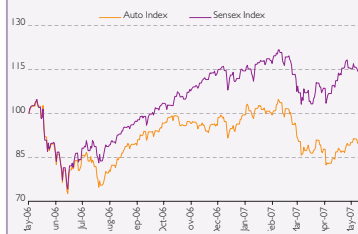


Automobiles

Monthly volume update – April 2007

Pit Stop

Auto Index vis-à-vis Sensex



Company	Bloomberg	Reuters
Bajaj Auto	BJA IN	BJAT.BO
M&M	MM IN	MAHM.BO
TVS Motors	TVSL IN	TVSM.BO
Ashok Leyland	AL IN	ASOK.BO
Tata Motors	TTMT IN	TELC.BO
Hero Honda	HH IN	HROH.BO
Maruti Udyog	MUL IN	MRTI.BO

Industry highlights

Bajaj triggers a fresh price war in Motorcycle segment; cuts Platina price by ~Rs3,000

Government offloads residual 10.27% stake in Maruti Udyog at an average price of Rs797 per share

Flurry of new car launches in the compact and the A3 segments to heat up competition

Maruti Udyog cuts prices by Rs3,000-5,000 across models to pass on the CST concession of 1%

Tata Motors forms a JV with Iveco in CV space and buys out residual 79% stake in Hispano Carrocera

Industry volume snapshot (for April 2007)

Segment	Domestic sales			Total sales		
	April-06	April-07	Growth (%)	April-06	April-07	Growth (%)
Motorcycles	512,695	463,091	(9.7)	552,043	516,857	(6.4)
PCs	74,542	82,934	11.3	90,039	96,955	7.7
UVs	15,179	16,910	11.4	15,484	17,120	10.6
LCVs	10,854	13,175	21.4	12,794	15,818	23.6
MHCVs	18,113	17,661	(2.5)	19,020	18,994	(0.1)

Source: SIAM, SSKI Research

Stock valuations and relative performance

SSKI Auto Universe	Rating	FY09E		Relative performance (%)	
		EV/EBIDTA (x)	PER (x)	1-mth	3-mth
Ashok Leyland	Neutral	6.3	10.8	(3.7)	(17.4)
Bajaj Auto	Neutral	12.2	18.5	13.9	(6.0)
Hero Honda	Neutral	8.5	14.5	5.1	2.3
Maruti Udyog	Outperformer	7.8	12.0	(2.8)	(11.0)
M&M	Outperformer	6.5	9.8	(5.1)	(17.2)
Tata Motors	Outperformer	5.6	9.9	(5.2)	(16.7)
TVS Motors	Underperformer	6.9	14.8	5.7	(12.3)

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Key industry developments

Bajaj Auto cuts *Platina* prices by ~Rs3,000; passes on tax sops accruing from the new plant in Uttarakhand (initial capacity of 1million units)

Tata Motors on a global expansion spree:

- ✓ A joint venture with Iveco in the CV space to get ready access to Iveco's worldwide distribution network and latest generation of engines
- ✓ Buys out residual 79% stake in Spain's Bus and Coach maker Hispano Carrocera

New launches to heat up competition in mid-sized cars segment

- ✓ Mahindra-Renault launched the no-frills *Logan* in both petrol and diesel variants
- ✓ MUL launched *SX4* as a replacement to *Baleno*

Flurry of new launches in compact cars segment with launch of *Getz Prime*, *Fiat Palio Stile* and *Chevrolet Spark*

- ✓ These cars qualify for lower 16% excise duty structure and thus are aggressively priced

Maruti cuts prices by Rs3,000-5,000 across models to pass on the CST concession of 1%; price cut to dilute the impact of higher interest rates

Bajaj Auto to roll out CNG two wheelers by June 2007; also plans a foray into 250cc bikes in collaboration with Kawasaki

Successful launches of *CBZ Xtreme* (Hero Honda) and the new *Honda Unicorn* to increase competition in the premium bikes segment – Bajaj Auto likely to feel the heat

M&M board approves raising Rs13.5bn to finance capacity expansion, new product development, etc via FCCB and/or QIP route

Government offloads residual 10.27% stake in Maruti Udyog at an average price of Rs797 per share; highest bid at Rs850 per share

Honda to set up a second plant in India (Rajasthan) for small cars with initial capacity of 50,000 units p.a.

BMW kicks off production at Chennai plant for assembly of the 3 and 5 series cars

Motorcycles: Subdued volumes due to build up in channel inventory

Considerable slow down in volumes, particularly in entry/executive segment, due to high inventory build up in the system (-40-45 days vis-à-vis -12-15 days)

Outperforms the industry; aided by high discounts/incentives

Newly launched Shine adds to scale

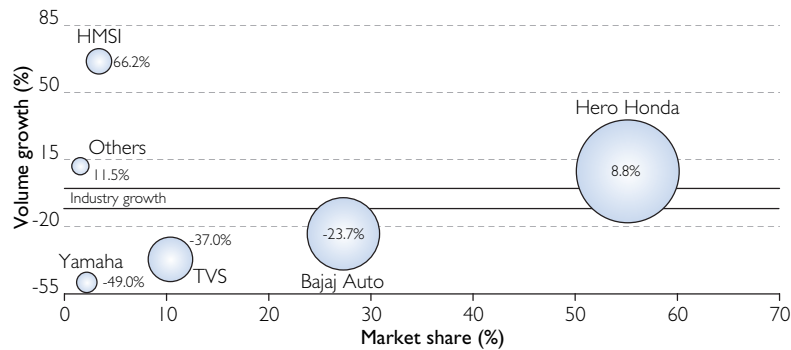
Sales performance

	Domestic sales			Exports			Total		
	Apr-06	Apr-07	Growth (%)	Apr-06	Apr-07	Growth (%)	Apr-06	Apr-07	Growth (%)
Bajaj Auto	165,811	126,494	(23.7)	22,707	37,810	66.5	188,518	164,304	(12.8)
Hero Honda	234,656	255,408	8.8	9,223	5,733	(37.8)	243,879	261,141	7.1
TVS	76,285	48,058	(37.0)	4,589	5,441	18.6	80,874	53,499	(33.8)
HMSI	9,438	15,685	66.2	11	726	6500.0	9,449	16,411	73.7
Yamaha	20,006	10,200	(49.0)	2,528	3,528	39.6	22,534	13,728	(39.1)
Others	6,499	7,246	11.5	290	528	82.1	6,789	7,774	14.5
Total	512,695	463,091	(9.7)	39,348	53,766	36.6	552,043	516,857	(6.4)

Source: SIAM, SSKI Research

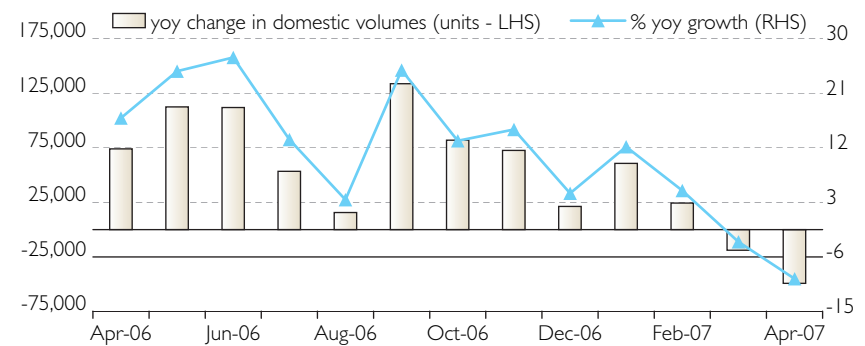
Strong growth in executive segment and exports

Domestic market share / growth trend for April 2007



Source: SIAM, SSKI Research; * Figures in the bubble indicate yoy growth in domestic volumes

Increase/Decrease in monthly domestic volumes (yoy)



- ✓ Motorcycle volumes (upto 125cc) come off by 13.3% due to high inventory build up in the system
- ✓ In >125cc segment, sales register strong growth momentum (25.1%yoy growth)

Passenger cars: A2 segment remains strong; A3 segment and exports under pressure

Volume growth for April 2007 lower at 7.7%yoy mainly due to sluggish exports and slow down in mid-sized cars

Sales performance

	Domestic sales			Exports			Total		
	Apr-06	Apr-07	Growth (%)	Apr-06	Apr-07	Growth (%)	Apr-06	Apr-07	Growth (%)
Maruti Udyog	36,350	42,326	16.4	1,496	1,667	11.4	37,846	43,993	16.2
Tata Motors	11,080	13,502	21.9	1,142	1,012	(11.4)	12,222	14,514	18.8
Hyundai Motor India	14,961	15,697	4.9	10,842	11,341	4.6	25,803	27,038	4.8
Honda Siel Cars India	4,238	4,651	9.7	8	1	(87.5)	4,246	4,652	9.6
Others	7,913	6,758	(14.6)	5	0	(100.0)	5,036	4,044	(19.7)
Total	74,542	82,934	11.3	15,497	14,021	(9.5)	90,039	96,955	7.7

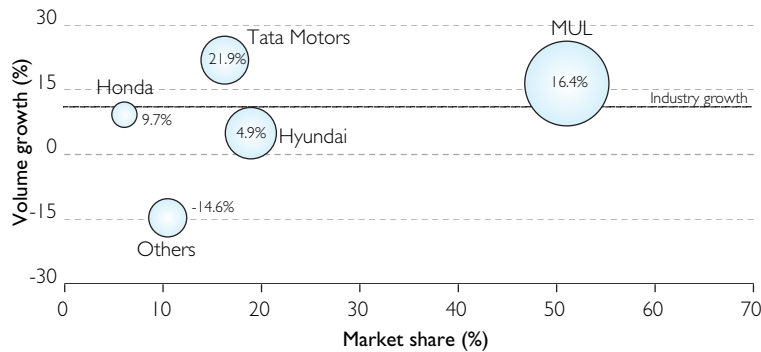
Source: SIAM, SSKI Research

Competition impacts A2 segment sales; Hyundai Verna leads recovery in A3 segment

New launches like Swift D, Zen Estilo lead to incremental growth

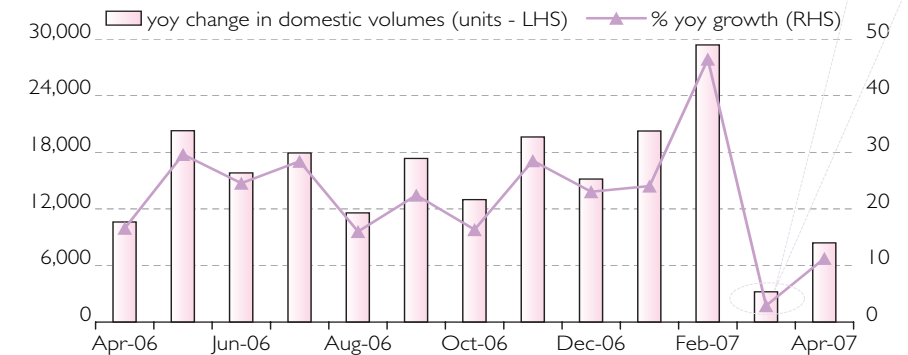
Impacted by high base effect

Domestic market share / growth trend for April 2007



Source: SIAM, SSKI Research * Figures in the bubble indicate yoy growth in domestic volumes

Increase/Decrease in monthly domestic volumes (yoy)



- ✓ Compact cars – on a strong growth path; volumes up 16.5%yoy
- ✓ Mid sized cars – rising interest rates trigger slow down (fall of 22.7%yoy)

Utility Vehicles: Moderation in growth rates

Overall volumes have recorded a moderate increase of 10.6%yoy with good performances from majors like M&M and Tata Motors

Sales performance

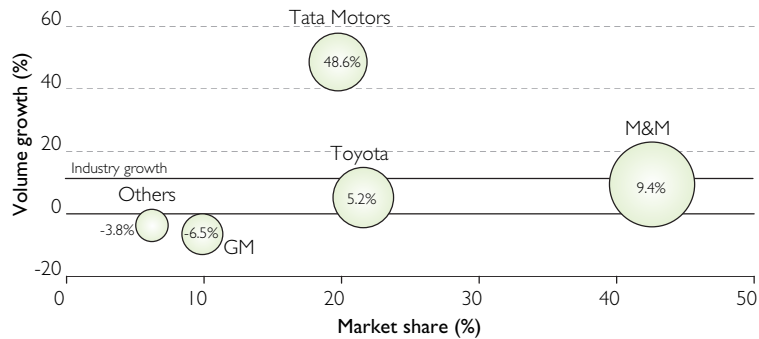
	Domestic sales			Exports			Total		
	Apr-06	Apr-07	Growth (%)	Apr-06	Apr-07	Growth (%)	Apr-06	Apr-07	Growth (%)
Tata Motors	2,248	3,340	48.6	232	57	(75.4)	2,480	3,397	37.0
Mahindra & Mahindra	6,583	7,201	9.4	63	147	133.3	6,646	7,348	10.6
General Motors India	1,787	1,670	(6.5)	0	0	NA	1,787	1,670	(6.5)
Toyota Kirloskar Motor	3,470	3,649	5.2	0	0	NA	3,470	3,649	5.2
Others	1,091	1,050	(3.8)	10	6	(40.0)	1,101	1,056	(4.1)
Total	15,179	16,910	11.4	305	210	(31.1)	15,484	17,120	10.6

Source: SIAM, SSKI Research

Scorpio's new pick-up version launched

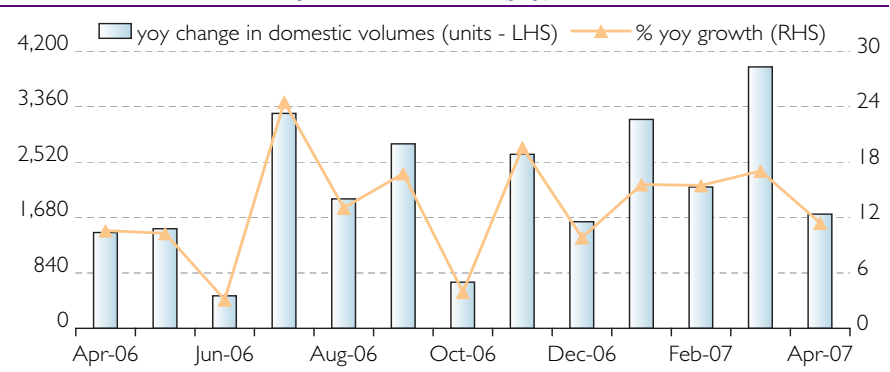
Skimmed down version of Safari aiding growth

Domestic market share / growth trend for April 2007



Source: SIAM, SSKI Research * Figures in the bubble indicate yoy growth in domestic volumes

Increase/Decrease in monthly domestic volumes (yoy)



✓ First signs of impact of rising interest rates on UV segment visible

Light Commercial Vehicles: *Ace* leads the way

Overall volumes have increased by 23.6% yoy with growth driven by Tata Motors' *Ace* and M&M's new *Maxi Truck*

Sales performance

	Domestic sales			Exports			Total		
	Apr-06	Apr-07	Growth (%)	Apr-06	Apr-07	Growth (%)	Apr-06	Apr-07	Growth (%)
Tata Motors	7,557	9,214	21.9	1,639	2,090	27.5	9,196	11,304	22.9
Mahindra & Mahindra	2,317	3,030	30.8	249	485	94.8	2,566	3,515	37.0
Others	980	931	(5.0)	52	68	30.8	1,032	999	(3.2)
Total	10,854	13,175	21.4	1,940	2,643	36.2	12,794	15,818	23.6

Ace leads the way

Exports gaining scale

Source: SIAM, SSKI Research

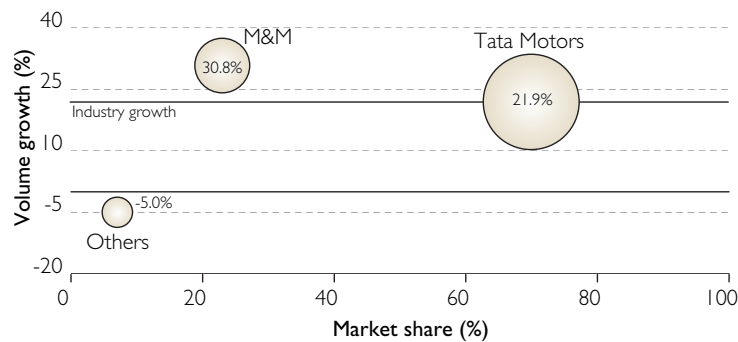
Domestic LCV sales sans *Ace* flat yoy

Domestic sales (units)	Apr06 – Apr07	Apr05 - Apr06	Change (%)
LCV Trucks	205,457	154,423	33.0
ACE (estimated)	70,200	24,000	192.5
LCV Trucks (without ACE)	135,347	130,423	3.8

Shift in trend towards lower tonnage vehicles

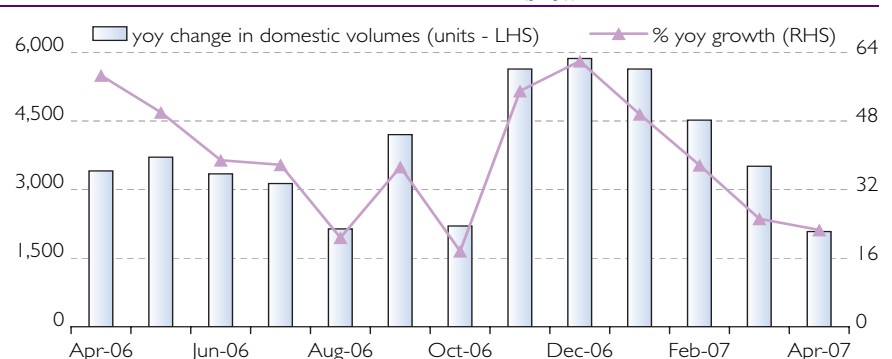
Source: SIAM, SSKI Research

Domestic market share / growth trend for April 2007



Source: SIAM, SSKI Research * Figures in the bubble indicate yoy growth in domestic volumes

Increase/Decrease in domestic LCV truck volumes (yoy)



- ✓ *Ace* demand remains buoyant
- ✓ M&M's new *Maxi Truck* beginning to see volume pick up

Medium/Heavy commercial vehicles (MHCV): Lower offtake of 16 tonne trucks

Volumes impacted by shift in demand from 16 tonne vehicles to 25-35 tonne vehicles and deferred purchases due to higher interest rates

Sales performance

	Domestic sales			Exports			Total		
	Apr-06	Apr-07	Growth (%)	Apr-06	Apr-07	Growth (%)	Apr-06	Apr-07	Growth (%)
Ashok Leyland	4,733	5,463	15.4	289	362	25.3	5,022	5,825	16.0
Tata Motors	12,117	10,375	(14.4)	559	896	60.3	12,676	11,271	(11.1)
Eicher Motors	916	1,386	51.3	7	25	257.1	923	1,411	52.9
Others	347	437	25.9	52	50	(3.8)	399	487	22.1
Total	18,113	17,661	(2.5)	907	1,333	47.0	19,020	18,994	(0.1)

Source: SIAM, SSKI Research

Partly impacted by production constraints resulting from shortage of Automatic Slack Adjusters

Exports to Middle East and SAARC on a roll

Volume growth boosted by low base effect

Tata Motors – MHCV volume break-up (Apr-07)

	Apr-06	Apr-07	yoy Growth (%)
Single axle trucks	4,965	3,648	(26.5)
Multi Axle trucks	6,548	6,241	(4.7)
Passenger carriers	1,163	1,382	18.8

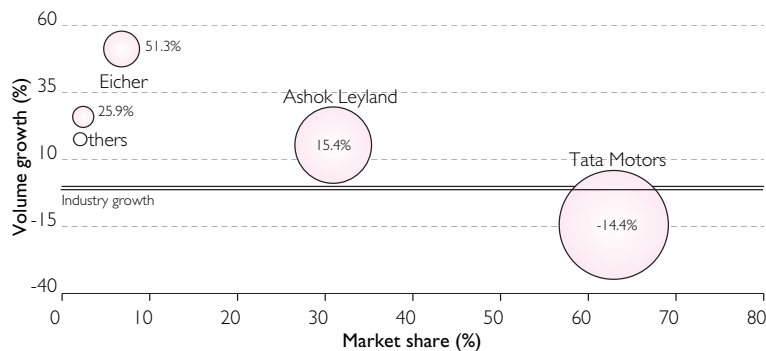
Source: SIAM, SSKI Research

Ashok Leyland – MHCV volume break-up (Apr-07)

	Apr-06	Apr-07	yoy Growth (%)
Single axle trucks	746	1,260	68.9
Multi Axle trucks	3,691	3,233	(12.4)
Passenger carriers	585	1,332	127.6

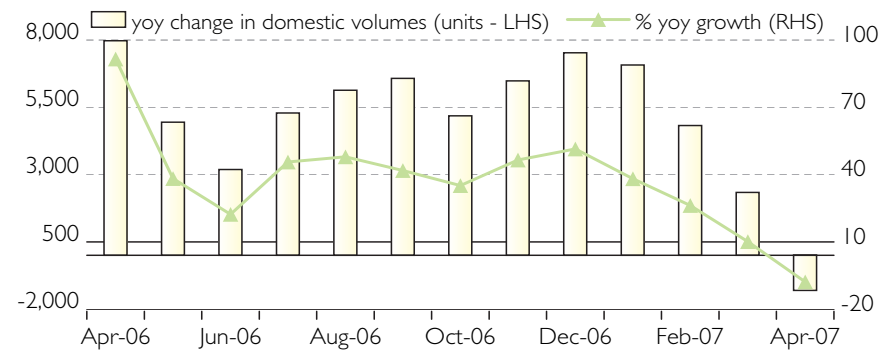
Source: SIAM, SSKI Research

Domestic market share / growth trend for April 2007



Source: SIAM, SSKI Research * Figures in the bubble indicate yoy growth in domestic volumes

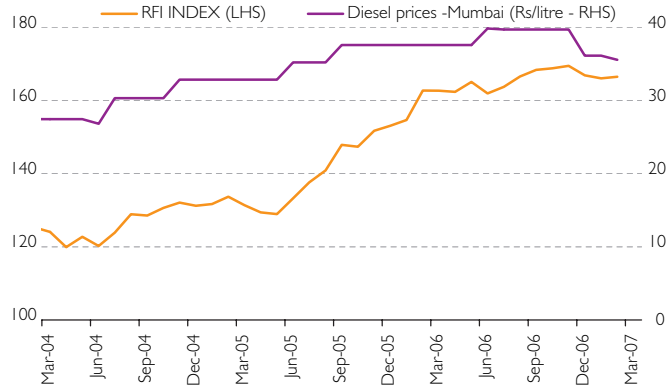
Increase/Decrease in domestic MHCV truck volumes (yoy)



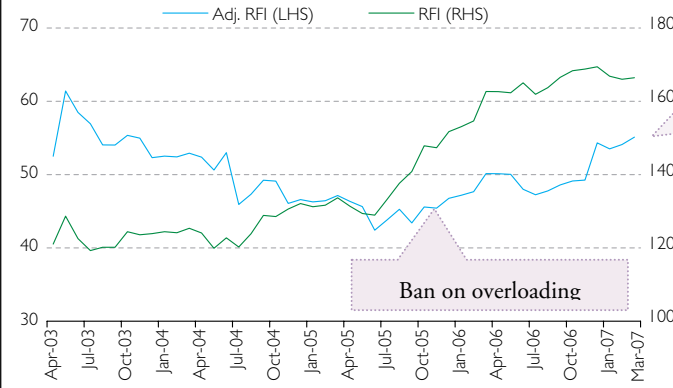
Monthly freight watch: Freight rates (adjusted for diesel prices) remain buoyant

Freight rates are off the December highs as part of diesel price cuts in November 2006 and subsequently in February 2007 have been passed on to customers. However, freight rates adjusted for diesel prices continue to remain buoyant

Freight rate movement vis-à-vis diesel price



Freight rates adjusted for diesel prices



- Freight rates remain stable, signaling strong availability of freight
- Freight operators likely to pass on the increased financing costs

Source: TCI RFI Index, SSKI Research

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2. Neutral: Within 0-10% to Index
3. Underperformer: Less than 10% to Index

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