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AUTO MONTHLY SALES
MAY 2011

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Auto Monthly Sales Updates for May 2011

Maruti Suzuki

Product	May-11	May-10	YoY	Apr-11	MoM
Domestic Sales (a)					
A1 (Maruti 800)	2,262	2,558	-11.6%	2,528	-10.5%
A2(Alto,wagonR,Zen,Swift,Ritz)	61,048	62,679	-2.6%	57,443	6.3%
A3 (SX4, Swift Dzire)	13,514	10,883	24.2%	13,899	-2.8%
A4 (Kizashi)	50	NA	NA	35	43%
C (Omni,Versa,Eeco)	15,545	12,953	20.0%	13,022	19.4%
MUV (Gypsy, Vitara)	217	968	-77.6%	217	0.0%
	93,519	**90,041**	**3.9%**	**87,144**	**7.3%**
Export Sales (b)	10,554	12,134	-13.0%	10,011	5.4%
Total Sales (a+b)	**104,073**	**102,175**	**1.9%**	**97,155**	**7.1%**

- Maruti sold 104,073 vehicles for the month of May 11 as against 102,175 units in May 10, a flattish increase of 1.9% on YoY basis. However, on a MoM basis the sales improved 7.1% reflecting recovery in auto sales.

- The A2 Segment comprising of Alto, Wagon R, and Swift & Ritz declined by 2.6% on a YoY Basis; while on a MoM Basis it increased to 6.3% at 61,048 units. The segment contribution to the total domestic volumes declined from 69.6% in May 2010 to in 65.3% in May 2011.

- The A3 category, comprising of SX4 and Swift Dzire's sales showed a robust growth by 24.2% YoY at 13,514 units. On a MoM basis it declined 2.8%.

- The A4 segment comprising of the newly launched Kizashi saw a sale of 50 units in May 2011.

- The C segment comprising Omni and Eeco and Versa continued to show a strong growth in the domestic market growing by 20% on a YoY basis.

- Exports show a poor performance on account of poor demand from Alto, Astar. Moreover, the company's focus has switched from European countries to Non- European countries, which contributes ~55% to the Export Mix resulting in decline in exports on a YoY basis.

Auto Monthly Sales Updates for May 2011

Tata Motors

Product	May-11	May-10	YoY	Apr-11	MoM
Domestic Sales					
M&HCV	15,532	13,860	12.1%	13,738	13.1%
LCV	21,829	17,615	23.9%	22,802	-4.3%
Cars					
Indica	5,497	8,468	-35.1%	4,250	29.3%
Indigo	4,268	6,600	-35.3%	5,282	-19.2%
Nano	6,515	3,550	83.5%	10,012	-34.9%
Total Cars	16,280	18,618	-12.6%	19,544	-16.7%
Utility(Safari , Sumo)	3,121	2,708	15.3%	3,843	-18.8%
Domestic Sales	**56,762**	**52,801**	**7.5%**	**59,927**	**-5.3%**
Export Sales	5,534	3,978	39.1%	4,258	30.0%
Total Sales	**62,296**	**56,779**	**9.7%**	**64,185**	**-2.9%**
Fiat	***2,148***	***2,163***	***-0.7%***	***2,049***	***4.8%***

- Tata Motors reported sales of 62,296 vehicles (including exports) for the month of May 11, an increase of 9.7% YoY but slid by 5.3% on a MoM basis. On an overall basis, Tata Motors PV segment was disappointing and CV segment saw muted growth

- The M&HCV segment witnessed a growth of 12.1% on a YoY basis, and 13.1% on a MoM basis at 15,532 units for May 2011. The LCV segment has witnessed a growth of 23.9% YoY and declined by 4.3% MoM to 21,829 units.

- Although CV Sales have seen a decent growth rate, but signs of a slowdown on account of higher interest rates are clearly visible

- The sale of Tata Indica and Indigo cars continue to decelerate. The Cars segment showed a decline of 16.7% YoY to 16,280 units which was mainly due to 35.1% decline in sales of Tata Indica and 35.3% decline in the sales of Indigo. Indigo numbers have come the worst in May 11. However, healthy growth in sales of Tata Nano by 83.5% to 6,515 restricted the decline in total sales from falling further.

- Exports grew by a robust 39.1% to 5,534 units for May 11 on a YoY basis and 30% MoM basis.

Auto Monthly Sales Updates for May 2011

Mahindra & Mahindra

Product	May-11	May-10	YoY	Apr-11	MoM
Passenger Uv's	15,411	13,489	14.2%	14,453	6.6%
Verito	1,291	450	186.9%	1,006	28.3%
4 Wheel pick ups (including Maim	9,958	7,783	27.9%	9,538	4.4%
3 Wheelers	4,498	4,309	4.4%	4,411	2.0%
MNAL	1,001	1,007	-0.6%	941	6.4%
Total Domestic	32,159	27,038	18.9%	30,349	6.0%
Exports	2,164	1,450	49.2%	1,741	24.3%
Total	**34,323**	**28,488**	**20.5%**	**32,090**	**7.0%**
	-	-			
Total Farm Equipment	18,892	17,256	9.5%	18,530	2.0%
Total Sales	**53,215**	**45,744**	**16.3%**	**50,620**	**5.1%**

- All its segments, the Passenger UV's, 4 wheeler pick up's and 3 wheelers have shown a good performance.
- M&M has seen a steady runrate on the back of its UV and Tractor performance.
- During the previous month the Logan model was rebranded as 'Verito' as the company is no longer using the Renault Badge. During the month it launched its passenger sedan of Verito in Kerala. Logan had grown by 160% in Kerala in FY11 and had doubled its market share.
- Mahindra & Mahindra reported total sales of 53,215 units in May 11 as against 45,744 units in the corresponding month last year, a growth of 16.3% on YoY basis and 5.1% on a MoM basis.
- The Farm Equipment segment (Domestic + Exports) recorded a 9.5% growth on a YoY basis and 5.1% on MoM basis. We believe that the tractor growth will pick up in this quarter as Q1 is seasonally the best quarter for tractors.

Auto Monthly Sales Updates for May 2011

Ashok Leyland

Product	May-11	May-10	YoY	Apr-11	MoM
Domestic Sales (a)					
MDV Passenger	1,427	1,213	17.6%	1,105	29.1%
MDV Goods	3,616	4,677	-22.7%	3,701	-2.3%
LCV	39	83	-53.0%	26	50.0%
Total	5,082	5,973	**-14.9%**	4,832	**5.2%**
Export Sales (b)					
MDV Passenger	297	223	33.2%	255	16.5%
MDV Goods	336	281	19.6%	404	-16.8%
LCV	10	25	NA	52	-80.8%
Total	643	529	**21.6%**	711	**-9.6%**
Total Sales (a+b)	**5,725**	**6,502**	**-12.0%**	**5543**	**3.3%**

- Ashok Leyland reported total sales of 5,725 units in May 11 as against 6,502 units in May 10, a decrease of 12% on a YoY basis. On a MoM basis sales were higher by just 3.3%.

- Ashok Leyland Domestic sales were lower by 14.9% YoY but higher by 5.2% on MoM basis. Exports were higher by 21.6% YoY and but slid by 9.6% MoM and stood at 643.

Auto Monthly Sales Updates for May 2011

2-Wheelers

Company Name	May-11	May-10	YoY	Apr-11	MoM
BAJAJ AUTO					
Two Wheeler **(a)**	317,989	269,488	18.0%	322,235	-1.3%
Three Wheeler **(b)**	40,860	29,954	36.4%	45,074	-9.3%
Total Sales (a+b)	**358,849**	**299,442**	**19.8%**	**367,309**	**-2.3%**
TVS					
Domestic Sales					
- Motor Cycle	75,619	67,906	11.4%	69,573	8.7%
Scooters/Mopeds	106,272	86,761	22.5%	94,610	12.3%
Total Two Wheeler Sales	181,891	154,667	17.6%	164,183	10.8%
3 Wheeler Sales	4,039	2,313	74.6%	3,561	13.4%
Total Sales	**185,930**	**156,980**	**18.4%**	**167,744**	**10.8%**
HERO HONDA					
Motorcycles	500,234	435,933	14.8%	517,099	-3.3%

- **Bajaj Auto**
    - Bajaj Auto's total sales grew by 19.8% on a YoY basis and stood at 358,849 in May 11 as compared to 299,442 in May 10 and touched the record level for the month amid strong demand for its commercial vehicles and robust exports. On a MoM basis sales declined by 2.3%.
    - Its three wheeler segment grew by 36.4% YoY to 40,860. However it declined by 9.3% MoM.
    - While the two wheeler segment grew by 18% YoY and decline by 1.3% MoM to 317,989.
    - Launch of Boxer 150cc is expected in Q2FY12, mainly for rural areas. The important factor to watch out for would be the pricing of this product.
    - Management has indicated that the wholesale billings for the company would be subdued for near term as there has been an inventory reduction from 25-26 days to 21days (Excluding Discover 125cc).

- **TVS**
    - TVS reported two wheeler sales of 185,930 units in May 11 as against 156,980 units in the corresponding month last year growing by 18.4%. On a MoM basis sales grew by 10.8%
    - Its 3 Wheeler sales grew by a robust 74.6% Y-o-Y whereas on a MoM basis it grew by 13.4%.
    - However, increasing competition from Hero Honda and Bajaj Auto has resulted in reduction in markets share of the company.

- **Hero Honda**
    - Hero Honda's motorcycle sales were up by 14.8% on a YoY basis at 500,234 units in May 11. On a MoM basis sales were lower by 3.3%.

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Overall outlook

It has been evident from the auto numbers that the sales have started showing a slow down owing to seasonality factor. Once again, two wheelers have outperformed four wheelers on account of strong presence in rural areas.

Q1 being a seasonally weak quarter for auto industry, we believe that the sales will further slowdown. Moreover, the increase in fuel prices and rising interest rates are also expected to dampen the overall sales for the quarter.

Moreover, the factors like DEPB withdrawal and excise duty hike on diesel cars will decide the outlook for the demand in near term. If the outcome of these two events are negative than it will drag the demand for auto. Overall, we believe that the auto sector is likely to get impacted on account of lower volume growth and increasing cost of production.

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NOTE

Disclaimer

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