

BSE Sensex: 14,544.5 ↑ 133.1 (+0.9%)

NSE 50 Nifty: 4,295.8 ↑ 46.2 (+1.1%)

Market Movement

	Close	Diff	% Chg
BSE 100	7,468.7	72.5	1.0
CNX Nifty Jr	8,022.6	26.3	0.3
Dow Jones	13,627.6	-5.4	-0.0
Nasdaq	2,604.5	11.9	0.5

Turnover

	Rs mn		% Chg
BSE	45,370	↓	-14.4
NSE	119,640	↑	7.6

Advances/Declines (%)

	Advances	Declines
BSE	50.0	46.8
NSE	51.3	44.4

Nifty Delivered Statistics

	Delivered Quantity	% Daily Quantity*
Most Delivered		
Auro Pharma	532,645	81.9
Chenn Petro	106,089	80.5
HCL Tech	1,322,018	78.4
CESC	479,427	76.2
Least Delivered		
Reliance Capital	1,054,866	28.1
Century Textile	403,614	27.6
Titan	91,724	25.2
IVRCL Infra	904,318	25.0

* to trade quantity.

Institutional Activity

30 May 2007	Cash (Rs mn)	F&O (Rs mn)
FIIs		
Buy	25,009	-
Sell	28,780	-
Net	-3,771	-
Mutual Funds		
Buy	8,741	-
Sell	5,195	-
Net	3,546	-

Key Statistics

	Close	Change
R\$/US\$	40.50	-0.07
R\$/Euro	54.51	-0.16
10 yr G-Sec (%)	8.12	-0.02
Call rate (%)	7.50	-
Brent-spot (US\$/bbl)	68.45	0.37
WTI-spot (US\$/bbl)	64.01	0.52
Aluminium (LME, US\$/t)	2,733	7.00
Copper (LME, US\$/t)	7,440	190.00
Zinc (LME, US\$/t)	3,685	66.00
Steel (US\$/t)	565	0.00

Inside

Four-wheelers: New launches drive up volumes

Maruti reported 11% YoY growth in sales backed by introduction of its new sedan SX4. Tractor sales grew marginally by 4% YoY, M&M's overall sales grew by 31% due to improvement in sales of UVs and successful introduction of Logan.

In our view, Maruti remains a defensive play in the high interest rate scenario due to its relatively lower dependence on interest rate sensitive, non-urban area. M&M will benefit through its foray into the passenger car segment and revamp of the existing UV segment. We maintain Buy on Maruti and M&M.

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May 2007 Sales Review

Sector: Automobiles

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Maruti Udyog: Going steady

- **Registers 11% YoY growth:** Maruti registered yet another strong monthly sales, reporting 11% YoY growth on the back of new launches. Even as growth slowed in the compact car segment, the newly introduced sedan SX4 ensured that growth remained on track.
- **Compact segment growth slows down to 8% YoY:** The compact segment, which was growing rapidly for the past few months on the back of the Swift and revamped WagonR models, took a pause, reporting a growth of 8% YoY.
- **Innovative finance schemes to counter interest rate rise:** Overall the growth has been robust given the concerns of high interest rates. We believe this has been on account of innovative finance schemes offered by the company along with dealers and financiers to partly mitigate sharp rise in interest rate.

Exhibit 1: Maruti Udyog - May 2007 sales

(units)

	May 2007	May 2006	YoY (%)	MoM (%)	April 2007
M800	5,456	6,743	(19.1)	(13.7)	6,324
Omni, Versa	6,496	5,295	22.7	6.2	6,118
Alto, Wagon-R, Zen, Swift	38,889	36,066	7.8	14.8	33,878
SX4, Baleno, Esteem	5,009	2,458	103.8	135.8	2,124
Total Passenger Cars	55,850	50,562	10.5	15.3	48,444
Gypsy, Vitara	102	342	(70.2)	(51.0)	208
Domestic	55,952	50,904	9.9	15.0	48,652
Exports	3,448	2,492	38.4	102.8	1,700
Total Sales	59,400	53,396	11.2	18.0	50,352

Source: Company, ASK Securities.

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M&M: Logan debuts successfully

- **Domestic tractor segment sales up 4% YoY:** M&M's domestic tractor sales for May grew by 4% YoY after it declined in April by 1% YoY, which was a fall after more than three years of continuous growth. Monsoons have arrived three days ahead of schedule in Kerala and are expected to spread across India by mid-July. Normal monsoons, as predicted by IMD, augurs well from demand for tractors.
- **Automotive division zooms ahead:** M&M's automotive division posted a growth of 50% YoY (including sales of new car Logan) and 27% YoY excluding Logan. UVs sales rose 23% YoY mainly due to stellar performance by Scorpio which grew by 28% YoY. Three wheelers also performed well, growing 22% YoY.

Deliveries of Logan commenced in May and the company has clocked in sales of 2786 units in May itself. We believe, Logan has debuted well, especially in light of the fact that it has been launched in just 11 cities (making up only 40% of Indian car market).

Exhibit 2: M&M - May 2007 sales (units)

	May 2007	May 2006	YoY (%)	MoM (%)	April 2007
Utility Vehicles	10986	8945	23	15	9588
LCVs	1006	611	65	57	642
Logan	2786	0	0	0	0
Four-wheelers	14,778	9,556	55	44	10,230
Three-wheelers	2536	2073	22	26	2005
Total domestic	17,314	11,629	49	42	12,235
Exports	802	488	64	27	632
Total uv + threewheelers	18,116	12,117	50	41	12,867
Tractors					
Domestic	7432	7174	4	(10)	8275
Exports	710	784	(9)	(10)	785
Total tractors	8142	7958	2	(10)	9060
Total	26,258	20,075	31	20	21,927

Source: Company, ASK Securities.

Outlook

- In our view, Maruti remains a defensive play in the high interest rate scenario due to its relatively lower dependence on interest rate sensitive, non-urban areas. M&M will benefit through its foray into the passenger car segment and revamp of the existing UV segment. We maintain Buy on Maruti and M&M.

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