

Volume Update

Two wheelers continue to perform well

- Maruti's volume grows 5% YoY:** Maruti reported a rise of 5% YoY in volumes in September 2008 to 71,000 units. Growth was mainly fuelled by A3 segment (Dzire and SX4) and exports. Though A2 (Alto, WagonR, Zen & Swift) volumes were flat, Swift sales were highest ever - indicating slower sales of other models in that segment. Maruti 800 sales continue to decline and sales of its new dual fuel variant remain muted. Maruti plans to launch its new compact car A-star around mid-November. The new capacities at Manesar (~130,000 units) will be used for production of A-star. We believe sales in October 2008 (although a festive period) will remain muted as the new capacities will be on-stream only in November and current capacities could be stretched to produce ~70,000-71,000 units.

Exhibit 1: Maruti – September 2008 volume

	September			
	2008	2007	YoY (%)	MoM (%)
M800	3467	5,221	(33.6)	(6.7)
Omni, Versa	7416	6,350	16.8	13.4
Alto, Wagon-R, Zen, Swift	45621	46,216	(1.3)	21.1
Esteem, Dsire, SX4*	7413	4,885	51.8	36.6
Total Passenger Cars	63,917	62,672	2.0	19.8
Gypsy, Vitara	765	414	84.8	0.4
Domestic	64,682	63,086	2.5	19.5
Exports	6318	4362	44.8	9.0
Total Sales	71,000	67,448	5.3	18.5

Source: Company data. Note: Dzire launched in March 2008, Esteem figures are for 2007-08

- Bajaj Auto volumes grow 6% YoY, Exports grow faster at 43% YoY:** Motorcycle volumes for September 2008 grew by 6% YoY, leading to an overall volume growth of 6% YoY. The rise in sales was primarily on the back of a 43% YoY growth in export volumes. . Platina 125cc clocked sales of ~12,000 units in the first month of its launch. Three-wheelers volumes were up 2% YoY. Total domestic volumes declined 4% YoY. The company expects its domestic motorcycle sales to recover in 2H FY09 and post a double digit growth on back of new product launches and better festive season. We believe, lower base of previous year will do the trick.

Exhibit 2: Bajaj Auto – September 2008 volume

	September			
	2008	2007	YoY (%)	MoM (%)
Motorcycles	217,365	204,152	6	24
Scooter (Ung geared)	1,129	2,056	(45)	(17)
Total two-wheelers	218,494	206,208	6	24
Three-Wheelers	26,887	26,288	2	11
Total	245,381	232,496	6	22
<i>Exports of above</i>	<i>68572</i>	<i>48048</i>	<i>43</i>	<i>(4)</i>
<i>Total Domestic</i>	<i>176,809</i>	<i>184,448</i>	<i>(4)</i>	<i>36</i>

Source: Company data.

Exhibit 3: Share of exports rise

	FY06	FY07	FY08	April-September 2008
Export as % of total sales	11	16	25	32

Source: Company data.

- Hero Honda's volumes up 22% YoY:** Hero Honda's overall sales volume grew by 22% YoY for the month of September 2008 to 385,262 units. We believe, Hero's strong distribution reach even in rural and upcountry areas is aiding this growth. The cumulative sales of the company for April – September 2008 grew at 20% YoY to 1.86mn units. The company is confident of performing well in October 2008 on back festive season in India.

Exhibit 4: Hero Honda – September 2008 volume

	September			
	2008	2007	YoY (%)	MoM (%)
Two wheelers	385,262	314,567	22	26

Source: Company data

- TVS Motor's volumes jumped 19% YoY:** TVS Motor's sales grew by 19% YoY. Motorcycles grew 32% YoY due to strong exports and buildup of inventory ahead of the festive season in the domestic market. Scooter sales were flat, while mopeds sales were up 15% YoY. For April-September 2008, overall volumes grew 9% YoY.

Exhibit 5: TVS Motor – September 2008 volume

	September			
	2008	2007	YoY (%)	MoM (%)
Scooters	27,108	27,199	(0.3)	6.8
Motor Cycles	71,278	53,991	32.0	36.3
Mopeds	38,860	33,901	14.6	6.1
Total	137,246	115,091	19.2	20.1
<i>Exports of the above</i>	<i>18,229</i>	<i>13,036</i>	<i>39.8</i>	<i>21.4</i>
<i>Total Domestic</i>	<i>119,017</i>	<i>102,055</i>	<i>16.6</i>	<i>26.5</i>

Source: Company data.

- M&M's UVs back on track, domestic tractor growth down 6% YoY:**
 M&M's UV sales jumped 31% YoY mainly on back of higher sales of pickups and rural centric UV viz. Bolero. The three wheelers are growing on a lower base and grew 85% YoY. Tractors sales in the domestic market suffered due to 'shradh' period running in the second half of September 2008. However, we expect tractor sales of pickup pace in October 2008 with the onset of festive season.

Exhibit 6: M&M – September 2008 volume

	September			
	2008	2007	YoY (%)	MoM (%)
Automotive				
Utility Vehicles	16,059	12,246	31	37
LCVs *	730	930	(22)	(10)
Logan **	1,752	2,185	(20)	20
Four-wheelers	18,541	15,361	21	32
Three-wheelers	5,940	3,208	85	38
Total domestic	24,481	18,569	32	34
Exports	946	1,302	(27)	6
Total Automotive Sales	25,427	19,871	28	32
Tractors				
Domestic	7,601	8,101	(6)	9
Exports	481	567	(15)	(19)
Total tractors	8,082	8,668	(7)	6
Grand Total	33,509	28,539	17	25

Source: Company data. Note: * LCV sales of Mahindra International, ** Mahindra Renault Pvt. Ltd.

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