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EQUITY MARKETS

India	2-Jul	Change, % 1-day	1-mo	3-mo
Sensex	14,664	0.1	0.6	16.2
Nifty	4,314	(0.1)	0.4	16.9
Global/Regional indices				
Dow Jones	13,535	0.9	(1.0)	8.2
Nasdaq Composite	2,632	1.1	0.7	7.4
FTSE	6,591	(0.3)	(1.3)	3.5
Nikkie	18,207	0.3	1.4	5.6
Hang Seng	21,773	(0.8)	5.7	9.9
KOSPI	1,794	1.3	4.5	22.6

Value traded - India

	2-Jul		Moving avg, Rs bn 1-mo	3-mo
Cash (NSE+BSE)	137.1		135.3	135.5
Derivatives (NSE)	340.6		269.9	288.8
Deri. open interest	636.5		520.7	399.3

Forex/money market

	2-Jul	Change, basis points 1-day	1-mo	3-mo
Rs/US$	40.7	-	14	(241)
6mo fwd prem, %	0.7	(25)	71	24
10yr govt bond, %	8.1	(9)	3	17

Net investment (US$mn)

	28-Jun		MTD	CYTD
FIIs	(108)		327	4,274
MFs	37		111	(5)

Top movers -3mo basis

Best performers	2-Jul	Change, % 1-day	1-mo	3-mo
BALAJI TELEFILMS L	231	3.3	4.5	81.3
RELIANCE CAPITAL	1,104	1.4	13.6	78.8
GREAT EASTERN SH	351	(1.5)	20.1	74.8
INDUS DVLP BANK C	121	2.3	24.2	68.3
STATE BANK OF IND	1,531	0.4	11.1	65.2
Worst performers				
RAYMOND LIMITED	306	(0.7)	(4.0)	(10.4)
POLARIS SOFTWARI	153	0.1	(5.1)	(9.7)
PUNJAB TRACTORS	276	1.1	(11.8)	(8.8)
DR. REDDY'S LABOI	661	0.7	1.9	(8.1)
BAJAJ AUTO LIMITE	2,129	0.0	(4.7)	(7.0)

News Roundup

Corporate

- Propelled by new car launches, including Maruti's SX4, M&M's Logan and GM's Chevrolet Spark, passenger car sales grew 18.48 % in June-2007 over the same month last year. (BS)
- Oil and Natural Gas Corp (ONGC) plans to invest about Rs110 bn in redevelopment of its prime Mumbai High oilfields to arrest production decline from the ageing field. (FE)
- Larsen & Toubro (L&T) is planning to set up separate companies to pursue its shipbuilding and power equipment manufacturing businesses, aiming to generate Rs80 bn in 5 years from these businesses. (FE)
- Neyveli Lignite Corporation Ltd (NLC) is floating a joint venture coal mining company with Mahanadi Coalfields Ltd (MCL) and Hindalco Industries for Talabira II and III coal blocks. The proposed JV intends to mine around 20 mn tonne of coal a year, starting in 2009-10. (FE)

Economic and political

- Amid concerns over the rising rupee value, exports growth slowed down to 18.07% in May this year at US$11.86 bn. Imports rose 26.36% to US$18.07 bn, leaving a trade deficit of US$6 bn, according to official data released yesterday. (BS)
- The Bombay Stock Exchange's Sensex finally scaled a new peak on Monday, closing at 14,664.26 points (up 13.75 points or 0.09 per cent over Friday). (ET)

Source: ET = Economic Times, BS = Business Standard, FE = Financial Express, BL = Business Line.

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Telecom

Sector coverage view	Cautious

		Price, Rs	
Company	Rating	2-Jul	Target
Bharti	U	837	600
Rcom	U	530	400
MTNL	U	162	135
VSNL	OP	474	560
Idea Cellular	U	125	100

Towers of Babel

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- **Passive infrastructure cost sharing-key driver for business**
- **Tower sharing can reduce total cost of ownership by 16-23%**
- **Valuation: US$23 bn for the entire portfolio of telecom towers in India**
- **Too many players vying for the pie; we prefer operator-promoted companies**

We value the telecom tower business opportunity in India at about US$23 bn (enterprise value on 12-month forward basis) treating the entire tower portfolio of the industry as an independent tower company. We compute incremental value of US$3.8 bn (Rs83/share) and US$1.6 bn (Rs33/share) for Bharti Airtel (Bharti) and Reliance Communications (RCL), respectively. We value the tower businesses (on an EV basis) as independent entities at US$7.6 bn and US$4.6 bn, respectively.

Passive infrastructure cost sharing-key driver for business

We see significant sharing of passive infrastructure costs, which account for nearly 50% (for a rooftop tower) to 65% (for ground-based tower) of cell site costs, as the key driver for the telecom tower business. The key capex elements that can be shared include antenna masts, shelters and electrical equipment. The major operating costs that can be shared include security, site rentals and other SG&A expenses.

Tower sharing can reduce total cost of ownership by 16-23%

We believe that leasing of towers can reduce total cost of ownership of towers by 16-23%. Indian tower companies indicate that they work on 11% IRR with one tenant, 13% with two tenants and 15% with three tenants. We expect leasing to impact EBITDA margins of telecom service providers by 1.9% (negative) and EBIT margin by 0.7% (positive).

Valuation: US$23 bn for the entire portfolio of telecom towers in India

The tower business has high fixed costs; income from incremental tenants has 80%+ EBITDA margins. Thus, average tenants per tower and mix of towers are key variables for valuations. The business is capital intensive and front loaded, which makes good financing terms and optimal debt-equity ratios, critical for value creation.

Too many players vying for the pie; we prefer operator-promoted companies

Independent tower companies (GTL, Quipo, Essar, Xcel) and telecom operator-promoted companies (Reliance and Bharti) are rolling out towers aggressively. We prefer operator-driven tower companies due to: (1) availability of an anchor tenant and (2) strong parentage, which will result in debt funding at competitive rates. We compute that the independent tower businesses of Bharti and RCL can add Rs83 and Rs33 to our 12-month forward DCF-based target prices of Rs600 and Rs400, respectively.

Valuation summary of Indian telecom stocks

	Price (Rs)		Mkt cap		PER (X)			EV/EBITDA (X)		
Company	2-Jul-07	Rating	(Rs bn)	(US$ mn)	2007	2008E	2009E	2007	2008E	2009E
Bharti Airtel	837	U	1,589	39,100	37.7	24.0	18.0	22.1	14.0	10.4
Reliance Communications	530	U	1,083	26,649	36.1	23.9	16.8	19.0	13.6	10.2
Idea Cellular	125	U	328	8,078	57.1	38.0	30.2	24.1	16.0	12.3

Source: Company data, Kotak Institutional Equities estimates.

Infrastructure

GMRI.BO, Rs765	
Rating	U
Sector coverage view	Attractive
Target Price (Rs)	675
52W High -Low (Rs)	779 - 205
Market Cap (Rs bn)	253.2

Financials

March y/e	2007E	2008E	2009E
Sales (Rs bn)	17.0	17.5	30.1
Net Profit (Rs bn)	1.7	2.9	3.4
EPS (Rs)	5.3	8.8	10.3
EPS gth	*97.5*	*66.6*	*17.6*
P/E (x)	145.2	87.1	74.1
EV/EBITDA (x)	50.7	57.2	28.1
Div yield (%)	-	-	-

Shareholding, March 2007

	Pattern	% of Portfolio	Over/(under) weight
Promoters	80.6	-	-
FIIs	8.9	0.2	0.2
MFs	0.2	0.0	0.0
UTI	-	-	-
LIC	-	-	-

GMR Infrastructure: Raise target price based on rollover and higher real estate valuation, reduce rating to Underperform

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- **Conference call highlights - confirms FSI of 3.0 in Delhi, no details of further development plans**
- **Highlight several factors that could explain sharp run up in stock price as well as risks inherent in real estate valuation**
- **Revise our SOTP based target price to Rs675 (from Rs465 earlier) based on roll over and higher valuation of real estate, reduce rating to Underperform from Outperform**

GMR Infrastructure's management has highlighted that FSI of 3.0 is possible in the entire Delhi real estate development, however, no definitive plans for the development of the rest of the real estate in Delhi (about 20 acres) and Hyderabad (1000 acres from 700 acres earlier) have been shared. We highlight factors such as (a) revenue share in Delhi airport and (b) user development fees in Hyderabad airport that could explain the difference in our valuation vis-s-vis the current market price as well as several risks inherent in real estate valuation. We revise our SOTP-based target price to Rs675/share (from Rs465 earlier) as we roll over to a March 09 basis and significantly higher valuation of real estate at Hyderabad and Delhi Airport. Real estate now accounts for 37% of our overall valuation for the company versus about 18% earlier. We reduce our rating to Underperform from Outperform based on (a) very sharp run up in the past three months and (b) no upside based on our SOTP valuation for the company.

Conference call highlights - confirms higher FSI of 3.0 in Delhi, no details of plans for remaining portion of Delhi and Hyderabad land bank

GMR Infrastructure highlighted that there is no FSI restriction in Delhi as per the Delhi Development Authority (DDA) master plan and the only restriction relates to the height of the building (about 22 to 28 metres - approx. 7 or 8 floors). GMR management has not shared any definitive plans for the development of the rest of the real estate in Delhi (about 20 acres) and Hyderabad (1000 acres from 700 acres earlier). GMR Infrastructure has appointed John Lang Lasalle as a consultant for its Hyderabad and Delhi real estate development plans; their inputs are expected to come in another six months or so.

Delhi real estate development model - higher FSI help realize higher value

Changes to our model for valuation of real estate in Delhi airport include; (a) higher FSI of 3.0 versus 1.5 earlier, (b) realization of Rs30 bn to be utilized as quasi-equity from 45 acres versus our earlier expectation of 68 acres, (c) development spread over six years, starting FY2010, beyond the initial tranche of 45 acres, versus our initial expectation of five years (Exhibit 1). We have spread the development over an additional year led by the fact that management has not clearly outlined any development plan for rest of the real estate and next development step after hospitality district is expected only in FY2010.

Hyderabad real estate development model - significant increase in available area and FSI

GMR management has guided for a potential developable area of 1,000 acres versus 700 acres earlier - this increase likely comes from inclusion of some common areas in the airport for real estate development. We now model an FSI of 2.5 in Hyderabad versus our expectation of 2.0 earlier (Exhibit 2).

Highlight several factors that could explain sharp run up in stock price and risks

We believe the recent sharp run up in the stock price may have been led by favorable assumptions regarding several factors in airport business as well as real estate valuation (Exhibit 3). We highlight two such factors:

1. Revenue share in Delhi Airport - We have assumed a full revenue share of 45.99% for the government in commercial revenues from real estate development. If 75% of the value of the entire real estate could be realized upfront as refundable deposit and DIAL avoids revenue share on that component, then our target price would be higher by Rs58/share.
2. User development fees at Hyderabad airport - We have assumed that GMR would charge UDF from 50% of departing passengers. We believe this may invite regulatory scrutiny based on the fact that (a) UDF is significant compared to average air ticket price of Rs3,500-5000 per passenger and (b) Hyderabad airport is highly profitable - RoE exceeds 35% in first full year of operations i.e. FY2010.

Several risks inherent in real estate valuation

We highlight several risks in valuation of real estate development for land at both Delhi and Hyderabad airport.

1. Absorption of large real estate development around Delhi and Hyderabad airport over the span of next seven-ten years when other real estate developers are aggressively developing real estate in neighboring areas like Gurgaon and land owned by Hyderabad Airport Development Authority.
2. SEZ development unlikely to be as valuable because of (a) competition - 45 SEZs with potential developable area of 9,500 acres has received formal approval from the government, (b) initial tranches of SEZ real estate are sold at low rates (just enough to recover infrastructure development costs) to get anchor clients. Development of SEZ would however help in realizing better value for parcel of land to be developed later for commercial and residential purposes.
3. Impact of volatility in property prices magnifies as the contribution of real estate to the total company valuation increases.

Revise our SOTP based target price to Rs675 based on roll over and higher valuation of real estate, reduce rating to Underperform

We have revised our SOTP-based target price to Rs675/share from Rs465 earlier owing to our rollover to a March 09 basis as well as significantly higher valuation of real estate at Hyderabad and Delhi airports (Exhibit 4). Real estate now accounts for 37% of our overall valuation for the company versus about 18% earlier. Other changes to model include (a) lower margins in the roads segment as reported in FY2007 results, (b) lower number of passengers in Hyderabad airport (5.8 mn in FY2007 versus our expectation of 6.3 mn passengers earlier) and (c) higher losses in Vemagiri plant versus our earlier expectation.

We reduce our rating to Underperform from Outperform earlier based on (a) very sharp run up in the last three months and (b) even with aggressive assumptions for valuation of real estate as well as core business, the stock price does not leave any upside from our SOTP valuation.

Exhibit 1. We value real estate around Delhi at Rs61 bn

DCF Valuation of real estate associated with Delhi International Airport Ltd., March fiscal year-ends 2011E-2066E, (Rs mn)

Total land for commercial development (acres)	250
Floor Space Index (FSI) (#)	3
Available area (acres)	250
Available area (mn Sq. ft)	33

Used to part fund the capital expenditure, thus doesnot form part of the real estate valuation of Rs61.8 bn

Development schedule	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2066E
Area developed (acres)	45.0		34.2	34.2	34.2	34.2	34.2	34.2	
Area developed (mn sq. ft)	5.9		4.5	4.5	4.5	4.5	4.5	4.5	
Selling price (Rs/sq. ft)	5,051		10,800	11,340	11,907	12,502	13,127	13,784	
Cost of development (Rs/sq. ft)	0		2,000	2,100	2,205	2,315	2,431	2,553	
Net proceeds (Rs mn)	30,000		39,688	41,672	43,756	45,944	48,241	50,653	
Net proceeds (Rs mn, post tax)	30,000		26,194	27,504	28,879	30,323	31,839	33,431	
Revenue share to AAI (%)	0		46	46	46	46	46	46	
Net proceeds after revenue share (Rs mn)	30,000		14,147	14,855	15,598	16,377	17,196	18,056	(30,000)
Discounted value (Rs mn)	30,000.0		12,410.0	11,430.3	10,527.9	9,696.7	8,931.2	8,226.1	(220.7)

Sum of DCF (Rs mn)	**61,002**

Source: Company data, Kotak Institutional Equities estimates

Exhibit 2. We value real estate around Hyderabad at Rs82.5 bn

DCF Valuation of real estate associated with GMR Hyderabad International Airport Ltd., March fiscal year-ends 2011E-2020E, (Rs mn)

Total land for commercial development (acres)	1,000
Floor Space Index (FSI) (#)	3
Available area (acres)	1,000
Available area (mn sq. ft)	110

Development schedule	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E
Area developed (acres)	100	100	100	100	100	100	100	100	100
Area developed (mn sq. ft)	11	11	11	11	11	11	11	11	11
Selling price (Rs/sq. ft)	3,150	3,308	3,473	3,647	3,829	4,020	4,221	4,432	4,654
Cost of development (Rs/sq. ft)	1,155	1,213	1,273	1,337	1,404	1,474	1,548	1,625	1,706
Net proceeds (Rs mn)	21,945	23,042	24,194	25,404	26,674	28,008	29,408	30,879	32,423
Net proceeds (Rs mn, post tax)	14,484	15,208	15,968	16,767	17,605	18,485	19,410	20,380	21,399
Revenue share of AAI (%)	4	4	4	4	4	4	4	4	4
Net proceeds after revenue share (Rs mn)	13,904	14,600	15,330	16,096	16,901	17,746	18,633	19,565	20,543
Discounted value (Rs mn)	10,699	9,854	9,076	8,360	7,700	7,092	6,532	6,016	5,541

Sum of DCF (Rs mn)	**82,487**

Source: Company data, Kotak Institutional Equities estimates

Exhibit 3. Valuation is highly sensitive to several key assumptions

Sensitivity of SOTP valuation to critical factors

		Impact (Rs/share)
Delhi-revenue share to government on commercial revenues from real estate		
Base case	Revenue share of 45.99% to government	
Optimistic	Revenue share on only 25% of real estate value	58.0
Pessimistic	Revenue share on initial tranche of Rs30 bn also	(42.0)
Hyderabad-user development fees (Rs)		
Base case	Levied on only 50% of departing passengers	
Optimistic	Levied on all passengers	67.0
Pessimistic	Reduced to Rs300 for all passengers	(9.0)

Source: Kotak Institutional Equities estimates

Exhibit 4. We value GMR at Rs675/share based on SOTP, real estate now accounts for 37% of the value

GMR - SOTP valuation

	Total asset value		GMR's stake	Value of GMR's stake			
	(Rs bn)	(US$ mn)	(%)	(Rs bn)	(US$ mn)	(Rs/share)	(% Contribution)
Airports	**343.0**	**7,977**		**194.0**	**4,512**	**586.7**	**86.9**
Delhi Airport	**171.3**	**3,985**	**50.1**	**85.8**	**1,996**	**259.6**	**38.4**
Core	110.3	2,566		55.3	1,286	167.2	24.8
Real estate	61.0	1,419		30.6	711	92.4	13.7
Hyderabad Airport	**171.7**	**3,992**	**63.0**	**108.2**	**2,515**	**327.1**	**48.4**
Core	89.2	2,074		56.2	1,307	169.9	25.2
Real estate	82.5	1,918		52.0	1,209	157.2	23.3
				-	-	-	-
Roads	**15.2**	**354**		**14.1**	**327**	**42.6**	**6.3**
GTTEPL	2.7	62	74.0	2.0	46	6.0	0.9
GTAEPL	1.8	41	74.0	1.3	31	4.0	0.6
GPEPL	0.7	17	100.0	0.7	17	2.2	0.3
GACEPL	2.2	52	100.0	2.2	52	6.8	1.0
GJEPL	3.7	85	100.0	3.7	85	11.1	1.6
GUEPL	4.2	97	100.0	4.2	97	12.6	1.9
Power	**13.8**	**321**	**-**	**11.6**	**270**	**35.0**	**5.2**
Vemagiri	4.2	98	100.0	4.2	98	12.8	1.9
Mangalore	5.1	117	100.0	5.1	117	15.3	2.3
Basin Bridge	4.5	105	51.0	2.3	54	7.0	1.0
Net cash at parent level	**3.6**	**84**	**100.0**	**3.6**	**84**	**11.0**	**1.6**
Grand total	**376**	**8,737**		**223**	**5,193**	**675**	**100.0**

Source: Kotak Institutional Equities estimates

Automobiles

June 07 sales: 2W continue to decline; UV and passenger car volumes grow

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- **Bajaj Auto: Volumes continue to slide with fourth consecutive double-digit decline**
- **Hero Honda: Volumes decline in line with industry but fall not as sharp as peers**
- **TVS Motor: Rapid decline in motorcycle volumes continues**
- **Maruti: Compact cars, SX4 drive volume growth**
- **M&M: Growth in UV sales continues; Logan volumes lower than May**
- **Tata Motors: M&HCV sales grow on mom basis, car volumes decline over high interest rates**

June witnessed de-growth in volumes for the 2-wheeler segment across all players. While Bajaj continued to post double-digit decline in volumes for the fourth consecutive month, TVS and Hero Honda saw their volumes decline 15% and 8%, respectively. Maruti continued with its growth backed by the run-away success of its recent launches - Zen Estilo, Swift and SX4, while Mahindra-Renault's Logan had recorded a decline in volumes in only its second month. Tata Motors reported flat M&HCVs volumes for June while its LCV sales declined 1% for the month. Car sales for Tata Motors also declined 11% in June.

Bajaj Auto: Volumes continue to slide with fourth consecutive double-digit decline

Bajaj Auto reported a 12% yoy decline in motorcycle sales in June – this is the fourth month in a row that it has reported a double-digit decline in motorcycle volumes. Three-wheeler sales for Bajaj have declined 11% yoy in June. However, total exports have grown 42% yoy. Bajaj, as indicated earlier, is shifting its focus to the 125cc bikes and has announced that is has completed the pre-production of the new 125cc bikes. It expects to launch these bikes in Sep 08. The company aims to achieve a target of 50,000 bikes-a-month by Jan 08. 1QFY08 total 2W sales volume for the company has declined 13% as compared to 1QFY07.

Our estimates factor in 7.5% domestic growth for motorcycles and 12% decline for 3Ws in FY2008, both of which have more downside risk than upside risk if the falling trend in volume growth continues, or if the launch of the new bike is delayed or if Bajaj finds itself unable to meet the initial targets. The residual growth required in case of motorcycles is 17%.

Hero Honda: Volumes decline in line with industry but fall not as sharp as peers

Hero Honda's June 2W sales declined 8% yoy and 11% mom. Hero Honda has recently announced production cuts, clearly indicating lack of growth in industry volumes. However, with Bajaj and TVS continuing to report sharp declines in volumes, Hero Honda's volumes have seen lower de-growth. Our estimates factor in 8% domestic growth for Hero Honda in motorcycles in FY2008. We see downside risk to this estimate keeping in mind slowing 2W industry as witnessed from declining volume growth across players.

TVS Motor: Rapid decline in motorcycle volumes continues

Motorcycle sales for TVS Motor declined 37% yoy in June while it had recorded a 37% yoy decline in May as well. Scooters grew by 3% yoy while mopeds did better growing 26% yoy. The decline in motorcycle sales continues for the fourth month in a row for TVS Motors. Our estimates for the company factor in 8% volume growth across the three segments in FY2008. The company plans to launch new bikes in the second half of FY2008 in a bid to boost sales.

Maruti: Compact cars, SX4 drive volume growth

Domestic car sales for Maruti grew 25% yoy in June. Export volumes grew marginally at 3% yoy, resulting in a total sales growth of 24% yoy for June. The 25% domestic growth in June is driven mainly by growth in compact cars and in the mid-size segment. The compact-car segment, comprising the Zen and Swift, grew 38% yoy driven by the continued success of the Zen Estilo and Swift. The mid-size car segment grew 46% yoy led by the run-away success of the SX4 which has taken the competition (Honda City) head on and outdone it by a handsome margin. The M-800 reported a 20% yoy decline while the Van-segment grew 24% yoy. In our opinion, the recently launched Sx4 sedan should improve sales further as it is strategically positioned to take on Honda City in terms of price and features. The impact of SX4 is being seen already as Honda City's volumes have declined in the past month. Maruti is not being able to meet the strong demand for SX4 as it had taken a week-long production shut down. Besides, it is facing capacity constraints – additional capacity shall be available in FY2009.

We believe that going forward, Maruti's volumes will depend upon the success of its recent launches – SX4, Zen Estilo and Swift (both diesel and petrol). Our estimates for Maruti factor in total volume growth of 11% for FY2008.

M&M: Growth in UV sales continues; Logan volumes lower than May

M&M reported better-than-expected 34% yoy growth for UVs in June. Scorpio has reported yoy growth of 32%. The LCV volumes have grown at 28% yoy in June. Meanwhile, tractor sales growth continued to disappoint with a 3%yoy decline in June. While domestic tractor volumes were flat, tractor exports declined 36%. 3-wheeler sales grew at 12% yoy for M&M. Logan, which was launched in May saw sales volume of 2,389 vehicles in June, 14% lower than 2,786 cars in its launch month. M&M has launched its Pik-up in Australia in partnership with TMI Pacific. Our estimates for M&M factor in UV growth of 13%, tractor growth of 10% and 3W growth of 15% in FY2008.

Tata Motors: M&HCV sales grow on mom basis, car volumes decline over high interest rates

Tata Motors' domestic CV sales grew 2% yoy in June. Its M&HCV sales have remained flat on a yoy basis but have grown 12% mom. However, the LCV segment, recorded a 1% yoy decline. This is for the first time in over two months that the company has shown a negative growth in LCVs. The CV exports grew 25% yoy in June on a yoy basis. Passenger car sales declined 11% yoy while UV sales grew 12% yoy in June. According to the company, the sluggishness in the industry continues on account of the high interest rates. Our FY2008 estimates for Tata Motors factor in domestic growth of 2.5% for M&HCVs, 10% for LCVs and 7.5% for cars and UVs.

Reported monthly sales of top two-wheeler companies - June 2007

	Jun-07	Jun-06	yoy %	May-07	mom %	YTD, FY2008	YTD, FY2007	yoy %	FY2008 growth forecast
Bajaj Auto									
Geared Scooters	-	3,301	-100.0%	-		-	4,557	-100.0%	-100.0%
Ungeared Scooters	2,505	1,335	87.6%	2,319	8.0%	6,212	3,475	78.8%	100.0%
Step thrus	-	-		-	0.0%	-	-		-
Motorcycles	162,253	183,549	-11.6%	167,008	-2.8%	493,565	568,187	-13.1%	9.7%
Total 2-Wheelers	**164,758**	**188,185**	**-12.4%**	**169,327**	**-2.7%**	**499,777**	**576,219**	**-13.3%**	**10.0%**
3 Wheelers	22,866	25,687	-11.0%	24,110	-5.2%	71,336	70,875	0.7%	1.9%
TVS Motor									
Motorcycles	47,380	74,683	-36.6%	49,651	-4.6%	150,530	233,816	-35.6%	8.2%
Scooty	25,962	25,227	2.9%	25,280	2.7%	70,040	63,592	10.1%	7.5%
Moped	33,775	26,769	26.2%	33,220	1.7%	99,591	78,866	26.3%	7.5%
Total 2-Wheelers	**107,117**	**126,679**	**-15.4%**	**108,151**	**-1.0%**	**320,161**	**376,274**	**-14.9%**	**7.9%**
Hero Honda									
Total 2-Wheelers	255,200	278,660	-8.4%	285,109	-10.5%	802,853	832,692	-3.6%	7.4%

Source: Company, Kotak Institutional Equities.

4-wheelers June 2007 sales performance

	Jun-07	Jun-06	yoy %	May-07	mom %	YTD, FY2008	YTD, FY2007	yoy %	FY2008 growth estimate
Tata Motors									
M&HCV	11,763	11,808	-0.4%	10,500	12.0%	32,655	36,115	-9.6%	2.5%
LCV	9,654	9,757	-1.1%	10,175	-5.1%	29,044	26,535	9.5%	10.0%
Domestic CV sales	21,417	21,565	-0.7%	20,675	3.6%	61,699	62,650	-1.5%	5.7%
CV Exports	3,678	2,930	25.5%	2,946	24.8%	9,592	7,735	24.0%	14.2%
Total CV	**25,095**	**24,495**	**2.4%**	**23,621**	**6.2%**	**71,291**	**70,385**	**1.3%**	**6.6%**
UV	3,791	3,366	12.6%	3,447	10.0%	10,635	8,923	19.2%	7.6%
Passenger Cars	15,431	17,362	-11.1%	15,490	-0.4%	45,435	46,354	-2.0%	7.8%
Total	**44,317**	**45,223**	**-2.0%**	**42,558**	**4.1%**	**127,361**	**125,662**	**1.4%**	**7.0%**
Mahindra & Mahindra									
UVs	10,597	7,882	34.4%	10,986	-3.5%	31,171	25,216	23.6%	12.5%
LCVs	1,033	808	27.8%	1,006	2.7%	2,681	1,930	38.9%	-
Logan	2,389	-	-	2,786	-14.2%	5,175	-	-	-
Tractors	10,089	10,410	-3.1%	8,142	23.9%	27,291	27,366	-0.3%	10.0%
3 Wheelers	2,795	2,488	12.3%	2,536	10.2%	7,336	6,582	11.5%	15.0%
Total	**26,903**	**21,588**	**24.6%**	**25,456**	**5.7%**	**73,654**	**61,094**	**20.6%**	**11.8%**
						-	-		
Maruti Udyog									
Entry (A) segment	6,214	7,796	-20.3%	5,456	13.9%	17,994	20,300	-11.4%	-24.0%
Van-segment	8,017	6,464	24.0%	6,496	23.4%	20,631	16,809	22.7%	7.7%
Compact (B) segment	37,646	27,228	38.3%	38,889	-3.2%	110,413	91,450	20.7%	19.0%
Mid-size (C) segment	3,923	2,680	46.4%	5,009	-21.7%	11,056	7,571	46.0%	11.1%
MUV	200	458	-56.3%	102	96.1%	510	974	-47.6%	9.4%
Domestic	**56,000**	**44,626**	**25.5%**	**55,952**	**0.1%**	**160,604**	**137,104**	**17.1%**	**11.7%**
Exports	3,917	3,799	3.1%	3,448	13.6%	9,065	7,844	15.6%	1.8%
Total	**59,917**	**48,425**	**23.7%**	**59,400**	**0.9%**	**169,669**	**144,948**	**17.1%**	**11.1%**

Source: Company, Kotak Institutional Equities.

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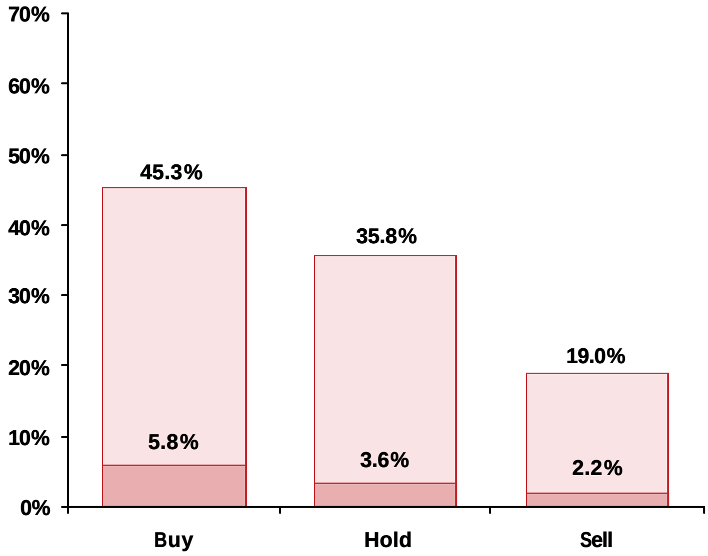

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Source: Kotak Institutional Equities. As of March 31, 2007

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