa)	4,541	7,559	-39.9	4,411	3.0	13,450	20,076	-33.0
Total Domestic	33,772	26,243	28.7	30,349	11.3	114,227	78,316	45.9
Exports	1,812	1,319	37.4	1,741	4.1	5,717	3,775	51.4
Total Sales	35,584	27,562	29.1	32,090	10.9	119,944	82,091	46.1
Exports as % of sales	5	5		5		4.8	4.6	
Tractors - Domestic	21,552	15,411	39.8	17,740	21.5	57,392	47,718	20.3
- Exports	1,178	1,179	-0.1	790	49.1	2,760	2,432	13.5
Total Tractors	22,730	16,590	37.0	18,530	22.7	60,152	50,150	19.9
Exports as % of tractor sales	5.2	7.1		4.3		4.6	4.8	

Source: Company, SIAM, Gio launched in Oct09, Maximmo launched in Feb10, Mahindra Navistar series launched in April, 2010. FES~ is inclusive of Swaraj tractors, Verito is the refurbished version of Logan

Ashok Leyland (ASHLEY)

Ashok Leyland: Total sales



Source: SIAM, ICICIdirect.com Research

- Ashok Leyland's (ALL) volumes were ahead of expectations in June 2011 (up 39.9% MoM) at 8,009 units. The CV sales grew ahead of bearish expectations as higher interest rates and fuel cost rise continued to bear heavily on sales
- The M&HCV passenger segment has grown ~30.2% MoM to 2,244 units. Volumes have been primarily driven by the goods segment, which has witnessed a jump of ~44.2% MoM touching 5,698 units. This rise in the goods segment has allayed some fears over commercial orders growth even in such a capex-unfriendly environment.
- Exports have grown in June 2011 with sales touching 1,185 units (up 31.5% YoY). The export contribution to total sales in June 2011 is at 14.8%, higher from 11.2% in the previous month mainly due to the export performance of the M&HCV goods segment (up 56.4% YoY)

Exhibit 20: Volume performance (in units)

Segment	Jun-11	Jun-10	%chg	May-11	%chg	YTD'12	YTD'11	%chg
M&HCV Passenger	2,244	2,204	1.8	1,724	30.2	5,328	5,088	4.7
M&HCV Goods	5,698	6,080	-6.3	3,952	44.2	13,755	16,039	-14.2
LCV	67	116	-42.2	49	36.7	194	275	-29.5
Total Sales	8,009	8,400	-4.7	5,725	39.9	19,277	21,402	-9.9
Exports	1,185	901	31.5	643	84.3	2,539	1,940	30.9
Exports as % of sales	14.8	10.7		11.2		13.2	9.1	

Source: Company, SIAM

Exhibit 21: ICICIdirect.com Research Auto OEM Universe

Tata Motors					Sales (₹ cr)	EPS (₹)	PE(x)	EV/E (x)	RoNW (%)	RoCE (%)
Idirect Code	TELCO	CMP(₹)	1,039	FY10	92519.3	45.1	25.5	9.6	31.3	18.3
		Target(₹)	1,418	FY11E	123133.3	145.3	7.9	5.1	46.0	24.2
Mcap (₹cr)	66284	% Upside	36.4	FY12E	135670.8	152.6	7.5	4.8	34.6	20.9
				FY13E	151346.5	167.2	6.9	3.9	27.2	21.0
Maruti Suzuki					Sales (₹ cr)	EPS (₹)	PE(x)	EV/E (x)	RoNW (%)	RoCE (%)
Idirect Code	MARUTI	CMP(₹)	1160	FY10	28,958.5	86.4	13.4	8.7	23.6	31.7
		Target(₹)	1482	FY11	36,128.6	79.0	14.6	8.5	17.8	23.9
Mcap (₹cr)	33524	% Upside	27.8	FY12E	43,055.4	96.5	12.0	6.5	18.4	25.5
				FY13E	49,739.4	111.5	10.4	5.3	17.9	24.8
M&M					Sales (₹ cr)	EPS (₹)	PE(x)	EV/E (x)	RoNW (%)	RoCE (%)
Idirect Code	MAHMAH	CMP(₹)	712	FY10	18602.1	35.9	8.8	13.7	31.9	25.8
		Target(₹)	741	FY11E	23493.7	40.6	7.8	12.2	29.4	26.0
Mcap (₹cr)	38821	% Upside	4.1	FY12E	27756.3	39.3	8.0	12.4	22.0	22.1
				FY13E	30766.1	46.4	6.8	10.3	22.7	23.8
Bajaj Auto					Sales (₹ cr)	EPS (₹)	PE(x)	EV/E (x)	RoNW (%)	RoCE (%)
Idirect Code	BAAUTO	CMP(₹)	1,445	FY10	12,043.5	58.8	24.6	14.3	58.1	55.0
		Target(₹)	1,459	FY11E	16,977.8	115.4	22.0	9.8	67.3	61.7
Mcap (₹cr)	41817	% Upside	1.0	FY12E	19,616.1	100.5	11.2	8.4	46.4	56.4
				FY13E	21,748.8	112.3	12.9	7.0	41.5	51.1
Escorts					Sales (₹ cr)	EPS (₹)	PE(x)	EV/E (x)	RoNW (%)	RoCE (%)
Idirect Code	ESCORT	CMP(₹)	108	SY09	2,181.6	9.4	11.4	9.4	8.5	10.4
		Target(₹)	136	SY10	2,764.8	11.7	9.2	7.7	7.7	9.5
Mcap (₹cr)	1014	% Upside	26.2	SY11E	3,611.8	16.7	6.4	5.8	9.1	12.0
				SY12E	4,032.4	16.5	6.5	4.3	11.5	15.4
Hero Honda					Sales (₹ cr)	EPS (₹)	PE(x)	EV/E (x)	RoNW (%)	RoCE (%)
Idirect Code	HERHON	CMP(₹)	1874	FY10	19,669.3	111.8	16.8	9.8	64.4	70.0
		Target(₹)	1622	FY11E	19,401.2	96.5	19.4	10.6	69.3	78.7
Mcap (₹cr)	37483	% Upside	-13.4	FY12E	22,987.5	114.2	16.4	7.4	55.2	57.7
				FY13E	25,315.7	124.8	15.0	6.7	43.8	43.7

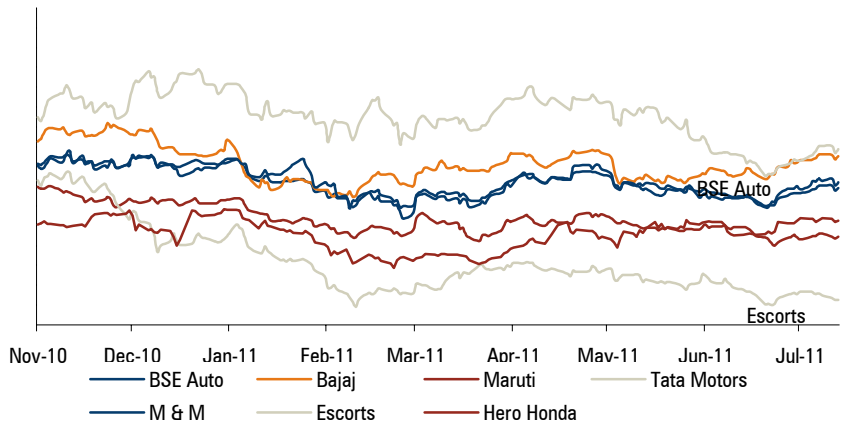
Source: ICICIdirect.com Research

ICICIdirect.com Universe price movement vis-à-vis BSE Auto index

The chart compares the movement of OEM stocks in the ICICIdirect.com Universe with the BSE Auto index, thereby reflecting the degree of mimicking of the index

Since August 2010, Bajaj Auto and Tata Motors have outperformed while Maruti Suzuki has underperformed in comparison to the index by being divergent on the upside and downside, respectively

Exhibit 22: OEM comparison with BSE Auto

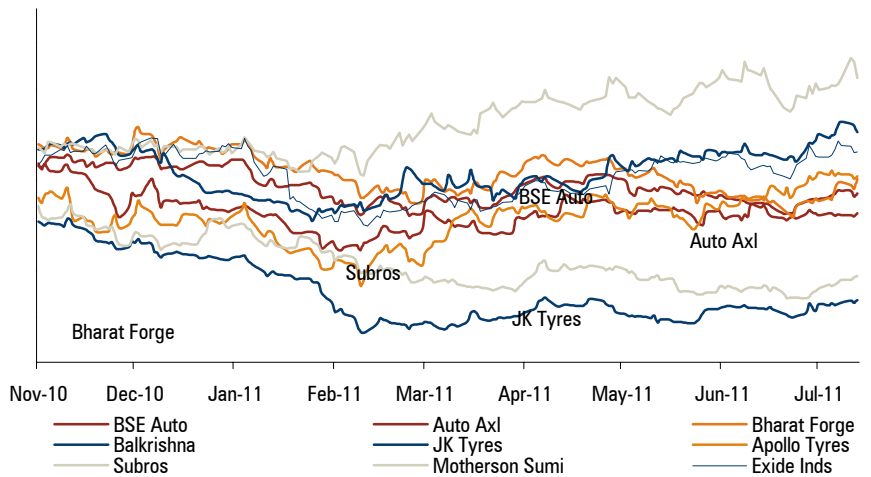


Source: ICICIdirect.com Research

The chart compares the movement of auto ancillary stocks in the ICICIdirect.com universe with the BSE Auto index

The volatile nature of smaller ancillary companies is reflected. These have met with numerous fluctuations with the exception of larger market capitalisation companies like Bharat Forge and Exide Industries, which mimic the index greatly. The tyre companies post November 2010 have grossly underperformed due to the intense rubber price overhang

Exhibit 23: Ancillaries comparison with BSE Auto



Source: ICICIdirect.com Research

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Buy: Between 10% and 20%;
Hold: Up to +/-10%;
Sell: -10% or more;

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