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Take Five

Scrip	Reco Date	Reco Price	CMP	Target
♦ Aban Loyd	03-Mar-05	330	973	1,760
♦ Bajaj Auto	15-Nov-05	1,873	2,644	3,500
♦ BHEL	11-Nov-05	1,203	1,928	2,650
♦ Esab India	21-May-04	60	327	575
♦ Infosys	30-Dec-03	689	1,651	1,865

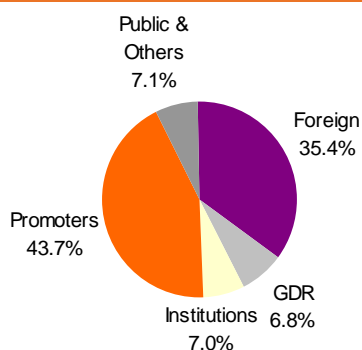
UTI Bank

Emerging Star
Stock Update
Strong operational performance
Buy; CMP: Rs273

Company details

Price target:	Rs400
Market cap:	Rs7,589 cr
52 week high/low:	Rs425/220
NSE volume: (No of shares)	3.6 lakh
BSE code:	532215
NSE code:	UTIBANK
Sharekhan code:	UTIBANK
Free float: (No of shares)	11.6 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	12.3	-13.5	-13.0	3.7
Relative to Sensex	-6.7	-11.3	-25.6	-32.0

Result highlights

- UTI Bank has reported a 30.2% year-on-year (y-o-y) growth in its net profit for Q1FY2007 to Rs120.6 crore. The growth in the net profit is in line with our expectation.
- The net interest income (NII) grew by 44.7% year on year (yoy) backed by a strong growth in the advances.
- However, the bank resorted to higher cost term deposits to fund the growth in the advances. As a result the net interest margin (NIM) declined by 28 basis points quarter on quarter (qoq).
- The fee income too grew by a strong 50% yoy backed by a strong growth in the fee income from the cash management and retail businesses.
- The operating profit for the quarter grew by 51% yoy to Rs307 crore. The operating profit excluding the treasury profits grew by 58.7% yoy.
- The net profit growth was a tad lower at 30.2% due to a higher provisioning for investment depreciation and a higher loan provisioning.
- The net non-performing assets (NPAs) as a percentage of the bank's customer assets improved markedly by 46 basis points yoy and by 2 basis points quarter on quarter (qoq). The NPAs now stand at 0.73% of the net customer assets.
- UTI Bank's Tier-I capital adequacy ratio (CAR) stood at 6.7% at the end of Q1FY2007 whereas its overall CAR stood at 10.3%. The bank plans to raise its Tier-I capital by the end of FY2007 to fund its growth plans.
- At the current market price of Rs273 the stock is quoting at 10.4x its FY2008E earnings per share (EPS) and 2.1x its FY008E book value (BV). We reiterate our Buy recommendation on the bank with a price target of Rs400.

Result table

Particulars	Rs (cr)				
	Q1FY2007	Q1FY2006	% yoy chg	% qoq chg	Q4FY2006
Net interest income	321.8	222.5	44.7	2.9	312.9
Other income	224.5	150.0	49.7	-1.6	228.1
<i>Fee income</i>	162.0	108.0	50.0	9.5	148.0
<i>Trading profits</i>	40.0	35.1	13.7	-50.1	80.1
<i>Others</i>	22.6	6.9			0.0
Net income	546.3	372.5	46.7	1.0	540.9
Operating expenses	239.2	169.0	41.5	-1.5	242.9
Operating profit	307.2	203.5	51.0	3.1	298.1
Provisions & contingencies	124.8	63.5	96.4	83.1	68.2
Provision for taxes	61.8	47.3	30.7	-20.9	78.2
Net profit	120.6	92.6	30.2	-20.5	151.7

Strong growth of 44.7% in NII...

UTI Bank reported a strong 44.7% growth in its NII on the back of a 65% growth in its advances. Its deposits also reported a growth of 35.7%.

...although at cost of margins

The strong growth in the advances came on the back of the growth in term deposits, which pushed up the overall cost of funds. As a result the NIM contracted by 28 basis points qoq and remained flat yoy.

NIM, yield and cost of deposits

In %	Q1FY2007	Q1FY2006	Q4FY2006
Yield on assets	8.13	7.59	8.04
Cost of funds	5.45	4.93	5.08
NIM	2.68	2.66	2.96

The proportion of the demand deposits as a percentage of the total deposits declined to 35.5% in Q1FY2007 from 40% in Q4FY2006. As a result the NIMs expanded by only 2 basis points yoy while they contracted by 28 basis points qoq.

Deposit mix

Rs crore	Q1FY07	Q1FY06	Q4FY06	% yoy chg	% qoq chg
Deposits	42,094.0	31,020.0	40,114.0	35.7	4.9
Demand deposits	14,938.0	9,798.0	16,036.0	52.5	-6.8
as % of total deposits	35.5	31.6	40.0		
Term deposits	27,156.0	21,222.0	24,078.0	28.0	12.8

UTI Bank opened thirteen new branches during Q1FY2007 as compared to more than 30 branches each that it had added over the last two quarters. A slow down in the network expansion could hurt the bank's ability to mop up low cost demand deposits and may keep the overall cost of funds high. Also through its Singapore office the bank has entered the international business segment where the yields are lower. For example UTI Bank arranged funds for Aban Loyd Chiles Offshore for acquisition of Sinvest ASA of Norway.

The asset mix helps expand yields

The yield on the assets expanded by 54 basis points yoy and by 7 basis points qoq as the loan growth has come on the back of the growth in high yield personal and home loans.

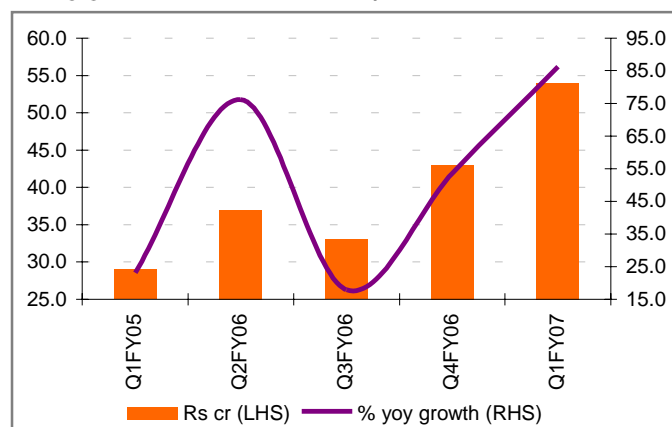
Mix of the retail loans

	Q1 FY07	Q1 FY06	Q4 FY06	Change in basis points yoy	Change in basis points qoq
Retail loans as % of total loans	30.4	27.6	29.1	280	130
As % of retail					
Two-wheelers	1.0	1.4	0.7	-0.4	0.3
Commercial vehicles	21.0	39.0	29.0	18.0	-8.0
Personal loans	27.0	4.0	13.0	23.0	14.0
Mortgages	36.0	32.0	41.0	4.0	-5.0
Car loans	8.0	14.0	9.3	-6.0	1.3
Others	7.0	9.6	7.0	-2.6	-

Strong growth in fee income

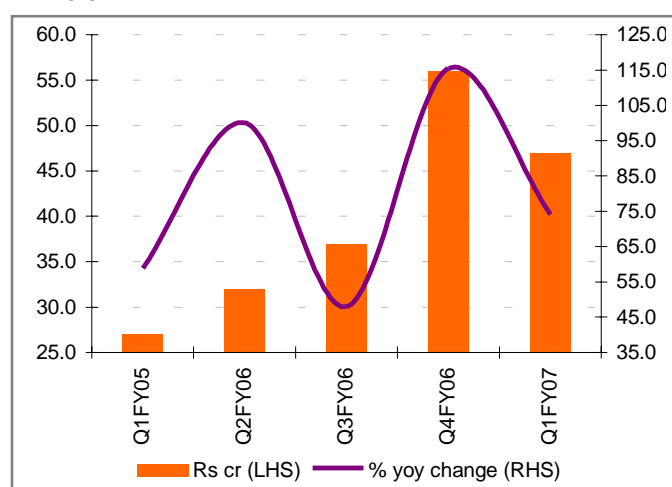
The fee income grew by a sharp 50% yoy in line with the asset growth. The growth in the fee income was achieved on the back of a strong growth in the fee income from corporate banking and the sale of retail products.

Strong growth fee income on corporate transactions



Source: Company

Strong growth fee income on retail transactions



Source: Company

We expect UTI Bank's fee income to grow at a compounded annual growth rate of 36% over FY2006-08E, in line with the growth in its business.

Operating expenses grow in line with growth in business

The operating expenses rose by 41.5% yoy in keeping with the growth in the bank's branch network. UTI Bank has added nearly 113 branches over the last one year. The benefits of the expanded branch network are reflected in the strong growth in the retail business and the surge in the fee income.

Branch network

	Q1FY2007	Q1FY2006	Q4FY2006
Branches	463	350	450
ATMs	1,959	1,667	1,891

Operating profit excluding treasury income grows by 58.7%

A strong growth in the NII and the rising fee income resulted in a 58.7% y-o-y growth in the operating profit excluding the trading profits. At 15% the growth was stronger on a sequential basis as well.

Rs crore	Q1FY2007	Q1FY2006	% yoy chg	% qoq chg
Reported operating profit	307.2	203.5	51.0	3.1
Less: treasury profits	40.0	35.1	13.7	-39.2
Operating profit excluding treasury profits	267.2	168.4	58.7	15.0

Net profit growth a tad lower because of provisioning

The net profit growth for Q1FY2007 was a tad lower at 30% and was lower than the growth in the operating profit, as the provisioning requirement went up substantially. The provisioning on account of investment depreciation was up at Rs67 crore compared to a write back in Q1FY2006.

Provisions break-up (Rs crore)

Provision for	Q1FY2007	Q1FY2006
Standard assets	21.9	0.4
NPAs	13.8	43.1
Investment depreciation	65.1	-0.7
Others	24.1	20.8

Source: Company

Asset quality shows consistent improvement

UTI Bank's net NPA level (as a percentage of its net customer assets) improved to 0.73% in Q1FY2007 from 0.75% in Q4FY2006 and from 1.19% in Q1FY2006. The provisioning coverage (including the write-offs) stood at 77.0% during the quarter.

Plans to raise Tier-I capital

UTI Bank's Tier-I CAR is at 6.7% with the overall CAR at 10.3%. The bank's management has indicated that it has room for raising the capital of up to \$700 million as Tier-I capital. The bank is planning to raise the Tier-I capital through perpetual debt instruments as allowed by the guidelines issued by the Reserve Bank of India (RBI)

recently (see our note "Capital raising gets easier for banks" dated January 27, 2006). The bank plans to raise the money overseas to lower the cost of funds. In case the RBI does not allow it to do so, the bank will have to tap the domestic market for funds. The bank can use the perpetual debt instrument route to raise the money without diluting its investors' stake.

Rising interest rate poses risk to bond portfolio

As on March 31, 2006 nearly 45% of the bank's portfolio was in the available-for-sale (AFS) and held-for-trading (HFT) categories with an average duration of two years. The provisioning requirement for the bank may remain at the current quarter's level in a rising interest rate scenario.

Valuation and view

We expect UTI Bank's earnings to grow at a compounded annual growth rate of 23.0% over FY2006-08E backed by a strong growth in the balance sheet. However, some risks that need to be watched for as we had mentioned earlier.

- ♦ The bank's ability to control the cost of funds by increasing the proportion of the low cost deposits. The bank will have to ramp up its branch network, which would depend on getting further licences from the RBI.
- ♦ Higher level of AFS/HFT bond portfolio could result in a requirement of higher provisioning.
- ♦ A fast approval from the RBI to raise equity which otherwise would hamper the advances growth.

At the current market price of Rs273 the stock is quoting at 10.1x its FY2008E EPS and 2.1x its FY008E BV. We reiterate our Buy recommendation on the bank with a revised price target of Rs400.

Earnings table

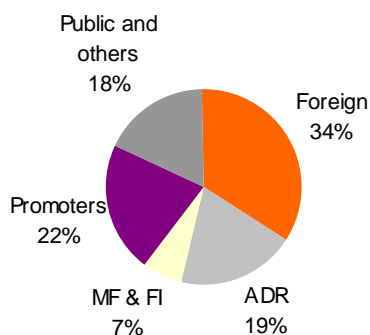
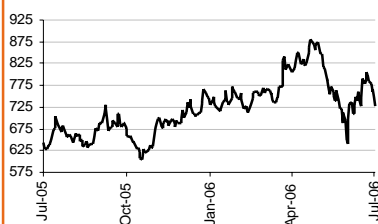
Year ended March 31	2005	2006	2007E	2008E
Net Profit (Rs crore)	332.0	485.0	579.1	732.3
% y-o-y growth	13.9	46.1	19.4	26.4
Shares in issue (crore)	23.3	27.8	27.8	27.8
EPS (Rs)	14.3	17.4	20.8	26.3
% y-o-y growth	13.5	22.3	19.4	26.4
PER (x)	19.2	15.7	13.2	10.4
Book value (Rs)	88.0	103.1	119.3	141.0
P/BV (x)	3.1	2.7	2.3	1.9
Adjusted book value (Rs)	78.9	94.4	110.9	133.0
P/ABV (x)	3.5	2.9	2.5	2.1
RoE (x)	18.7	18.4	18.7	20.2

The author doesn't hold any investment in any of the companies mentioned in the article.

HDFC Bank

Evergreen
Stock Update
Another quarter of 30% growth
Buy; CMP: Rs729
Company details

Price target:	Rs900
Market cap:	Rs22,641 cr
52 week high/low:	Rs898/600
NSE volume: (No of shares)	4.3 lakh
BSE code:	500180
NSE code:	HDFCBANK
Sharekhan code:	HDFCBANK
Free float: (No of shares)	18.2 cr

Shareholding pattern

Price chart

Price performance

(%)	1m	3m	6m	12m
Absolute	14.7	-6.7	2.7	16.7
Relative to Sensex	-4.7	-4.3	-12.2	-23.4

Result highlights

- ◆ HDFC Bank's net interest income (NII) grew by 56.1% year on year (yoy) for Q1FY2007 on the back of a 41.5% year-on-year (y-o-y) growth in its gross advances.
- ◆ The net interest margin (NIM) remained stable over Q4FY2006 as well as Q1FY2006 at 4%. The ability to get a higher yield on loans has helped the bank to manage costs in a rising interest rate scenario.
- ◆ The fee income grew by 38.2% for Q1FY2007. The growth was lower than the 50%+ growth achieved over the last few quarters because of a lower income from the distribution of third party products and the high base effect of last year.
- ◆ The operating profit grew by a strong 43.4% yoy despite a 54.4% y-o-y jump in the company's operating expenses. The operating profit excluding the treasury gains grew at an even higher rate of 52.3%.
- ◆ The net profit for the quarter grew by a lower 30.4% to Rs239.3 crore as the provisioning for the loan loss went up substantially in the quarter.
- ◆ At the current market price of Rs729 the stock trades at 15.5x its FY2008E earnings per share (EPS) and 3.2x its book value (BV). We maintain our Buy recommendation on the stock with the price target of Rs900.

NII grows by 56.1% yoy

During the quarter HDFC Bank's NII grew by 56.1% yoy on the back of a strong growth of 41.5% in its gross advances. The growth in the advances came from an 81.5% increase in the retail advances, which stood at 55.9% of the total advances portfolio.

NIM maintained in rising interest rate scenario

The bank was able to maintain its NIM at 4%, the same as that in Q1FY2006 and Q4FY2006, despite the fall in the ratio of the current and savings account (CASA) deposits to the total deposits. The CASA deposits stood at 52.6% at the end of

Result table

Particulars	Q1FY2007	Q1FY2006	Q4FY2006	% yoy chg	% qoq chg
Net interest income	817.6	523.7	739.4	56.1	10.6
Other income	350.8	263.6	304.2	33.1	15.3
<i>Treasury income</i>	-2.3	23.4	-86.8	-	-
<i>Fee</i>	297.3	215.2	336.7	38.2	-11.7
<i>Other</i>	55.8	25.0	46.3	123.6	20.5
Net income	1,168.4	787.2	1,043.6	48.4	12.0
Operating expenses	552.7	358.0	482.3	54.4	14.6
Operating profit	615.7	429.2	561.2	43.4	9.7
Provisions	263.9	165.9	181.6	59.1	45.3
Taxes	112.5	79.9	116.4	40.9	-3.3
Net profit	239.3	183.5	263.2	30.4	-9.1

Q1FY2007 compared with 60.6% at the end of Q1FY2006 and 55.4% at the end of Q4FY2006. Notably, the saving account deposits have grown at a strong 6.5% quarter on quarter (qoq).

Rs crore	Q1FY07	Q1FY06	Q4FY06	% yoy chg	% qoq chg
Total deposits	60630.0	38354.0	55796.8	58.1	8.7
Savings	17244.0	12925.0	16185.8	33.4	6.5
% of total	28.4	33.7	29.0		
Current	14674.0	10320.0	14752.5	42.2	-0.5
% of total	24.2	26.9	26.4		
Total CASA deposits	31918.0	23245.0	30938.3	37.3	3.2
% of total	52.6	60.6	55.4		

The stable NIM was achieved on the back of a change in the loan mix towards higher yielding retail loans and by partially passing on the rise in deposit costs by raising the lending rates.

Fee income growth slows down due to high base effect

The fee income was strong at Rs297 core during the quarter. The growth in the fee income was lower at 38.2% compared with that of over 50% achieved over the previous three quarters. The growth was lower due to a lower income from third party products and the high base effect of last year. The high growth in the earlier quarters was achieved on a much lower base.

Core operating profit grows by 52.3%

The operating profit for the quarter under review grew by a strong 43.4% yoy to Rs615.7 crore. However, excluding the treasury losses the operating profit grew by a stronger 52.3% yoy.

Rs crore	Q1FY2007	Q1FY2006	% yoy chg	% qoq chg
Reported operating profit	615.7	429.2	43.4	9.7
Treasury income	-2.3	23.4	-	-
Operating profits excluding treasury income	618.0	405.8	52.3	-3.4

Net profit grows at 30.4%

At 30.4% yoy the growth in the net profit was lower than that in the operating profit due to higher provisioning for general loan losses. On July 12, 2006, the Reserve Bank of India increased the provisioning requirement for standard assets to 0.55% of the assets from 0.4% of the same. This increased the provisioning requirement as the bank had to make provisions on the total standard asset portfolio which is one-time provisioning.

Asset quality remains best in the industry

HDFC Bank's asset quality remains the best in the industry with net non-performing assets at 0.4% of its net advances at the end of June 2006.

Tier-I CAR at 8.3%

HDFC Bank's Tier-I capital adequacy ratio (CAR) stood at 8.3% at the end of Q1FY2007. We believe that the bank will be able to grow its loan portfolio at a rapid pace without diluting its equity over the next 12-18 months at least since with its Tier-II CAR at only 3.4%, the bank also has room for raising Tier-II capital.

Valuations

At the current market price of Rs729 the stock trades at 15.5x its FY2008E EPS and 3.2x its FY2008E BV. We maintain our Buy recommendation on the stock with the price target of Rs900.

Earnings table

Year to 31 March	2005	2006	2007E	2008E
Net profit (Rs crore)	665.6	870.7	1,123.9	1,461.1
Shares in issue (crore)	31.0	31.1	31.1	31.1
EPS (Rs)	21.5	28.0	36.1	47.0
% y-o-y growth	20.0	30.4	29.1	30.0
PER (x)	33.9	26.0	20.2	15.5
Book value (Rs/share)	145.9	173.1	189.5	231.0
P/BV (x)	5.0	4.2	3.8	3.2
RoNW (%)	18.5	18.3	20.7	20.3

The author doesn't hold any investment in any of the companies mentioned in the article.

HCL Technologies

Ugly Duckling

Stock Update

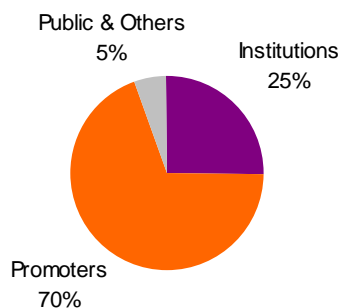
Another large deal in bag

Buy; CMP: Rs558

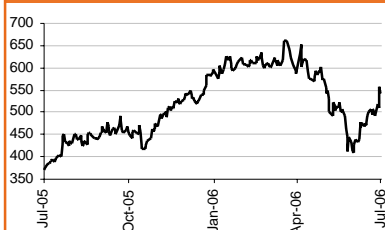
Company details

Price target:	Rs670
Market cap:	Rs17,968 cr
52 week high/low:	Rs706/362
NSE volume: (No of shares)	5.2 lakh
BSE code:	532281
NSE code:	HCLTECH
Sharekhan code:	HCLTECH
Free float: (No of shares)	9.9 cr

Shareholding pattern



Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	31.8	-6.7	-7.5	48.0
Relative to Sensex	9.5	-4.3	-20.9	-2.9

HCL Technologies (HCLT) has bagged an outsourcing deal worth \$70 million from Teradyne, a leading automatic test equipment company. The order is spread over a five-year period. The management has indicated that the contract size could actually exceed \$125 million over the five years and expects revenue of \$25 million from the order in FY2007.

This is the fourth order worth over \$50 million that has been announced by HCLT in the past two to three quarters. Some of the notable order wins announced earlier by the company include those from AutoDesk (\$50 million), DSG (\$330 million) and EXA (\$100 million).

According to the management estimates, the four outsourcing deals cumulatively are expected to contribute around \$120 million of revenues during FY2007.

Strategy to target mid-sized companies

HCLT has been ahead of its industry peers in terms of bagging large outsourcing deals. That's mainly because the company has been working on building the right infrastructure (the sales team, delivery capabilities and range of service offerings) to gear up for the huge emerging opportunity for the large outsourcing deals. In addition to this, the company has a fairly strong remote infrastructure management and business processing outsourcing (BPO) practice as compared with some of its peers like Infosys Technologies and Satyam Computer Services.

Another key differentiating factor is its ability to introduce innovative offerings like Business Ready Infrastructure (BRI) and Application Portfolio Optimisation. It is this ability that is touted as one of the reasons for its success in the relatively less crowded mid-market segment comprising companies with an annual revenue run rate of around \$1 billion to \$5 billion. For example, the multi-million dollar deals from AutoDesk, EXA and Teradyne were won on the back of its BRI offering that bundles the initial consulting work (like process re-engineering and asset acquisition) in addition to the total outsourcing solution.

Hence, HCLT has been the only domestic vendor in some of the large deals (like the AutoDesk, EXA and DSG deals) as compared with the order wins by its peers where the spoils have been shared by a number of domestic vendors. For instance, in case of ABN Amro, both Infosys and Tata Consultancy Services bagged part of the deal. Similarly, Wipro and Satyam gained from the outsourcing deal by General Motors.

Risk with large deals

The large outsourcing orders tend to have relatively lower margin, at least in the initial stages, as the transition process largely involves low-margin onsite work. Moreover, the management has earlier indicated that some of the large outsourcing orders bagged include a variable revenue component (in terms of the sharing of cost-saving gains with the client). Thus, the strategy adopted by HCLT has its own risk and appears to be a riskier model.

Valuation

Given the slew of multi-million dollar order wins, HCLT's growth visibility has improved considerably. The BPO business that has been a drag on the overall growth has also revived. Consequently, the company is expected to show a consistent and robust performance over the next couple of years. We estimate the revenue and earnings to grow at a compounded annual growth rate of 30% and 26% respectively over the two-year period FY2006-08E. Moreover, the company is likely to maintain the dividend rate of 200% (or Rs4 per share) per quarter, amounting to a decent dividend yield of 2.9% at the current level.

At the current price HCLT trades at 23.4x FY2006 and 18.5x FY2007 estimated earnings. We maintain our Buy call on the stock with a price target of Rs670.

Earning table				Rs (cr)
Particulars	FY05	FY06E	FY07E	FY08E
Net sales	3,369.2	4,343.1	5,698.6	7,384.5
Net profit	610.1	769.7	972.1	1224.0
Number of shares (cr)	32.1	32.2	32.2	32.3
EPS(Rs)	19.0	23.9	30.2	38.0
% yoy chg	-	26.0	26.1	25.7
PER	29.5	23.4	18.5	14.8
OPM	22.9	22.0	21.8	21.7
Dividend per share (Rs)	16.0	16.0	16.0	16.0
Dividend yield	2.9	2.9	2.9	2.9

The author doesn't hold any investment in any of the companies mentioned in the article.

Mutual Gains

Mutual Fund

Sharekhan's top equity fund picks

After the steep correction from its peak in May, the market recovered some of the lost ground during the last month. However, the wavering investor confidence caused the average traded volumes to be dismally low. The market movement was characterised by intense volatility, with some of the mid-cap stocks continuing to linger in wilderness.

The US Federal Reserve (Fed) hiked the interest rates by 25 basis points for the seventeenth consecutive quarter to 5.25% followed by similar moves from the other central banks across the globe including European Central Bank as well as the central bank in India. On the positive side, the comments from the Fed chairman were less hawkish this time around.

The growing concerns related to the possible pull-back of foreign institutions from the emerging markets is one of the key uncertainties weighing on the minds of market participants. Mutual fund investors too succumbed to the uncertainties surrounding the market as the mutual fund industry saw a high volume of redemptions across funds, causing mutual funds to sell over Rs1,900 crore worth of securities.

The rising crude price is another cause for concern. Currently, crude oil is trading at record high levels of over \$76 per barrel. The growing tensions in the Middle-East and Nigeria and the defying move to test missiles by North Korea are likely to put further pressure on the crude oil prices. The firm crude prices have already impacted inflation in India. The rising prices of crude oil forced the government to hike the prices of petroleum products, following which the inflation touched a level of 5.44% during the week ended June 17. However, the inflation has declined to 4.84% for the week ended June 24 and that is some respite.

On the brighter side, the Indian economy continues to be in good health. The country ended the fourth quarter of FY2006 with a surplus of \$1.8 billion in its current account as compared with a surplus of \$0.5 billion in Q4FY2005. India Inc is also on a growth path which is

clearly reflected in the 143% jump in the corporate tax collections to Rs5,488 crore between April 1 and June 15 this fiscal. Further, the domestic demand-driven story is likely to continue with the growth in the Sensex earnings led by the automobile, cement, capital goods, fast moving consumer goods, pharma and IT companies.

In a nutshell, the market is consolidating after an excessive correction and can swing in either direction depending on how the various uncertainties play out. External triggers like the rising trends in crude oil prices and further rate hikes by the Fed can negatively impact the market sentiment, while strong corporate performances, good monsoons and improving economic fundamentals will provide an upside to the markets.

We have identified the best equity-oriented schemes available in the market today based on the following parameters: the past performance as indicated by the returns, the Sharpe ratio and Fama (net selectivity).

The past performance is measured by the returns generated by the scheme. Sharpe indicates risk-adjusted returns, giving the returns earned in excess of the risk-free rate for each unit of the risk taken.

FAMA measures the returns generated through selectivity, ie the returns generated because of the fund manager's ability to pick the right stocks. A higher value of net selectivity is always preferred as it reflects the stock picking ability of the fund manager.

For our selection of funds, we have given 50% weightage to the past performance as indicated by the returns, 25% weightage to the Sharpe ratio of the fund and the remaining 25% to the FAMA of the fund.

All the returns stated below, for less than one year are absolute and for more than one year the returns are annualised.

We present below our recommendations in the equity-oriented mutual fund category.

Aggressive Funds

Mid-cap Category

Scheme Name	NAV	Returns as on June 30, 2006 (%)				
		3 months	6 months	1 year	2 years	3 years
Sundaram Select Midcap	74.07	-1.04	28.67	80.32	84.52	77.65
Franklin India Prima Fund	162.06	-16.93	-6.88	31.87	51.84	57.87
Reliance Growth	199.52	-12.28	5.47	48.21	69.23	72.79
Indices						
S&P Nifty	3128.20	-8.50	10.28	40.87	44.14	40.20
BSE Sensex	10609.25	-6.17	12.89	47.48	48.74	43.23

Opportunities Category

Scheme Name	NAV	Returns as on June 30, 2006 (%)				
		3 months	6 months	1 year	2 years	3 years
Prudential ICICI Dynamic Plan	47.37	-10.73	13.97	61.47	67.55	54.52
DSP ML Opportunities Fund	43.09	-10.51	10.32	55.56	55.28	58.39
Indices						
S&P Nifty	3128.20	-8.50	10.28	40.87	44.14	40.20
BSE Sensex	10609.25	-6.17	12.89	47.48	48.74	43.23

Equity Diversified/Conservative Funds

Scheme Name	NAV	Returns as on June 30, 2006 (%)				
		3 months	6 months	1 year	2 years	3 years
SBI Magnum Global Fund 94	30.92	-11.61	9.37	62.14	85.05	82.55
SBI Magnum Multiplier Plus 93	39.72	-13.46	10.15	64.74	71.53	68.90
HDFC Equity Fund	113.82	-10.41	6.37	54.30	57.95	55.97
DSP ML Equity Fund	34.29	-11.35	9.59	52.62	60.79	59.04
Birla SunLife Equity Fund	130.63	-15.24	3.25	40.89	58.71	61.00
Indices						
S&P Nifty	3128.20	-8.50	10.28	40.87	44.14	40.20
BSE Sensex	10609.25	-6.17	12.89	47.48	48.74	43.23

Thematic/Emerging Trend Funds

Scheme Name	NAV	Returns as on June 30, 2006 (%)				
		3 months	6 months	1 year	2 years	3 years
SBI Magnum Sector Umbrella - Contra	28.99	-8.32	16.33	64.16	80.68	80.09
DSP ML Tiger Fund	23.69	-12.74	10.19	62.48	53.61	--
HDFC Core & Satellite Fund	20.80	-12.02	10.49	55.53	--	--
Tata Infrastructure Fund	17.68	-11.19	18.11	57.98	--	--
Prudential ICICI Discovery Fund	21.90	-12.44	3.84	45.81	--	--
Indices						
S&P Nifty	3128.20	-8.50	10.28	40.87	44.14	40.20
BSE Sensex	10609.25	-6.17	12.89	47.48	48.74	43.23

Balanced Funds

Scheme Name	NAV	Returns as on June 30, 2006 (%)				
		3 months	6 months	1 year	2 years	3 years
Kotak Balance	21.42	-7.75	13.21	42.85	48.16	41.85
SBI Magnum Balanced Fund	28.77	-8.23	8.94	41.31	50.39	52.22
HDFC Prudence Fund	89.08	-6.32	4.40	37.71	43.59	41.42
JM Balanced	18.88	-5.03	14.22	40.58	34.75	29.87
Prudential ICICI Balanced	28.69	-5.97	7.17	38.27	39.99	38.11
Indices						
Crisil Balanced Fund Index	2084.98	-3.20	7.14	25.21	25.94	25.38

Tax Planning Funds

Scheme Name	NAV	Returns as on June 30, 2006 (%)				
		3 months	6 months	1 year	2 years	3 years
SBI Magnum Tax Gain Scheme 93	40.61	-10.81	5.78	46.58	91.35	87.26
HDFC Tax saver	115.19	-10.90	5.45	47.47	74.67	67.05
Prudential ICICI Taxplan	73.12	-15.17	-0.40	36.32	70.41	64.35
HDFC Long Term Advantage Fund	74.14	-13.08	-0.58	39.15	54.87	60.11
Sundaram Tax saver	20.95	-15.57	-0.70	46.72	64.94	58.54
Indices						
S&P Nifty	3128.20	-8.50	10.28	40.87	44.14	40.20
BSE Sensex	10609.25	-6.17	12.89	47.48	48.74	43.23

Every individual has a different investment requirement, which depends on his financial goals and risk-taking capacities. We at Sharekhan first understand the individual's investment objectives and risk-taking capacity, and then recommend a suitable portfolio. So, we suggest that you get in touch with our Mutual Fund Advisor before investing in the best funds.

Risk-Return analysis

The charts on the following pages give you a snapshot of how the mutual funds have performed on the risk-return parameters in the past. We have used the bubble analysis method to measure their performances on three parameters viz risk, return and fund size. The risk is measured by standard deviation, which measures the average deviation of the returns generated by a scheme from its mean returns. We have tried to explain the same with the help of a diagram, which is divided into four quadrants, with each quadrant containing funds of a particular risk-return profile. The size of the bubble indicates the size of the fund.

The funds in the **high-risk high returns** quadrant follow a very aggressive approach and deliver high absolute returns compared to the peers albeit at a higher risk.

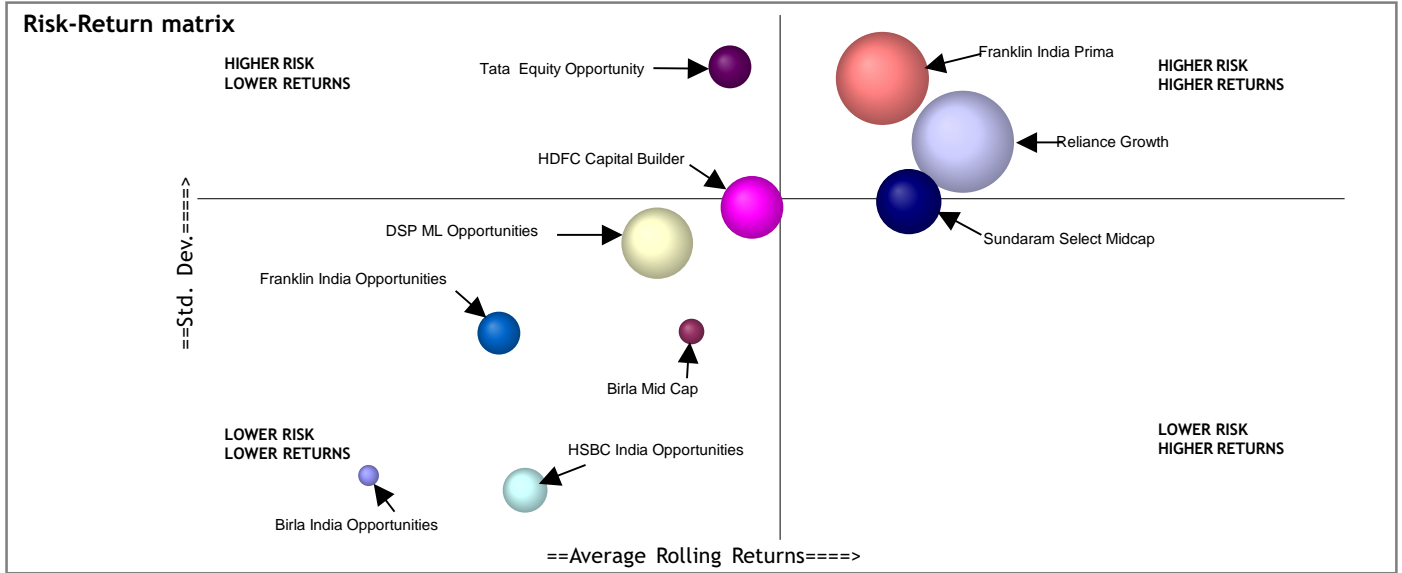
The funds in the **low-risk high returns** quadrant outperform the peer group on the risk-adjusted returns basis as they deliver higher returns compared to the peers without exposing the portfolio to very high risk.

The funds in the **low-risk low returns** quadrant are not very aggressive and provide lower absolute returns, taking lower risks.

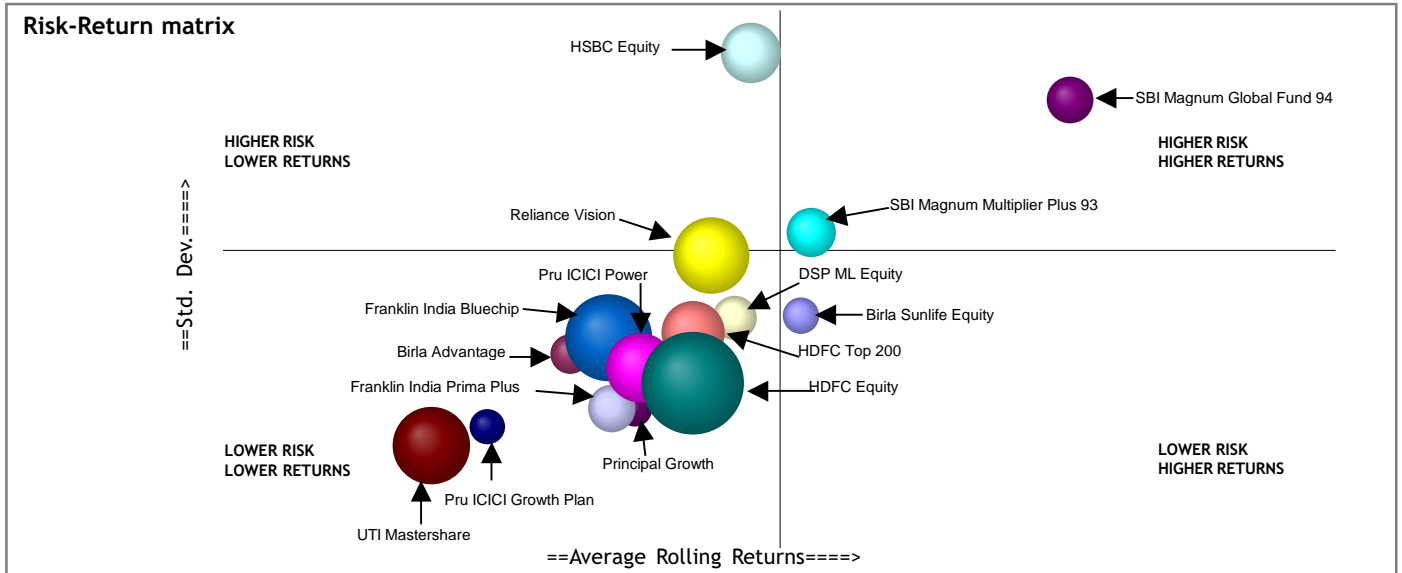
The funds in the **high-risk low returns** quadrant underperform the peers on the risk adjusted returns basis as they adopt a high-risk strategy but the returns fail to compensate the risk taken by the fund.

For aggressive, conservative and tax planning funds, risk is measured in terms of two years' volatility while returns are measured as two years' average rolling returns as on June 30, 2006. For thematic and balanced funds, risk is measured in terms of one year's volatility while returns are measured as one year's average rolling returns as on June 30, 2006.

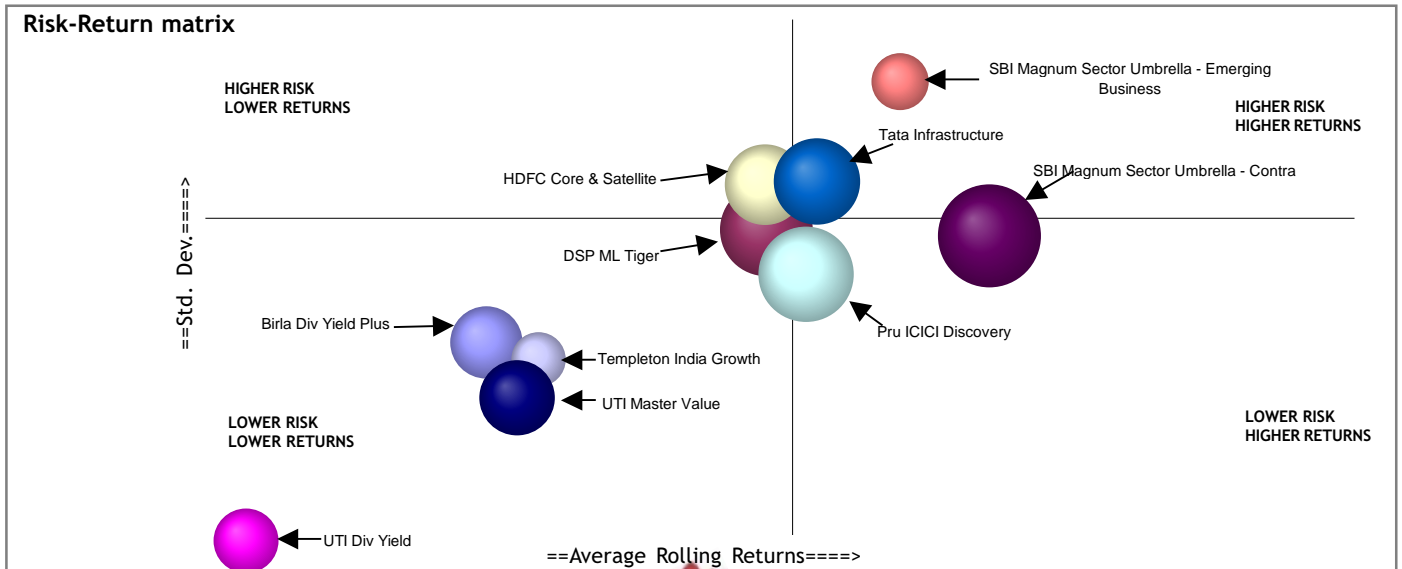
Aggressive Funds



Equity Diversified/Conservative Funds



Thematic/Emerging Trend Funds



What's In—What's Out

Mutual Fund

Fund Analysis: July 2006

Favourite stock picks in the portfolios of equity and mid-cap funds

An analysis has been undertaken on equity and mid-cap funds' portfolios, indicating the favourite picks of fund managers for the month of June 2006. Equity funds comprise of all diversified, index, sector and tax planning funds, whereas mid-cap funds include a universe of 17 funds such as Reliance Growth, Franklin India Prima Fund, HDFC Capital Builder, Birla Mid-cap Fund etc.

What's in

Top new stocks added to the equity funds' portfolios.

Company name	No of shares	Mkt value (Rs cr)
Allcargo Global Logistics	148922	9.79
Deccan Aviation	766882	6.58
Essar Oil	2423852	11.82
Mahindra Automotive Steel	--	0.53
Peninsula Land	--	10.42
Prime Focus	88792	2.55
Pritish Nandy Communications	830027	3.27
Showa Corporation	--	0.41
VIP Industries	1285000	12.39

Top new stocks in the mid-cap funds' portfolios.

Company name	No of shares	Mkt value (Rs cr)
Allcargo Global Logistics	29716	1.96
Amtek India	292010	3.35
Aztec Software & Technology	1531476	24.83
Bank of India	675237	6.90
Castrol India	200000	3.38
Entertainment Network (India)	112698	2.16
Eveready Industries India	362569	3.33
Glaxo Smithkline Pharma	24989	2.59
Glenmark Pharmaceuticals	483706	14.59
Hindustan Oil Exploration Co	13026	0.15
IDFC	567427	3.08
ISMT	656598	5.29
Nilkamal Plastics	52347	0.94
Polaris Software Lab	486000	3.60
Prime Focus	88792	2.55
Provogue (India)	54978	1.16
Satnam Overseas	177052	1.25
Wockhardt	600399	22.82

What's out

Complete exits in the equity funds' portfolios.

Company name
Indian Seamless Steels & Alloys
KPIT Cummins
Grabal Alok Impex
Morarjee Realities

Complete exits in the mid-cap funds' portfolios.

Company name	Company name
Allahabad Bank	Orchid Chemicals & Pharma
Asian Paints	Shaw Wallace & Company
Associated Cement Companies	UTI Bank
Bank of Maharashtra	ICICI Bank
Clariant (India)	Visual Soft Technologies
Dynamatic Technologies	VIP Industries
GRUH Finance	Financial Technologies
Indian Seamless Steels & Alloys	Alstom Projects India
Jay Bharat Maruti	NIIT Technologies
NRB Bearings	Usha Martin Infotech

Favourite picks for the month

Top additions to the existing holdings of equity funds' portfolios.

Company name	No of shares added	Mkt value added (Rs cr)
Cummins India	3479316	66.12
Gas Authority of India	2843771	72.46
Glaxo Smithkline Pharma	727593	75.44
Glenmark Pharmaceuticals	2032872	61.16
Grasim Industries	375481	72.59
Hindustan Lever	9828648	225.17
ISMT	8550564	68.87
Jindal Steel and Power	595662	83.77
Kirloskar Brothers	2075113	75.88
Mahindra Gesco Corporation	1895057	114.44
Marico	1114701	49.72
Maruti Udyog	759493	60.58
Northgate Technologies	999998	40.36
Oil & Natural Gas Corp	2188072	242.45
PTC Industries	11438679	57.36
Punj Lloyd	771990	56.41
Rico Auto Industries	6502069	46.16
Steel Authority of India	10396462	84.42
Tata Chemicals	2207491	47.04
Zee Telefilms	7113948	171.70

Popular stocks in mid-cap funds

Company name	No of shares	Mkt value (Rs cr)
Aditya Birla Nuvo	1750056	124.26
Ashok Leyland	17242186	64.49
Bharat Earth Movers	1345491	133.16
Crompton Greaves	1168134	102.23
Cummins India	4316367	82.06
EID Parry (India)	3722746	75.44
Fag Bearings India	1867124	94.93
Goodlass Nerolac Paints	1223896	89.42
IPCA Laboratories	2590285	67.54
JaiPrakash Associates	5652182	222.45
Jindal Saw	2458958	64.55
Jindal Steel and Power	561773	78.73
JSW Steel	283000	79.88
Maharashtra Seamless	3077328	96.95
Mahavir Spinning Mills	2118804	66.85
Matrix Laboratories	3655501	95.40
MICO	323000	86.39
Raymond	1786466	71.30
Reliance Industries	1025542	108.69
State Bank of India	899999	65.50

Top additions to the existing holdings of mid-cap funds' portfolios.

Company name	No of shares added	Mkt value added (Rs cr)
AIA Engineering	348135	22.79
Aztec Software & Technology	1531476	24.84
Bank of India	675237	6.88
Cadila Healthcare	412328	23.43
Dhampur Sugar Mills	549998	8.40
Esab India	359217	12.53
Finolex Cables	199623	6.02
Glenmark Pharmaceuticals	483706	14.55
Gokal Das Export	112612	6.85
Gujarat Heavy Chemicals	449992	5.47
HCL Technologies	171009	8.59
Hindustan Lever	999998	22.91
India Cements	501136	7.86
Jindal Saw	360992	9.50
Mahavir Spinning Mills	595923	18.71
Mahindra Gesco Corporation	170723	10.31
Nahar Spinning Mills	245880	5.49
Northgate Technologies	999998	40.36
Patel Engineering	217220	6.25
Wockhardt	600399	22.82

Exclusive stocks

Some stocks held by only one fund.

Company	Fund house
Apollo Fibres	UTI Mutual Fund
Bag Films	UTI Mutual Fund
Balmer Lawrie Investments	PRINCIPAL Mutual Fund
Bharat Seats	UTI Mutual Fund
Binani Industries	Reliance Mutual Fund
City Online Services	DSP Merrill Lynch Mutual Fund
Control Print (I)	HDFC Mutual Fund
DIC India	UTI Mutual Fund
Hitkari Fibers	UTI Mutual Fund
J K Pharmachem	UTI Mutual Fund
Kenna Metal	Kotak Mahindra Mutual Fund
Kirloskar Pneumatic	HDFC Mutual Fund
National Steel Industries	UTI Mutual Fund
SRF Polymers	PRINCIPAL Mutual Fund
State Bank of Bikaner and Jaipur	UTI Mutual Fund

Cash rich funds: Top 10 funds having more cash compared to the others (%)

Sundaram Rural India Fund, JM Emerging Leaders Fund, Templeton India Equity Income Fund, Principal Global Opportunities Fund and Sundaram Select Midcap Fund are some of the cash rich equity diversified funds waiting for right valuations to invest.

Scheme	Equity (%)	Debt (%)	Cash & equivalent (%)
Sundaram Rural India Fund	44.02	0	55.98
JM Emerging Leaders Fund	63.42	0	36.58
Templeton India Equity Income Fund	69.05	0	30.95
Sundaram Select Midcap	69.05	0.01	30.94
PRINCIPAL Global Opportunities Fund	69.27	0	30.73
Reliance Equity Fund	69.93	0	30.07
UTI Thematic Large Cap Fund	71.85	0	28.15
Standard Chartered Premier Equity Fund	64.64	7.76	27.6
Standard Chartered Imperial Equity Fund	70.07	3.44	26.49
Sahara Wealth Plus Fund	74.32	0	25.68

Disclaimer: mutual fund investments are subject to market risk. Please read the offer document carefully before investing. Past performance may or may not be sustained in the future.

Automobile

Sector Update

Soaring high

The automobile sector saw a robust growth in June 2006 with almost all the segments posting a double-digit growth in sales. The overall automobile sales volume rose by 23.7% with the domestic and export sales rising by 23.7% and 23.2% respectively.

- ♦ **Passenger vehicles:** For June 2006 the car segment has reported a strong growth of 24.5% in the domestic market whereas the utility vehicle (UV) segment has reported a growth of 12.1% in the domestic market. Tata Motors increased its market share by about 80 basis points year on year (yoy) to 18.9% in the segment during the period.
- ♦ **Commercial vehicles:** The commercial vehicle (CV) segment reported good numbers for June, growing by 25.6% for the month with both the medium and heavy commercial vehicle (M&HCV) and light commercial vehicle (LCV) sub-segments reporting healthy growth rates. The M&HCV sub-segment has grown by 20.8% in the domestic market, whereas the LCV sub-segment has grown by 32.7% in the domestic market. In the domestic CV segment, Tata Motors managed to increase its market share by 6.1% to 63.6% during the period.
- ♦ **Two-wheelers:** The growth in the two-wheeler segment continues to be led by the motorcycle sub-segment, which registered a growth of 26.9% in June 2006. The scooter sub-segment performed well in June, growing by 17.6%, while the moped volumes declined by 5.5% for the month. Though Hero Honda Motors lost market share in the motorcycle sub-segment, it gained marginal share in the overall two-wheeler segment at 42.5%.

- ♦ **Three-wheelers:** The three-wheeler segment continued its strong march, reporting a growth of 24.8% in the domestic market. The passenger sub-segment grew by 24.4%, whereas the goods sub-segment grew by 25.5%. The market share of Mahindra & Mahindra (M&M) improved from 3.95% to 7.41% on the back of the success of the new launches.
- ♦ The gainers of the month were Tata Motors, Hero Honda, Bajaj Auto and M&M.

Passenger vehicles

There was an impressive growth of 24.5% yoy in car sales in the domestic market during the month. On a year-till-date basis, the domestic car sales have registered a growth of 23.7%. The A2 mid-size sub-segment continued its good performance and registered a growth of 30% for June 2006 while the A3 sub-segment witnessed a growth of 14%. The A1 sub-segment has impressed ever since the excise duty was reduced in this year's budget, it posted a growth of 22% in June 2006.

Segment-wise car sales

Segment	June volumes	YoY (%)
A1-Mini	7,796	22.1
A2-Compact	53,993	30.1
A3-Mid-sized	16,102	14.0
A4-Executive	2,045	3.2
A5-Premium	339	-25.3
A6-Luxury	8	-20.0

Passenger vehicles

Segment	Domestic sales			Mkt share (%)		Exports		
	Jun-06	YoY(%)	YTD(%)	Jun-06	Jun-05	Jun-06	YoY(%)	YTD(%)
Cars	80,283	24.5	23.7			17,772	23.2	28.0
Maruti Udyog	37,704	13.3	20.3	47.0	51.6	3,664	10.5	12.9
Tata Motors	15,156	30.3	22.6	18.9	18.0	2,206	95.6	47.8
Hyundai Motors	16,989	30.3	27.2	21.2	16.6	10,219	18.6	26.5
Honda Siel Cars India	2,944	-19.5	6.4	3.7	5.7	4	-50.0	6.7
Ford India	3,204	147.6	109.8	4.0	2.0	1,679	2.0	45.3
UV/MPVs	22,816	12.1	9.3			461	65.2	60.9
M&M	5,666	-0.4	6.6	24.8	28.0	267	72.3	-2.8
Maruti Udyog	6,922	46.8	12.6	30.3	23.2	135	70.9	38.0
Toyota Kirloskar Motor	3,765	-18.9	-0.2	16.5	22.8	59	47.5	655.2
Tata Motors	3,307	17.5	14.6	14.5	13.8	59	48	655.2
General Motors India	1,961	33.9	14.7	8.6	7.2	0	-	-

Source: SIAM, Sharekhan Research

- ♦ Maruti Udyog reported a growth of 13.3% in the domestic market, while its exports grew by 10.5% to 3,664 units. The sales of *Maruti 800* continued to impress, registering a growth of 22.1% yoy after witnessing a steady decline in the last year. This is the positive impact of the reduction in the excise duty announced in the recent budget. Maruti's growth in the A2 sub-segment slowed down to 10.2% as it lost market share to Tata Motors and Hyundai Motor.
- ♦ Tata Motors delivered a stellar performance in the passenger car segment, registering an overall growth of 36%. Indica registered a strong growth of 41% in June with sales of 12,409 units. Its car sales received a boost after the launch of *Indica Xeta*, which marks the company's entry into the petrol market.
- ♦ The overall domestic UV segment posted a growth of 12.1% with Maruti registering a 46.8% growth and General Motors registering a growth of 33.9%. M&M's domestic UV sales were disappointing as the same declined by 0.4%.

Commercial vehicles

- ♦ The CV segment posted a growth of 25.6% in June 2006 with both M&HCV and the LCV sub-segments contributing to the growth. The LCV sales recorded a growth of 32.7%, whereas the M&HCV sales too reported a good growth of 20.8% in the domestic market.
- ♦ Tata Motors registered a sturdy growth of 38.9% in its domestic sales for June. Its sales of M&HCVs grew by 23.3% yoy, while that of the LCVs registered a strong growth of 63.8% yoy.
- ♦ Ashok Leyland too performed well with an overall growth of 22.9% in the M&HCV sales for June. Its domestic M&HCV sales grew by 18.1% while exports nearly doubled to 644 vehicles in June 2006. In the domestic market, its truck sales marked a growth of 39% while the sales of passenger vehicles registered a decline of 59%, as a major part of its share in the segment was captured by Tata Motors.
- ♦ Swaraj Mazda and Eicher Motors have also reported good growth numbers.

Commercial vehicles

Segment	Domestic sales			Mkt share (%)			Exports		
	Jun-06	YoY(%)	YTD(%)	Jun-06	Jun-05	Jun-06	YoY(%)	YTD(%)	
<i>M&HCVs (passenger carriers)</i>	2,095	9.8	32.5	6.2	7.1	772	264.2	167.6	
Tata Motors	1,208	84.1	135.9	57.7	34.4	354	321.4	207.7	
Ashok Leyland	428	-58.9	-39.8	20.4	54.6	407	324.0	149.4	
Swaraj Mazda	189	200.0	233.0	9.0	3.3	0	-	327.3	
Eicher Motors	233	95.8	112.2	11.1	6.2	3	-85.0	84.4	
Volvo India	37	27.6	-16.9	1.8	1.5	8	-33.3	-66.7	
<i>M&HCVs (goods carriers)</i>	17,489	22.3	54.4	51.5	52.9	829	6.1	-1.5	
Tata Motors	10,600	18.9	70.5	60.6	62.4	581	23.6	22.3	
Ashok Leyland	5,284	39.2	43.2	30.2	26.6	237	-0.4	-24.1	
Eicher Motors	1,255	23.2	14.5	7.2	7.1	11	-73.8	-74.8	
Swaraj Mazda	311	-38.3	-32.5	1.8	3.5	0	-	25.0	
Volvo India	34	-32.0	-29.1	0.2	0.3	0	-	-	
Total M&HCV	19,584	20.8	52.3	57.7	60.0		0.0	0.0	
<i>LCVs (passenger carriers)</i>	2,423	9.0	9.4	7.1	8.2	429	248.8	112.5	
Tata Motors	1,113	17.8	0.8	45.9	43.3	382	310.8	136.0	
Force Motors	419	0.2	-8.6	17.3	18.8	3	-66.7	-71.4	
M&M	443	17.8	0.8	18.3	16.9	7	-46.2	-19.0	
Swaraj Mazda	189	5.0	-7.8	7.8	8.1	0	-	-91.7	
Eicher Motors	207	6.2	2.3	8.5	8.8	37	3600.0	642.9	
<i>LCVs (goods carriers)</i>	11,947	38.8	47.9	35.2	31.9	2,035	39.5	25.2	
Tata Motors	8,644	73.1	99.9	72.4	58.0	1,613	32.0	15.1	
M&M	2,581	-2.0	-9.1	21.6	30.6	257	144.8	165.7	
Swaraj Mazda	145	-61.4	-55.5	1.2	4.4	0	-	-40.0	
Eicher Motors	338	2.1	11.8	2.8	3.8	151	51.0	19.3	
Force Motors	227	-15.6	-5.1	1.9	3.1	12	33.3	80.0	
Total LCVs	14,370	32.7	39.8	42.4	40.1	2,464	55.8	33.6	
Total CVs	33,929	25.6	47.2			4,065	58.1	37.9	

Source: SIAM, Sharekhan Research

Two-wheelers

Segment	Domestic sales			Mkt share (%)		Exports		
	Jun-06	YoY(%)	YTD(%)	Jun-06	Jun-05	Jun-06	YoY(%)	YTD(%)
Total 2-wheelers	631,687	23.9	18.8			57,907	18.6	22.7
<i>Scooters</i>	77,552	17.6	-0.9	12.3	12.9	5,351	-54.0	-42.9
HMSI	38,016	48.9	5.4	49.0	38.7	3,614	8.1	10.8
TVS Motor Co	24,618	13.1	3.0	31.7	33.0	609	-42.9	-21.3
BAL	4,230	-57.5	-70.7	5.5	15.1	406	-39.6	-85.5
Hero Honda	6,576	-	-	8.5	0.0	416	-	-
Kinetic Motor	4,112	-38.8	-32.3	5.3	10.2	306	45.7	-63.2
Kinetic Engg	0	-	-57.8	0.0	0.0	0	-	-
<i>Motorcycles</i>	527,434	26.9	22.8	83.5	81.5	50,339	48.6	45.3
Hero Honda	261,628	22.2	18.8	49.6	51.5	10,040	-16.5	-1.4
Bajaj Auto	158,758	30.7	26.7	30.1	29.2	24,791	167.7	130.4
TVS Motor Co	66,852	21.5	32.3	12.7	13.2	7,831	52.6	33.5
Yamaha	22,009	65.1	48.0	4.2	3.2	6,872	51.2	13.5
HMSI	12,421	171.7	4.0	2.4	1.1	443	-43.4	-57.6
<i>Mopeds</i>	26,701	-5.5	1.6	4.2	5.5	2,660	-35.0	-16.7
TVS Motor Co	24,989	5.0	13.7	93.6	84.2	1,780	35.2	67.8
Kinetic Engg	1,521	-13.8	-29.2	5.7	6.2	443	98.7	252.0
Majestic Auto	191	-92.9	-86.6	0.7	9.5	437	-82.9	-43.4

Source: SIAM, Sharekhan Research

Two-wheelers

- ♦ The growth in the two-wheeler segment continues to be led by the motorcycle sub-segment, which registered a growth of 26.9% in June 2006. The scooter sub-segment grew by a good 17.6% after the launch of some new models while the moped segment declined by 5.5%.
- ♦ Hero Honda, the leader in the motorcycle market, grew at a good rate of 22.2% in the domestic market. Towards the end of the month, the company launched its 125cc bike *Glamour* with fuel injection technology. The technology should give the product an edge over the others in the same category.
- ♦ Bajaj Auto reported excellent numbers with an overall growth of 33.1% in its two-wheeler sales. Its overall

motorcycle sales rose by 40.4% with the domestic sales registering a growth of 30.7%. Its two-wheeler exports surged by 154% to 25,197 vehicles.

- ♦ TVS Motors' two-wheeler volumes were up by 17.2% yoy, led by a 24.1% growth in motorcycles and a 10.5% growth in scooters. Its premium segment bike *Apache* has already been ranked as the Number 2 bike in the market. The volumes from *Star* continue to grow well. Its exports have reached the highest level ever with sales of 10,220 units.
- ♦ The winner of the month was Honda Motorcycle and Scooters India, which registered a whopping 171% growth in its domestic motorcycle sales and also a brilliant 48.9% growth in its scooter sales.

Three-wheelers

Segment	Domestic sales			Mkt share (%)		Exports		
	Jun-06	YoY(%)	YTD(%)	Jun-06	Jun-05	Jun-06	YoY(%)	YTD(%)
Total 3-wheelers	33,590	24.8	25.4			9,333	52.4	60.0
<i>3-whlrs (passenger carriers)</i>	20,265	24.4	27.2	60.3	60.5	6,024	53.9	62.2
Bajaj Auto	12,933	12.5	15.6	63.8	70.5	9,172	54.6	61.9
Piaggio Vehicles Pvt Ltd	5,881	61.9	64.3	29.0	22.3	66	-28.3	51.0
Scooters India	524	11.3	0.5	2.6	2.9	0	-	-
Bajaj Tempo	194	20.5	20.5	1.0	1.0	0	-	2700.0
Mahindra & Mahindra	265	136.6	64.0	1.3	0.7	0	-	-
<i>3-whlrs (goods carriers)</i>	13,325	25.5	23.0	39.7	39.5	60	-40.0	-38.7
Piaggio Vehicles Pvt Ltd	5,034	18.3	21.2	37.8	40.1	20	0.0	41.8
Bajaj Tempo	1,208	-26.6	-31.5	9.1	15.5	0	-	650.0
Bajaj Auto	3,582	45.5	41.0	26.9	23.2	0	-	-
Mahindra & Mahindra	2,223	134.0	76.8	16.7	8.9	0	-	-
Scooters India	621	16.7	0.2	4.7	5.0	0	-	-

Source: SIAM, Sharekhan Research

Three-wheelers

- ♦ The three-wheeler segment continued to grow well in June 2006 with the volumes rising by 24.8% for the month. The passenger sub-segment grew by 24.4% and the goods sub-segment grew by 25.5% during the month.
- ♦ Piaggio was the best performer during the month as the sales of its passenger carriers grew by 61.9% and that of its goods carriers rose by 18.3%.
- ♦ M&M registered a good growth of 134% in the goods segment and a 136.6% growth in the passenger segment.
- ♦ Bajaj Auto grew at 18.4% in the domestic market; the growth rate was lower than the industry growth rate. However, the lower growth in the domestic market was offset by a huge surge in the export sales, which grew by 52.6%.

Sharekhan auto universe

Company	CMP (Rs)	EPS		PER		EV/EBIDTA	
		FY07	FY08	FY07	FY08	FY07	FY08
Bajaj Auto	2,619.0	138.0	162.8	19.0	16.1	12.7	10.5
TVS Motor	91.3	8.2	13.8	11.2	6.6	6.0	3.4
Maruti Udyog	786.0	50.2	61.7	15.7	12.7	10.4	7.6
M&M	582.0	30.6	34.6	19.0	16.8	10.6	9.2
Tata Motors	767.0	47.0	54.6	16.3	14.0	9.9	8.6
Ashok Leyland	34.0	3.1	3.8	11.2	9.0	6.2	5.0
Omax Auto	71.6	14.9	20.8	4.8	3.4	3.8	2.9
Sundaram Clayton	850.0	54.5	74.7	15.6	11.4	13.2	9.2

Source: Sharekhan Research

The author doesn't hold any investment in any of the companies mentioned in the article.

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HDFC Bank
 Infosys Technologies
 Reliance Industries
 Tata Consultancy Services

Apple Green

Aditya Birla Nuvo
 Associated Cement Companies
 Bajaj Auto
 Balrampur Chini Mills
 Bharat Bijlee
 Bharat Heavy Electricals
 Corporation Bank
 Crompton Greaves
 Godrej Consumer Products
 Elder Pharmaceuticals
 Grasim Industries
 Hindustan Lever
 Hyderabad Industries
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 Indian Hotel Company
 ITC
 Mahindra & Mahindra
 Marico Industries
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