

Automobile Industry Monthly Update

9th July, 2010

Most domestic auto makers have reported sales growth in double digits in June. The strong demand environment in the sector has led to better pricing power with most of the automobile companies, hiking product prices by 4%-5% during the quarter to protect their margins.

The commercial vehicle segment has shown the strongest growth trends with Ashok Leyland reporting more than 100% growth, followed by Tata Motors reporting almost 50% growth. On the other hand, in the two wheeler space, Bajaj Auto recorded impressive 68% growth.

Outlook – Positive

The performance of the CV segment is purely the reflection of the underlying industrial growth. Further with the monsoon shaping up well across the entire country and rapid economic growth, hold out the promise of higher vehicle sales. While volume increase is expected to continue, however, on account of base effect the percentage growth is likely to have tapering effect.

Maruti Suzuki India Ltd

Maruti's June-10 volumes are below street expectations of 22-23% growth with 17% YoY growth and 13.8% MoM decline to 88,091 units. The growth was driven by 18% YoY growth in domestic and 14.6% growth in exports. Production during June was impacted by 6 days due to planned shutdown for maintenance. Domestic volumes grew by 18% YoY to 77,812 units. Volume growth in the domestic market was driven by newly launched Eeco (C segment grew by 44% YoY) and 32% growth in A3 segment. A2 segment grew by 11.4% YoY. Domestic volumes were further impacted by the withdrawal of Wagon-R Duo (LPG variant).

Maruti Suzuki India Ltd	June	June	YOY %	May	MOM %	YTD	YTD	%
	2010	2009	Change	2010	Change	2011	2010	Change
A1 - M800	2,090	2,438	-14.3	2,558	-18.3	6,906	7,119	-3.0
C - Omni, Versa, Eeco	9,914	6,890	43.9	12,953	-23.5	33,521	22,233	50.8
A2 - Alto, Wagon R, Estilo, Swift, A-Star, Ritz	51,418	46,156	11.4	62,679	-18.0	170,513	146,733	16.2
A3 - SX4, Desire	8,081	6,099	32.5	10,883	-25.7	28,958	19,947	45.2
Total Passenger Cars	71,503	61,583	16.1	89,073	-19.7	239,898	196,032	22.4
MUV - Gypsy, Grand Vitara	1,309	190	588.9	968	35.2	2,989	1,383	116.1
Domestic sales	72,812	61,773	17.9	90,041	-19.1	242,887	197,415	23.0
Exports sales	15,279	13,336	14.6	12,134	25.9	40,437	29,314	37.9
Total sales	88,091	75,109	17.3	102,175	-13.8	283,324	226,729	25.0