Morgan Stanley
JM MORGAN STANLEY

MORGAN STANLEY RESEARCH
ASIA/PACIFIC

JM Morgan Stanley Securities Private Limited+

Balaji Jayaraman, CFA
Balaji.Jayaraman@morganstanley.com
+91 22 2209 7811

Deepak Gupta
Deepakc.Gupta@morganstanley.com
+91 22 2209 7810

September 8, 2006

Stock Rating
Equal-weight

Industry View
In-Line

Tata Motors

Cyclical Pressure to Restrain Growth

We are assuming coverage of Tata Motors (TAMO) with an Equal-Weight rating and a target price of Rs770 in the context of our In-Line industry view. The stock trades at 17.3x our F2008E EPS, a premium of 23% to the average for our four-wheeler coverage universe and about 35% premium relative to the historic valuations.

We expect expansion cycle in the M&HCV goods segment to peak by F2H07. Structural changes in the underlying economy, such as improving road infrastructure, strong economic growth and higher industrial capacity utilization have extended the normal peak to trough cycle. We conclude the landing will be soft, unlike the hard landings of previous CV cycles, from our analysis of these cycles and their relationship with such economic indicators as the Index of Industrial Production and Foreign Trade and Freight Index.

Our EW rating is primarily driven by a slowdown in the M&HCV domestic goods segment (especially in the medium CV segment where TAMO has 66% market share), lack of visibility on the earnings potential of TAMO's small car project, drag on margins from the increasing proportion of passenger cars (which have lower margins vs. CVs) in overall volumes.

We are not rating the stock Underweight as we believe its market-leading presence in the light commercial goods vehicle segment, and increasing exports, will partially offset the decline in unit volumes from the turn in the M&HCV domestic (goods) cycle. We could become more negative if the impact of declining sales in M&HCV was more severe than we estimated and/or concluded the small car project was a huge drag on the free cash flow and overall profitability of the company.

We could become more positive if we see signs of successful execution and profitable volumes from the small car project, unlocking of value from subsidiaries and/or the valuation becomes attractive.

Key Ratios and Statistics

Reuters: TAMO.BO Bloomberg: TELC IN
India Four-Wheelers: Commercial Vehicles

Price target	Rs770.00
Shr price, close (Sep 7, 2006)	Rs897.35
Mkt cap, curr (mn)	Rs344,018
52-Week Range	Rs997.00-457.00

Fiscal Year (Mar)	2006	2007e	2008e	2009e
ModelWare EPS (Rs)*	40.03	46.10	52.00	60.04
Rev, net (Rs mn)	206,022	236,879	268,485	299,458
ModelWare net inc (Rs mn)	15,326	18,492	20,857	24,081
P/E	23.3	19.5	17.3	14.9
P/BV	6.2	5.0	4.1	3.4
Div yld (%)	1.4	1.4	1.5	1.6

* = Please see explanation of Morgan Stanley ModelWare later in this note.
e = Morgan Stanley Research estimates

Financial Summary

Profit and Loss Statement

Rs Mn	F2006	F2007E	F2008E	F2009E
Total Operating Income	240,041	275,229	311,956	347,969
Less Excise Duty	34,019	38,351	43,471	48,511
Net Operating income	**206,022**	**236,879**	**268,485**	**299,458**
Raw Materials	140,070	161,568	183,664	205,632
Staff	11,431	13,203	15,250	16,775
Manufacturing	21,600	24,415	27,451	30,261
Other Optg Expenses	10,213	11,352	12,405	13,394
Total Expenses	183,314	210,538	238,770	266,062
Less Expns Capitalized	3,089	3,158	3,582	3,991
Net Expenses	180,225	207,380	235,188	262,071
Operating Profit	**25,797**	**29,498**	**33,297**	**37,387**
Other Income	1,248	1,186	1,423	1,707
Product Devpmnt Expns	738	848	1,018	1,171
Depn & Amortization	5,209	7,018	9,778	11,710
Interest	2,264	2,233	2,200	2,171
PBT & Extra ordinaries	**18,834**	**20,584**	**21,723**	**24,042**
Adjusted Tax	5,500	5,352	5,648	6,251
Adjusted PAT	**13,334**	**15,232**	**16,075**	**17,791**
Extra ordinaries	1,955	-	-	-
Reported PAT	**15,289**	**15,232**	**16,075**	**17,791**
Profits from subs	1,992	3,260	4,782	6,290
Consolidated PAT	**15,326**	**18,492**	**20,857**	**24,081**

Balance Sheet

Rs Mn	F2006	F2007E	F2008E	F2009E
Share Capital	3,829	3,843	3,843	3,843
Reserves & Surplus	53,534	67,604	84,014	102,997
Net Worth	57,363	71,447	87,857	106,839
Secured Loans	8,228	8,228	8,178	7,478
Unsecured Loans	21,141	20,346	20,346	20,346
Total Loans	29,368	28,573	28,523	27,823
Deferred Tax Liability	6,225	5,958	5,958	5,958
Total Liabilities	92,957	105,978	122,338	140,620
Gross Block	79,716	101,716	141,716	169,716
Less Acc Depreciation	44,015	51,033	60,812	72,522
Net Block	35,700	50,682	80,904	97,193
CWIP	9,512	12,137	16,910	20,251
Total Investments	22,144	22,144	22,144	22,144
Current Assets	96,613	105,385	107,507	116,232
Inventories	20,122	18,831	21,424	21,393
Receivables	7,158	10,548	8,573	11,709
Cash and Bank	11,194	43,913	47,247	54,000
Loans and Advances	58,077	32,093	30,263	29,130
Other	62	-	-	-
Current Liabs & Provns	71,154	84,490	105,227	115,281
Net Current Assets	25,460	20,894	2,280	951
Misc Exp	141	121	101	81
Total Assets	92,957	105,978	122,338	140,620

Source: Company data, Morgan Stanley Research

Cash Flow Statement

Rs Mn	F2006	F2007E	F2008E	F2009E
Cash Flow From Operations				
Net Profit	17,281	18,492	20,857	24,081
Depreciation	5,209	7,018	9,778	11,710
Incr in Def Tax Liab	573	(268)	-	-
Decr in Net W Capital	(28,862)	37,284	21,949	8,082
Total	(5,799)	62,527	52,585	43,873
Cash Flow From Investing Activities				
Incr of Fixed Assets	13,457	24,625	44,773	31,341
Incr in Investments	(8,461)	-	-	-
Incr in Misc Expenditure	(40)	(20)	(20)	(20)
Total	4,955	24,605	44,753	31,321
Cash Flow From Financing Activities				
Inc of Equity Capital	(386)	467	1,522	1,508
Inc in Equity Premium	3,548	781	-	-
Incr/Decr of ST Debt	1,085	(795)	-	-
Incr/Decr of LT Debt	3,330	-	(50)	(700)
Dividends (-)	5,678	5,657	5,970	6,607
Total	1,898	(5,203)	(4,497)	(5,799)
Net change in cash	(8,856)	32,718	3,335	6,753
Cash at begn of year	20,050	11,194	43,913	47,247
Cash at year-end	11,194	43,913	47,247	54,000

Ratios

	F2006	F2007E	F2008E	F2009E
Per Share (Rs)				
EPS	40.0	46.1	52.0	60.0
BVPS	149.8	178.1	219.0	266.4
DPS	13.0	12.4	13.1	14.4
Valuations (X)				
P/E	22.1	19.5	17.3	14.9
P/B	5.9	5.0	4.1	3.4
Dividend Yield	1.5%	1.4%	1.5%	1.6%
EV/EBITDA	13.6	11.4	10.0	8.7
ROE	26.7%	23.7%	20.2%	18.3%
ROCE	18.0%	17.0%	15.5%	14.8%
EBITDA Margin	12.5%	12.5%	12.4%	12.5%
Pre Tax margin	9.1%	8.7%	8.1%	8.0%
Net Margin	6.5%	6.4%	6.0%	5.9%

e = Morgan Stanley Research estimates   Source: Company data, Morgan Stanley Research

Investment Case

We are assuming coverage of Tata Motors (TAMO) with an Equal-Weight rating and a target price of Rs770 within the context of our 'In-Line' industry view. The stock trades at 17x our F2008E EPS, a premium of 23% to the average of our four-wheeler coverage universe and about 35% premium to the historic valuations.

We believe the current expansion cycle of M&HCV domestic (goods) segment should peak by F2H07 as the structural changes in the underlying economy (improvement in road infrastructure, strong growth in the economy, and higher capacity utilization of industries) have extended the normal peak-to-trough cycle. Based on our analysis of past commercial vehicle cycles (after adjusting the monthly M&HCV domestic unit volume for seasonality) and its relationship with economic indicators such as the Index of Industrial Production, Foreign Trade, and the Freight Index, we believe a soft landing is likely, unlike the hard landing in the past demand cycle.

Within the overall CV industry, we expect demand in the passenger segment to grow an average 10.4% a year in volume terms over F2006-09 and the goods segment to show 9.4% annual growth for the same period. However, within the goods segment, we forecast some divergence in growth between the different vehicle types because of structural changes in freight movements such as the move to a hub and spoke model of distribution and operational economies. We estimate demand for light commercial vehicles, especially in the < 5-tonne GVW category, and heavy commercial vehicles (> 16 tonne GVW) will show strong growth of 25% and 12.3%, respectively, per year over F2006-09 while we forecast sales volume for medium/intermediate commercial vehicles (between 7.5 and 16 tonne) will decline 5% per year over F2006-09.

Our Equal-Weight rating is primarily driven by the slowdown in the M&HCV domestic goods segment (especially in the medium / intermediate commercial segment where TAMO has 66% market share), lack of visibility on earnings potential of small car project, drag on margins from the increasing proportion of passenger cars (which has a lower margins vs. commercial vehicles) in the overall volumes. Further, the aggressive capex plans could in our view limit the free cash flow generation in the near term.

We are not rating the stock Underweight, as we believe its market-leading presence in the light commercial goods vehicle segment (65.5% market share) and increasing exports (11% of overall volumes by F2009) partially offset the decline in unit volumes from the turn in M&HCV domestic (goods) cycle. We could become more negative if we believe the impact from declining sales in M&HCV is more severe than we estimate and/or believe the small car project is a huge drag on the free cash flow and overall profitability of the company.

We could become more positive on the stock if we see signs of successful execution and profitable volumes from the small car project, unlocking of value from subsidiaries (HV Axles Limited, HV Transmission Limited, Tata Technologies Limited and TELCON) and / or valuation becomes attractive.

We are currently estimating Tata Motors' earnings to grow at 14.5% CAGR over F2006-09E. We estimate Tata Motors to spend on various projects (small car, global car, global truck) nearly Rs100 bn over F2007-09. We expect the capital spend will be met from internal accruals, release of capital used for financing Tata Motors vehicles with the creation of a wholly owned non-banking finance company – TMFL – and increased borrowings at the margin.

Exhibit 1
Key Drivers

Factors	Upside/Downside
Significant Presence in Heavy Trucks and Light Goods Segment	↑
Significant Presence in Buses Segment	↑
Increasing Export Volumes	↑
Contribution from Subsidiaries Increasing	↑
Significant presence in declining medium goods segment	↓
Margin pressure to intensify with small car project	↓
Increasing Capex to pressure FCF generation	↓
Increasing Competition from global OEMs	↓

Source: Morgan Stanley Research

TAMO currently trades at 17.3 F2008E EPS, a premium of 23% to the average for our four-wheeler coverage universe and about 35% premium/ to the historic valuations. On an EV/EBITDA basis, TAMO currently trades at 10.0 our F2008E earnings, a 14% premium to the historical average.

Company Description

TAMO is India's largest commercial vehicle manufacturer and second largest manufacturer of cars and utility vehicles. It has a dominant market share in most product categories, and strong engineering and product development capabilities.

Industry View: In-Line

Indian Four wheeler - M&HCV (goods) demand is entering an inflexion point in the demand cycle. We expect a soft landing of the demand cycle given the strong underlying economic indicators and structural changes (road development, freight movement moving on to a hub and spoke model) in the industry. Key risks to our soft landing thesis are declining economic fundamentals, increasing interest rates, increasing fuel prices and declining / stagnating freight prices.

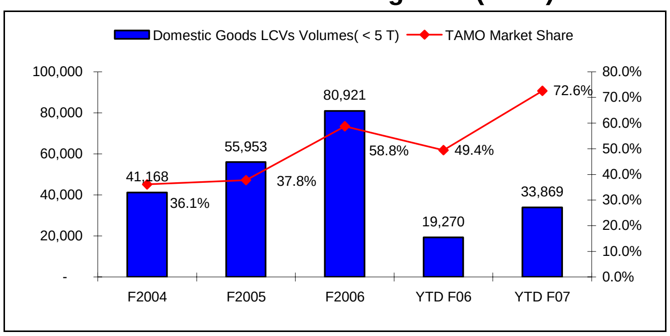
MSCI Country: India

Asia Strategist's Recommended Weight: 1.9%
MSCI Asia/Pac All Country Ex Jp Weight: 6.5%

Investment Positives

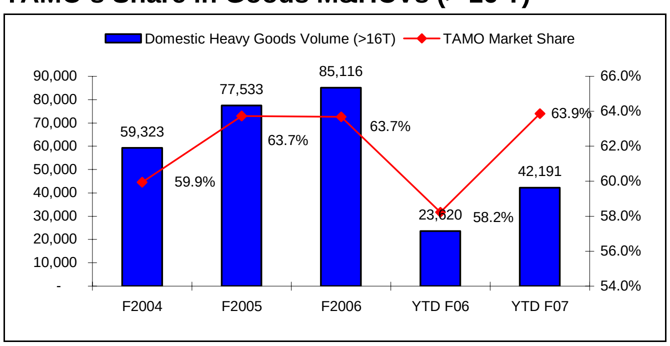
TAMO's market-leading presence in the growing segments of domestic commercial vehicles should reduce impact of approaching contraction phase of M&HCV domestic (goods) demand cycle. Tata Motors has a market-leading presence in the growing LCV goods segment (less than 5 tonne) (59% market share, industry volumes to grow at 25% CAGR over F2006-09E) and heavy commercial vehicles (64% market share, industry volumes to grow at 12.3% CAGR over F2006-09E) to provide support as M&HCV domestic (goods) demand cycle enters into a contraction phase.

Exhibit 2
TAMO Share in Goods LCV Segment (< 5 T)



Source: SIAM, Morgan Stanley Research
YTD nos refer to YTD July

Exhibit 3
TAMO's Share in Goods M&HCVs (> 16 T)



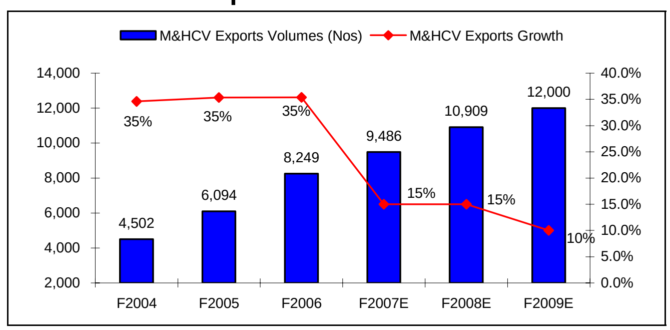
Source: SIAM, Morgan Stanley Research YTD nos refer to YTD July

Further, Tata Motors' engineering capabilities (such as the recent successful introduction of 'Tata Ace') and availability of technology, especially in the heavy commercial vehicle segment (Tata Motors recently introduced 'Tata Novus' by importing CKD kits from its 100% subsidiary - Tata Daewoo), should enable TAMO to sustain its market leadership.

Accelerating exports should reduce the impact of the turn in the M&HCV demand cycle. We currently estimate overall exports to grow at 12.4% CAGR over F2006-09E while export contribution to revenues to improve by 30 bps to 10.4% by F2009. We estimate LCV exports to outstrip growth in the M&HCV passenger carriers (buses) and M&HCV trucks over F2009 as TAMO seeds the overseas markets with variants of its successful product – 'Tata Ace'.

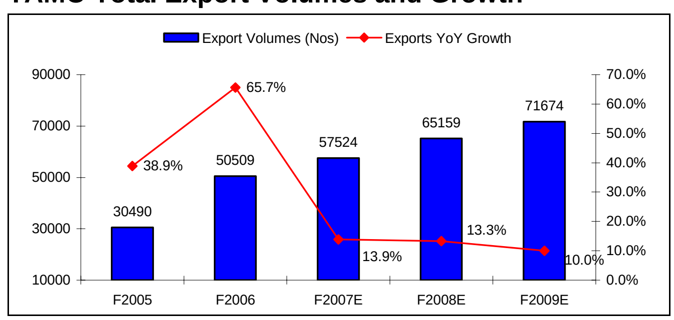
Overall exports including cars and utility vehicles are accelerating as Tata Motors establishes its presence in the emerging markets of Latin America, South Africa and Eastern European countries. This has led to nearly 500 bps improvement in contribution from exports to total revenues to 10.1% by F2006.

Exhibit 4
TAMO M&HCV Export Volumes and Growth



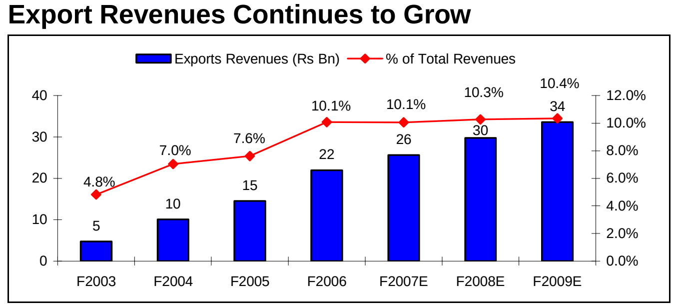
Source: Company data, Morgan Stanley Research

Exhibit 5
TAMO Total Export Volumes and Growth



Source: Company data, Morgan Stanley Research

Exhibit 6
Export Revenues Continues to Grow



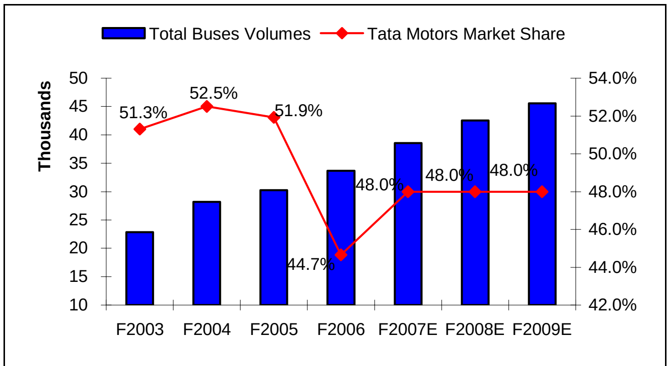
Source: Company data, Morgan Stanley Research

Exposure to Accelerating Passenger Carrier Segment Should Aid Earnings Growth

We currently forecast medium and heavy passenger carriers to grow at 10.6% over F2006-09E after stagnating for the better part of the decade. Increasing consumer affordability (due to strong growth in disposable income), rising urbanization, better road infrastructure, and consumer demand for a convenient and comfortable ride will likely increase demand for passenger carriers. Tata Motors derives nearly 11% of M&HCV sales volumes from passenger carriers and currently has a 45% market share (in F2006).

Exhibit 7

Increasing Buses Volumes



Source: SIAM, Morgan Stanley Research

TAMO's recent tie-up with Marcopolo would enable TAMO to introduce fully built buses and coaches, increasing the value addition and overall realizations. The government, in its recent Budget, removed the anomaly of differential excise duty levied on buses completely built by OEM and private sector players engaged in building of bodies for the buses. We believe this should increase the demand for completely built buses / coaches from OEMs as they are significantly safer, while reducing the time to market.

Exhibit 8

Joint Venture with Marcopolo

Stake	Investment	Capacity	Products
51%	Rs2 Bn	7000 units	A)16 to 54-seater standard buses B) 18 to 45-seater luxury buses C) Luxury coaches, low-floor city buses

Source: Morgan Stanley Research

Unlocking of value from subsidiaries drives earnings and value growth in the medium term. We currently estimate the key subsidiaries (Tata Daewoo, Tata Construction, HV Axles, HV Transmissions, Tata Technologies and TELCON) to post strong growth in earnings (21% CAGR over F2006-09E) and contribution from all subsidiaries would constitute nearly 26% of consolidated earnings by F2009. We believe unlocking of value in any of these subsidiaries would be positive for the stock. Further, we believe the recent creation of a non-banking finance company (TMFL) for financing TAMO vehicles would release the expensive capital (TAMO's cost of capital is 13.7%) with alternative sources (borrowings from market / banks, securitization and assignment of loans) would be accretive to earnings in the long term.

Exhibit 9

Subsidiaries' Profit Growing

	F2006	F2007E	F2008E	F2009E
Tata Construction	868	1,086	1,303	1,433
Tata Technologies	192	250	312	375
TAL Mfg Solns	47	70	105	157
HV Axles	463	578	636	700
HV Transmissions	301	376	413	455
Daewoo	608	716	974	1,283
NBFCs	0	959	2,138	3,273
Contn to Consol Profit	13.0%	17.6%	22.9%	26.1%

E = Morgan Stanley Research Estimates
Source: Company data, Morgan Stanley Research

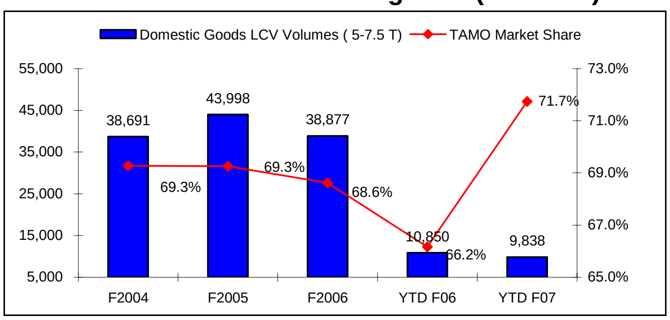
Please refer to Appendix A for details on each subsidiary.

Marketing / manufacturing tie-up with Fiat could provide a global market for Tata Motor products. TAMO recently entered into a JV with Fiat to market and jointly manufacture passenger cars in India. TAMO has also tied up with Fiat to manufacture 1.3L diesel engines for use in its new diesel passenger cars. Further, TAMO is looking at leveraging the relationship to enter into other emerging markets like Eastern Europe, Latin America and African countries. We believe that development of products just for the Indian market would be expensive for Tata Motors as new platform development for a single geography is not optimal and most global players have been able to recover product development expenses by developing products for several markets. Therefore, the current joint venture with Fiat could help defray these costs by spreading them over products developed for multiple markets. TAMO currently markets Fiat vehicles through its dealership (roughly 40 out of total dealership).

Investment Concerns

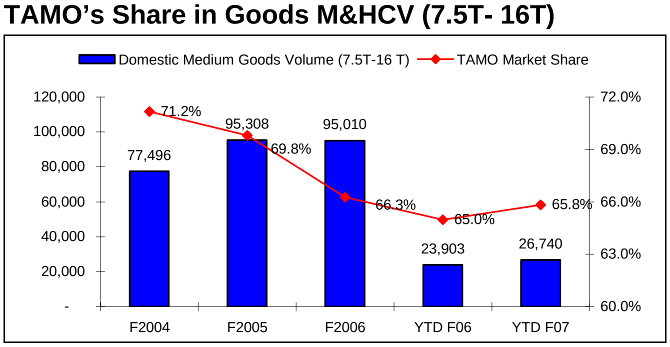
Impact from contraction phase in the overall M&HCV demand cycle would be significant. We estimate growth in the M&HCV segment will diverge, with the heavy goods vehicle segment posting strong growth (12.3% growth over F2006-09E) while sales decline in the medium vehicle goods segment (down 5% over F2006-09E). TAMO currently has 66% market share (in F2006) in the medium vehicle segment. We believe decline in unit volumes would reduce the overall capacity utilization and operational performance.

Exhibit 10
TAMO Share in Goods LCV Segment (5 T-7.5 T)



Source: SIAM, Morgan Stanley Research
YTD nos refer to YTD July

Exhibit 11
TAMO's Share in Goods M&HCV (7.5T- 16T)



Source: SIAM Morgan Stanley Research
YTD nos refer to YTD July

However, we believe higher exports (12.4% CAGR over F2006-09E) and flexible plants (which can manufacture commercial vehicles in both medium and heavy segment) will buffer the degradation in the operating efficiency. Further, we believe growth in the tipper and other construction machinery (usually classified in the medium commercial vehicle segment) would increase capacity utilization at the margin.

Small car project could be a drag on margins and cash flow in the near term. We believe the benefits of investment in the small car project (to cost roughly Rs27-30 Bn as per management) could be hard to come by in the near term depressing the overall operating margins. We estimate the breakeven volume for the small car project to be roughly 2.3 Mn units. This is based on projected capital spend of Rs30 bn for the project, average realization of Rs85,000 per unit, and variable cost of 75%. We have used net margins of Maruti to arrive at the net profit for the small car.

The design for the car has been frozen and it will be a four-door, rear engine car, which will be available in diesel and petrol variants. The vehicle is expected to be launched end-F2008. In our estimates we have used modest volumes nos of 30,000 units to be sold in F2008 and 50,000 units in F2009.

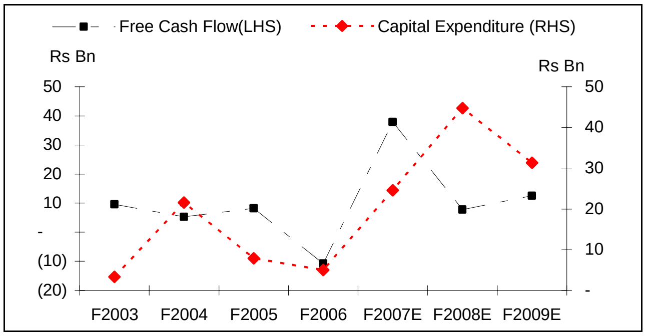
Exhibit 12
Small Car Project

Particulars	Amt	Rationale
Capex Planned	Rs30 Bn	As per company
Avg Realization (A)	Rs85000	15% discount on selling price
Variable Cost (B)	75% of Realization	Based on Maruti's model
Contribution (C)= (A)-(B)	Rs21,250	
Net Profit(D)	Rs8500	Based on Maruti's net margin
Fixed Cost (E)= (C)-(D)	Rs12750	Derived
Break Even Volumes	**2,352,941**	(For the project**)**

Source: Morgan Stanley Research

Aggressive capex plans would limit free cash flow generation in the near term. TAMO is planning to spend nearly Rs100 Bn (Rs25-30 Bn on small car project, Rs20 Bn on new car platform, Rs20 Bn on CV platform and Rs30 Bn on maintenance and increasing capacity of passenger cars and LCV trucks) over the next three years. We currently estimate roughly Rs70 bn will be funded through internal accruals while the balance will be funded through the unlocking of capital from the financing business. We believe the aggressive capex plans could be a dampener on the stock as the benefits of these projects will be visible only by F2009.

Exhibit 13
Free Cash Flow and Capex



Source: Company data, Morgan Stanley Research
Free Cash Flow= Free Cash Flow from Operations less Capex

Competitive Pressure from Global OEMs Could Constrain growth in the heavy vehicle segment
TAMO currently has 47% market share in the overall M&HCV segment, but with the entry of global OEMs (Daimler Chrysler introduced the 'Actros' range of trucks in June 2006, etc.) with better technology and advanced products, sustaining its market share could be an issue in the longer term. However, we believe TAMO's subsidiary Daewoo commercial vehicles in Korea (which can supply engines with capacity > 200 HP) and possible tie-up with Iveco, Fiat's commercial vehicles arm should hold it in good stead.

Exhibit 14
New CV Business

Company	New Models
Ashok Leyland	Acquired an European company in Prague which deals with < 9 tonne vehicles
M&M	Formed a JV with ITEC for manufacturing light and heavy commercial vehicles(for goods segment)
Bajaj Tempo	Tied up with Man Nutzfahrzeuge to manufacture high tonnage buses and trucks

Source: Morgan Stanley Research

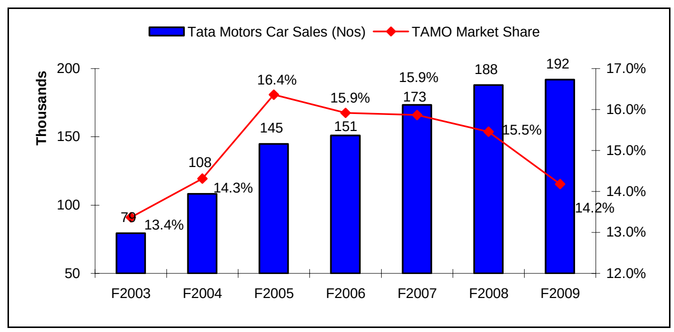
Lack of new product launches over the next two years in the passenger car segment could impact TAMO's market share. With competition intensifying from launch of new models by global and domestic OEMs, lack of new product launches could reduce the buzz for TAMOs products and thereby its market share. Currently, TAMO is looking at setting up a new platform for passenger cars by end of F2007 which would be able to roll out products only after 12-18 months. Further, with Maruti and other OEMs planning to enter into the diesel car segment we could see increased pressure on passenger car volumes as TAMO has not introduced a new model in the diesel segments across the passenger car categories (compact cars, entry level sedan etc.)

Exhibit 15
New Cars to be Launched

	B Segment	C Segment	Comments
Cheverolet	Spark	Captiva	To be launched by Jan 2007
Fiat	Grande Punto		Formed a JV with TAMO to mfg cars
Hyundai		Verna	To launch by Dec 2006
Mahindra		Logan	JV With Renault. To launch by Jun 07
Maruti	New Zen, Wagon R, Diesel car (Swift)		Plans to launch 5 new cars over next 5 years.
Nissan			Planning compact car using MUL facilities
Skoda	Fabia		To launch by June 2007
Volkswagen	Fox	Getta	

Source: Morgan Stanley Research

Exhibit 16
TAMO Domestic Car Sales and Market Share



Source: SIAM, Morgan Stanley Research

Operating margins to decline by 10 bps over F2008 as increasing proportion of car volumes drag overall margins. We currently estimate operating margins for F2007 and F2008 to be 12.5% and 12.4% respectively. We believe the increasing proportion of passenger cars in overall unit volumes to drag down the overall operating margins which could be partly offset by de-bottlenecking of capacities and cost reduction initiatives. Further, capital spending on small car project would drag the margins down as we would see significant volumes only by F2009-10. In addition spiraling commodity prices and inability to pass on price increases due to intense competition could further crimp the margins. To sustain them, TAMO has planned Rs10 Bn in cost reductions over the next three years (F2006-09) through outsourcing, value engineering, target costing, global sourcing, productivity and process improvement and vendor rationalization. According to management, the company has achieved roughly Rs4.7 Bn cost reduction in F2006 through these measures.

Valuations

Valuations and Target Price Discussion

In the past 3 and 6 months, TAMO has underperformed the market by 3% and 10% respectively. We expect growth in earnings to moderate over F2006-09, primarily due to the drag on margins from the higher proportion of passenger cars in overall unit volumes, lower unit volumes (especially in the medium commercial vehicles (goods) segment) and higher input costs.

Our Equal-Weight rating is primarily driven by the slowdown in the M&HCV domestic goods segment (especially in the medium / intermediate commercial segment where TAMO has 66% market share), lack of visibility on earnings potential of the small car project, and a drag on margins from increasing proportion of passenger cars (which have lower margins than commercial vehicles) in overall volume. Further, aggressive capex plans are expected to limit the free cash flow generation in the near term.

We are not rating the stock Underweight, as we believe TAMO's market-leading presence in the light commercial goods vehicle segment (66% market share) and increasing exports (11% of overall volumes by F2009) partially offset the decline in unit volumes from the turn in M&HCV domestic (goods) cycle. We could become more negative if the impact from declining sales in M&HCV is more severe than we estimated and / or believe the small car project is a huge drag on the free cash flow and overall profitability of the company.

We could become more positive on the stock if we see signs of successful execution and profitable volumes from the small car project, unlocking of value from subsidiaries (HV Axles Limited, HV Transmission Limited, Tata Technologies Limited and TELCON) and / or valuation becomes attractive.

TAMO currently trades at 17.3X F2008E earnings per share, a 35% premium over the historical average and 23% premium over our coverage universe.

Our target price is based on the F2008 forward market multiple of 14.8 and a relative P/E multiple of 1 (historical median value). We do not assign relative growth premium as we estimate TAMO to post 14.5% CAGR growth over F2006-09E, in line with market expectation. Therefore we arrive at a target price of Rs770, which is 13% downside from current levels of Rs885 and hence we rate the stock Equal-Weight with an In-line view for the industry. The key risks to our target price are slowdown in industrial growth, a rise in interest rates and continuing increases in steel prices.

Exhibit 17

Target Price Computation

Rel P/E	1.0
Fwd P/E	14.8
Relative Growth Premium	0%
Target P/E	14.8
F2008E EPS (Rs)	52.0
Target Price (Rs)	**770**

Source: Morgan Stanley Research

Scenario Analysis

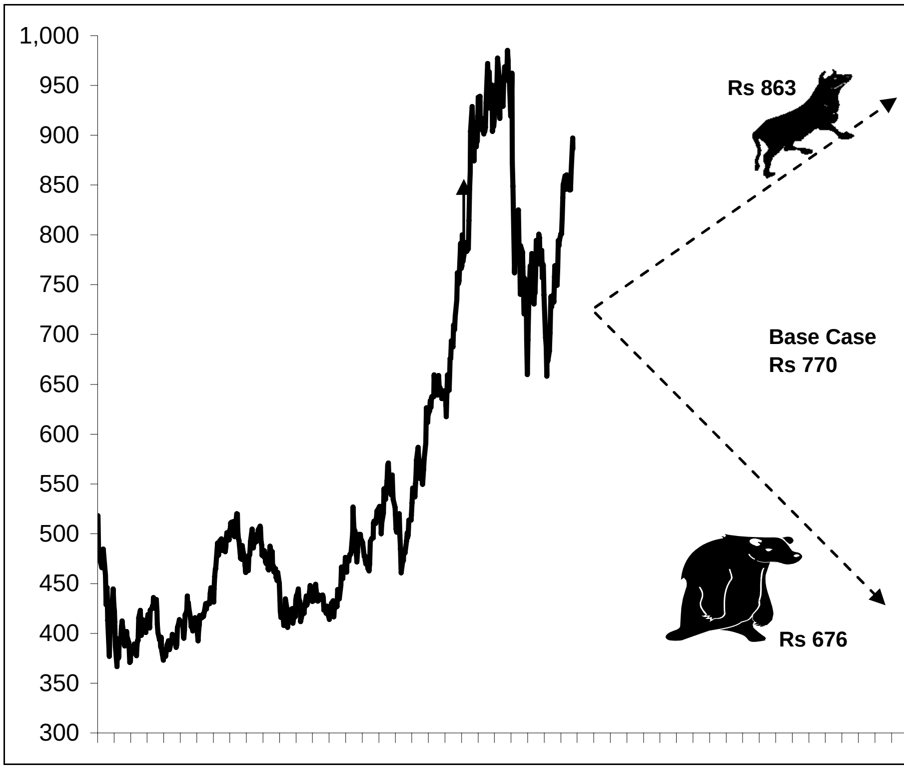
Our Base-case scenario (Rs770) assumes TAMO will post 5.2% CAGR growth over F20006-09E with TAMO CV volumes to grow by 11% CAGR and total unit volumes to grow by 13% over F2006-09E. We are assuming that sluggish growth in medium commercial vehicles will be offset by strong growth generated in heavy and light goods commercial vehicles. We assume the small car project will clock up modest volumes of 30,000 and 50,000 units in F2008 and F2009 respectively. EBITDA margins could be at 12.4% and 12.5% levels in F2008 and F2009 respectively.

Our Bull-case scenario (Rs863) assumes strong growth in heavy commercial vehicles. This would enable TAMO to post 9% CAGR growth over F2006-09E, in turn leading to higher capacity utilization of its plant. Its plant should be flexible enough to make more heavy than medium trucks, whose growth is expected to be sluggish. Therefore CV volumes for TAMO should grow by 14% CAGR with EBITDA margins improving by 50 bps to 13% in F2009. We also assume that the small car project is successful and TAMO is able to derive strong volumes from the project, which is being set up with an initial capacity of 1.35 Mn units. However we are not factoring any success of the small car project in our Bull valuations, due to a paucity of information

Our Bear-case scenario (Rs676) assumes that the growth in M&HCV is subdued and TAMO capacity utilization declines, as the plant is not flexible enough to shift production between medium and heavy commercial vehicles. Therefore TAMO would post CAGR growth of 2% in M&HCV with total CV volumes growing 7% CAGR over F2006-09E. This would lead to decline in EBITDA margins of 60 bps to 11.9% by F2009. We also assume that the small car project is not successful and is unable to clock up desired volumes, which would further erode margins for F2009 (first full year of operation for small car).

Exhibit 18

Bull, Bear and Base Cases, F2007-F2009E



000s	F2007	F2008	F2009
M&HCV Volumes	162.51	170.76	176.81
CV Volumes	311.49	338.96	366.05
Total Vols	552.93	621.91	689.21
EBITDA Margin	13.0%	12.9%	13.0%
EPS (Rs)	51.7	58.3	67.1
EPS Growth	29%	13%	15%
Implied P/E Ratio	16.7	14.8	12.9

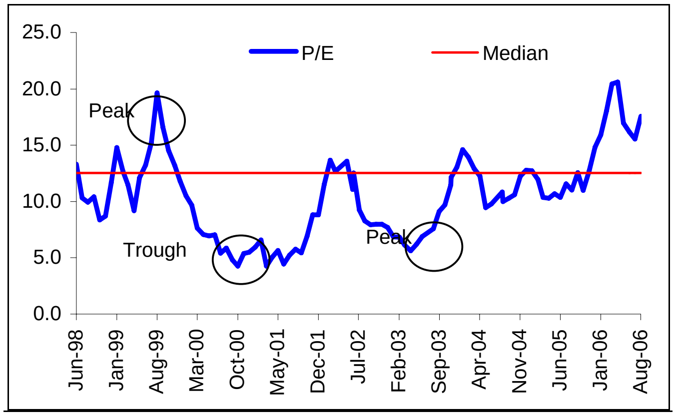
000s	F2007	F2008	F2009
M&HCV Volumes	147.73	155.23	160.73
CV Volumes	284.54	309.68	334.45
Total Vols	525.98	592.63	657.61
EBITDA Margin	12.5%	12.4%	12.5%
EPS (Rs)	46.1	52.0	60.0
EPS Growth	15.3%	12.8%	15.4%
Implied P/E Ratio	16.7	14.8	12.8

000s	F2007	F2008	F2009
M&HCV Volumes	132.96	139.71	144.66
CV Volumes	257.58	280.39	302.86
Total Vols	499.03	563.34	626.01
EBITDA Margin	11.9%	11.8%	11.9%
EPS (Rs)	40.5	45.7	53.0
EPS Growth	1.3%	12.8%	16.0%
Implied P/E Ratio	16.7	14.8	12.8

Source: Company data, Morgan Stanley Research

Exhibit 19

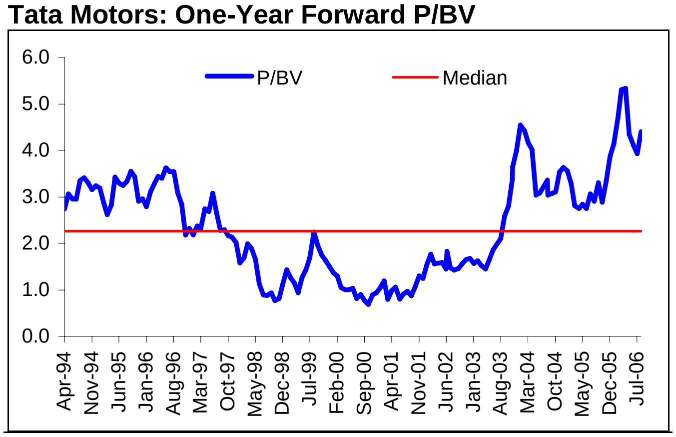
Tata Motors: One-Year Forward P/E



Source: Bloomberg, Morgan Stanley Research
Note: Peak Trough Cycle calculated based on Industry Note: India Commercial Vehicles Exhibit 1

Exhibit 20

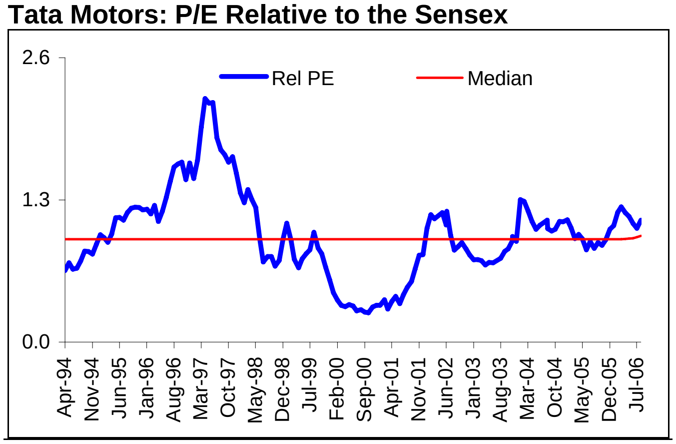
Tata Motors: One-Year Forward P/BV



Source: Bloomberg, Morgan Stanley Research

Exhibit 21

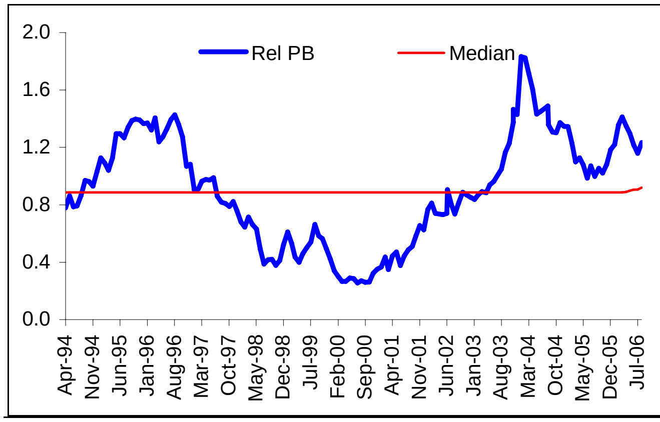
Tata Motors: P/E Relative to the Sensex



Source: Bloomberg, Morgan Stanley Research

Exhibit 22

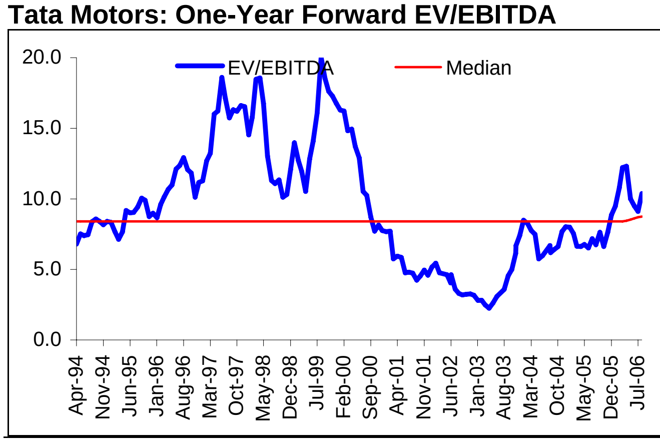
Tata Motors: P/BV Relative to the Sensex



Source: Bloomberg, Morgan Stanley Research

Exhibit 23

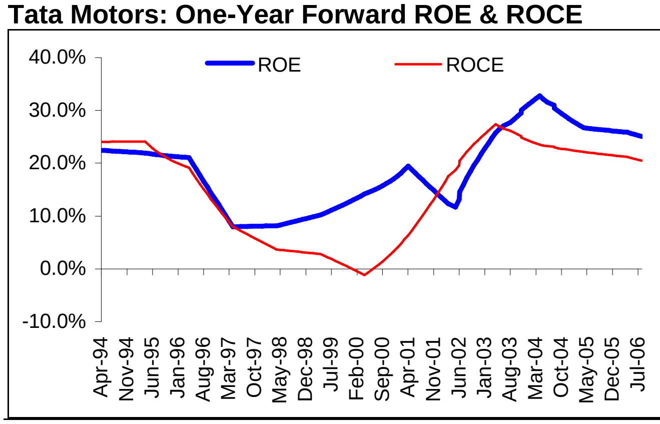
Tata Motors: One-Year Forward EV/EBITDA



Source: Bloomberg, Morgan Stanley Research

Exhibit 24

Tata Motors: One-Year Forward ROE & ROCE



Source: Bloomberg, Morgan Stanley Research

Exhibit 25

Auto Valuations, 6 Sept, 2006

	Price (Rs)	MS Rating	P/E F2006	P/E F2007E	P/E F2008E	P/B F2006	P/B F2007E	P/B F2008E	EV/EBITDA F2006	EV/EBITDA F2007E	EV/EBITDA F2008E
Mahindra & Mahindra	645	OW	15.0	12.4	10.0	4.8	3.7	2.8	15.7	12.7	10.0
Maruti	893	EW	20.8	17.8	16.2	4.7	3.8	3.2	12.1	10.3	8.9
Tata Motors	884	EW	22.1	19.2	17.0	5.9	5.0	4.0	13.6	11.4	10.0
Ashok Leyland	44	OW	18.8	15.6	12.1	4.1	3.6	3.2	10.4	8.6	6.5
4 Wheeler Sector		**Attractive**	**19.2**	**16.1**	**13.9**	**5.0**	**4.0**	**3.3**	**13.2**	**11.0**	**9.3**

	Price Target	Market Cap ($Mn)	EBITDA Margin F2006	EBITDA Margin F2007E	EBITDA Margin F2008E	ROE (%) F2006	ROE (%) F2007E	ROE (%) F2008E	ROCE (%) F2006	ROCE (%) F2007E	ROCE (%) F2008E
Mahindra & Mahindra	800	3,440	12.0%	12.3%	12.8%	23.6	20.7	19.5	17.2	16.8	16.8
Maruti	760	5,601	15.8%	15.8%	16.0%	24.5	23.1	20.9	22.8	22.0	20.3
Tata Motors	770	6,941	12.5%	12.5%	12.4%	26.7	23.7	20.2	18.0	17.0	15.5
Ashok Leyland	50	1,272	10.1%	11.1%	12.2%	24.2	24.8	28.0	14.3	16.6	19.9
4 Wheeler Sector		**17,253**	**13.0%**	**13.2%**	**13.4%**	**25.9**	**24.9**	**23.5**			

E = Morgan Stanley Research estimates. Source: Morgan Stanley Research

Appendix A: Subsidiaries

Key Subsidiaries:

Tata Daewoo has captured nearly 25% market share in the Korean market, posting 35% and 160% growth in revenues and net earnings in F2006. It seems poised for strong growth in Korean markets. We estimate Tata Daewoo to post 28% growth in earnings over F2006-09E

Tata Construction (Telcon), a 60:40 JV with Hitachi Construction Company (HCV). TAMO recently divested 20% of its stake to HCV. It has posted 39% and 113% YoY growth revenues and net earnings in F2006. We expect growth momentum for the company to accelerate with HCV planning to outsource machine and components to Telcon for its global network as Telcon and HCV set up a joint product development facility in India. Some of the newer products that could be introduced by the company include bulldozers, compactors and cranes. We expect Telcon to post 18% growth over F2006-09E

With the acquisition of Incat International Plc, **Tata Technologies (TTL**) posted Rs8.5 Bn of revenues in F2006. TTl now has broader presence in markets in North America, Europe and Asia Pacific with customer bases in automotive, aerospace and manufacturing industries. Prior to this acquisition, approximately 60-65% of Tata Technologies' revenues were derived from Tata Motors; post acquisition, these could decline to 10-15%. We expect TTL to post 25% growth over F2006-09E.

Tata Motors Finance (TMF) has posted 61% growth in disbursals in F2006 and has increased its market share to 24% in the vehicle financing industry, becoming the third largest player in vehicle finance in the country. TMF at present finances 24% of domestic sales of TAMO and TAMO is looking at increasing it to 40% by F2010. TMF has also started financing Fiat vehicles, in the wake of the tie-in between Fiat and TAMO for passenger cars. TAMO is forming an NBFC to move the vehicle financing business, which would release capital from TAMO's books to follow the aggressive capex planned over F2006-09E. We estimate the NBFC to post net earnings of Rs2.1 Bn and Rs3.3 Bn in F2008E and F2009E and contribute 10-12% of consolidated earnings in F2008 and F2009 respectively.

Morgan Stanley
ModelWare[SM]

ModelWare is Morgan Stanley's new system for helping investors and analysts to uncover value, free from the distortions and ambiguities created by accounting data. Morgan Stanley has dissected and fundamentally redefined the components of corporate valuation, giving clients more consistent definitions, more comparable data, and more flexible analytic tools. ModelWare makes investment insights easier by making value more visible.

Past inconsistencies in financial reporting made it difficult to compare performance among companies and across sectors and regions. Even within US GAAP, flexibility complicates comparisons. And accounting standards were developed to analyze historical data, not to facilitate projections. In response, Morgan Stanley analysts spent two years reviewing our entire coverage universe of company metrics. They defined more than 2,000 general and industry-specific metrics that eliminated inconsistencies stemming from regional differences, historical precedents and accounting conventions. The team applied these metrics across also all 1900+ companies we cover, and created flexible tools and services that let analysts redefine and use the data with maximum creativity. Because ModelWare provides complete transparency, users see every component of every calculation, to choose elements or recombine them as they wish.

ModelWare EPS illustrates the approach. It represents ModelWare EPS as ModelWare net income divided by average fully diluted shares outstanding. ModelWare net income sums net operating profit after tax (NOPAT), net financial income or expense (NFE) and other income or expense. ModelWare adjusts reported net income to improve comparability across companies, sectors and regions. Among these adjustments: We exclude goodwill amortization and items deemed by analysts to be "one-time" events; we capitalize operating leases where their use is significant (e.g., in transportation and retail); and we convert inventory to FIFO accounting when LIFO costing is used. For more information on these adjustments and others, as well as additional background, please see *Morgan Stanley ModelWare (ver. 1.0): A Road Map for Investors*, by Trevor Harris and team, August 2, 2004.

.

Disclosure Section

The information and opinions in this report were prepared or are disseminated by Morgan Stanley Dean Witter Asia Limited (which accepts the responsibility for its contents) and/or Morgan Stanley Dean Witter Asia (Singapore) Pte. (Registration number 199206298Z, regulated by the Monetary Authority of Singapore, which accepts the responsibility for its contents), and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H, regulated by the Monetary Authority of Singapore, which accepts the responsibility for its contents), and/or Morgan Stanley & Co. International Limited, Taipei Branch and/or Morgan Stanley & Co International Limited, Seoul Branch, and/or Morgan Stanley Dean Witter Australia Limited (A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents), and/or JM Morgan Stanley Securities Private Limited and their affiliates (collectively, "Morgan Stanley").

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Balaji Jayaraman.

Unless otherwise stated, the individuals listed on the cover page of this report are research analysts.

Global Research Conflict Management Policy

This research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies.

Important US Regulatory Disclosures on Subject Companies

As of July 31, 2006, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in this report: Mahindra & Mahindra, Tata Motors.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Mahindra & Mahindra, Tata Motors.

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following companies covered in this report: Mahindra & Mahindra, Tata Motors.

The research analysts, strategists, or research associates principally responsible for the preparation of this research report have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues.

Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Different securities firms use a variety of rating terms as well as different rating systems to describe their recommendations. For example, Morgan Stanley uses a relative rating system including terms such as Overweight, Equal-weight or Underweight (see definitions below). A rating system using terms such as buy, hold and sell is not equivalent to our rating system. Investors should carefully read the definitions of all ratings used in each research report. In addition, since the research report contains more complete information concerning the analyst's views, investors should carefully read the entire research report and not infer its contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of August 31, 2006)

For disclosure purposes only (in accordance with NASD and NYSE requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Underweight to hold and sell recommendations, respectively.

	Coverage Universe		Investment Banking Clients (IBC)		
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	**784**	**39%**	**294**	**44%**	**38%**
Equal-weight/Hold	**888**	**44%**	**297**	**45%**	**33%**
Underweight/Sell	**332**	**17%**	**74**	**11%**	**22%**
Total	**2,004**		**665**		

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley or an affiliate received investment banking compensation in the last 12 months.

Analyst Stock Ratings

Overweight (O or Over) - The stock's total return is expected to exceed the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

Equal-weight (E or Equal) - The stock's total return is expected to be in line with the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

Underweight (U or Under) - The stock's total return is expected to be below the total return of the relevant country MSCI Index, on a risk-adjusted basis, over the next 12-18 months.

More volatile (V) - We estimate that this stock has more than a 25% chance of a price move (up or down) of more than 25% in a month, based on a quantitative assessment of historical data, or in the analyst's view, it is likely to become materially more volatile over the next 1-12 months compared with the past three years. Stocks with less than one year of trading history are automatically rated as more volatile (unless otherwise noted). We note that securities that we do not currently consider "more volatile" can still perform in that manner.

Unless otherwise specified, the time frame for price targets included in this report is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

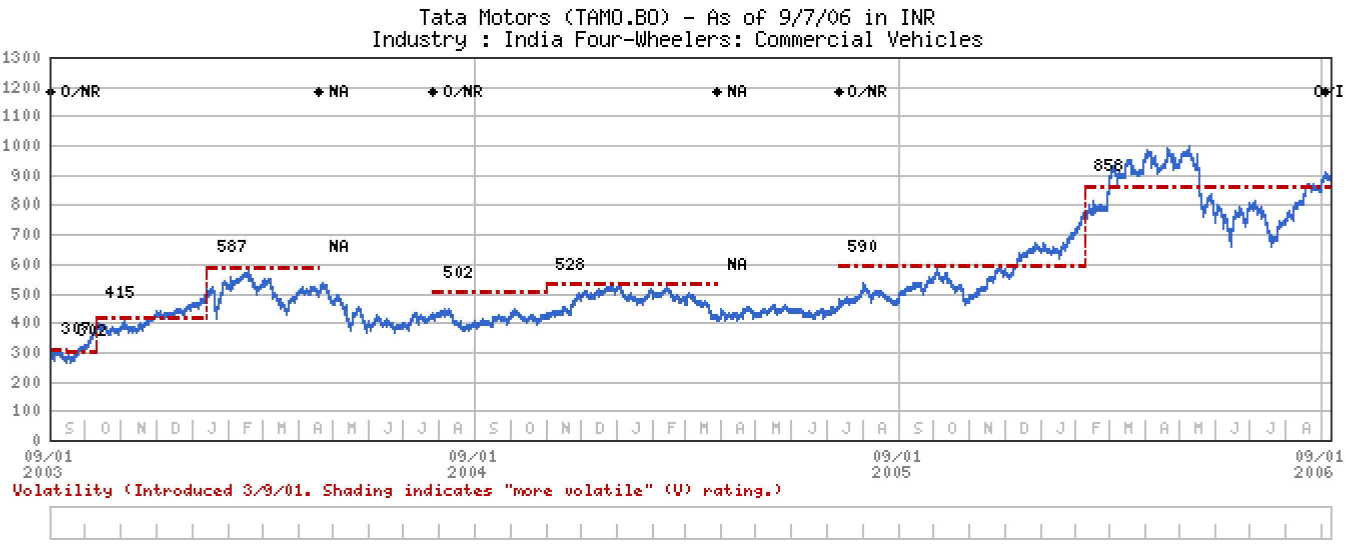
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

Stock price charts and rating histories for companies discussed in this report are available at www.morganstanley.com/companycharts or from your local investment representative. You may also request this information by writing to Morgan Stanley at 1585 Broadway, (Attention: Equity Research Management), New York, NY, 10036 USA.

Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 5/17/02 : O/NR; 4/20/04 : NA; 7/26/04 : O/NR; 3/28/05 : NA; 7/11/05 : O/NR; 9/4/06 : O/I

Price Target History: 8/21/03 : 307; 9/15/03 : 302; 10/10/03 : 415; 1/14/04 : 587; 4/20/04 : NA; 7/26/04 : 502; 11/1/04 : 528; 3/28/05 : NA; 7/11/05 : 590; 2/8/06 : 858

Source: Morgan Stanley Research   Date Format : MM/DD/YY   Price Target   No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst)   Stock Price (Covered by Current Analyst)
Stock Ratings abbreviated as below (Effective 3/18/02, ratings appear as Stock Ratings/Industry View)
Stock Ratings as of 3/18/02: Overweight (O) Equal-weight (E) Underweight (U) More Volatile (V) No Rating Available (NAV)
Stock Ratings prior to 3/18/02: Strong Buy (SB) Outperform (OP) Neutral (N) Underperform (UP) No Rating Available (NAV)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Other Important Disclosures

For a discussion, if applicable, of the valuation methods used to determine the price targets included in this summary and the risks related to achieving these targets, please refer to the latest relevant published research on these stocks. Research is available through your sales representative or on Client Link at www.morganstanley.com and other electronic systems.

This report does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The securities discussed in this report may not be suitable for all investors. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. The securities, instruments, or strategies discussed in this report may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them.

This report is not an offer to buy or sell or the solicitation of an offer to buy or sell any security or to participate in any particular trading strategy. The "Important US Regulatory Disclosures on Subject Companies" section lists all companies mentioned in this report where Morgan Stanley owns 1% or more of a class of common securities of the companies. For all other companies mentioned in this report, Morgan Stanley may have an investment of less than 1% in securities or derivatives of securities of companies mentioned in this report, and may trade them in ways different from those discussed in this report. Employees of Morgan Stanley not involved in the preparation of this report may have investments in securities or derivatives of securities of companies mentioned in this report, and may trade them in ways different from those discussed in this report. Derivatives may be issued by Morgan Stanley or associated persons.

Morgan Stanley & Co. Incorporated and its affiliate companies do business that relates to companies covered in its research reports, including market making and specialized trading, risk arbitrage and other proprietary trading, fund management, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in its research reports on a principal basis.

With the exception of information regarding Morgan Stanley, reports prepared by Morgan Stanley research personnel are based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in this report change apart from when we intend to discontinue research coverage of a subject company. Facts and views presented in this report have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley research personnel conduct site visits from time to time but are prohibited from accepting payment or reimbursement by the company of travel expenses for such visits.

The value of and income from your investments may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in your securities transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. Unless otherwise stated, the cover page provides the closing price on the primary exchange for the subject company's securities.

To our readers in Taiwan: Information on securities that trade in Taiwan is distributed by Morgan Stanley & Co. International Limited, Taipei Branch (the "Branch"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. This publication may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Information on securities that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities. The Branch may not execute transactions for clients in these securities.

To our readers in Hong Kong: Information is distributed in Hong Kong by and on behalf of, and is attributable to, Morgan Stanley Dean Witter Asia Limited as part of its regulated activities in Hong Kong. If you have any queries concerning this publication, please contact our Hong Kong sales representatives.

Certain information in this report was sourced by employees of the Shanghai Representative Office of Morgan Stanley Dean Witter Asia Limited for the use of Morgan Stanley Dean Witter Asia Limited.

This publication is disseminated in Japan by Morgan Stanley Japan Securities Co., Ltd.; in Hong Kong by Morgan Stanley Dean Witter Asia Limited (which accepts responsibility for its contents); in Singapore by Morgan Stanley Dean Witter Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore, which accepts responsibility for its contents; in Australia by Morgan Stanley Dean Witter Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services licence No. 233742, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International Limited, Seoul Branch; in India by JM Morgan Stanley Securities Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of, and has agreed to take responsibility for, the contents of this publication in Canada; in Germany by Morgan Stanley Bank AG, Frankfurt am Main, regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin); in Spain by Morgan Stanley, S.V., S.A., a Morgan Stanley group company, which is supervised by the Spanish Securities Markets Commission (CNMV) and states that this document has been written and distributed in accordance with the rules of conduct applicable to financial research as established under Spanish regulations; in the United States by Morgan Stanley & Co. Incorporated and Morgan Stanley DW Inc., which accept responsibility for its contents. Morgan Stanley & Co. International Limited, authorized and regulated by Financial Services Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. Private U.K. investors should obtain the advice of their Morgan Stanley & Co. International Limited representative about the investments concerned. In Australia, this report, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act.

The trademarks and service marks contained herein are the property of their respective owners. Third-party data providers make no warranties or representations of any kind relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages of any kind relating to such data. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property of MSCI and S&P.

Morgan Stanley has based its projections, opinions, forecasts and trading strategies regarding the MSCI Country Index Series solely on publicly available information. MSCI has not reviewed, approved or endorsed the projections, opinions, forecasts and trading strategies contained herein. Morgan Stanley has no influence on or control over MSCI's index compilation decisions.

Morgan Stanley research is disseminated and available primarily electronically, and, in some cases, in printed form.

Additional information on recommended securities is available on request.

Morgan Stanley
JM MORGAN STANLEY

The Americas	Europe	Japan	Asia/Pacific
1585 Broadway	25 Cabot Square, Canary Wharf	4-20-3 Ebisu, Shibuya-ku	Three Exchange Square
New York, NY 10036-8293	London E14 4QA	Tokyo 150-6008	Central
United States	**United Kingdom**	**Japan**	**Hong Kong**
Tel: +1 (1) 212 761 4000	Tel: +44 (0) 20 7 425 8000	Tel: +81 (0) 3 5424 5000	Tel: +852 2848 5200

Industry Coverage:India Four-Wheelers: Commercial Vehicles

Company (Ticker)	Rating (as of)	Price (09/07/2006)
Balaji Jayaraman		
Ashok Leyland Ltd. (ASOK.BO)	O (09/08/2006)	Rs43.30
Mahindra & Mahindra (MAHM.BO)	O (09/08/2006)	Rs644.70
Tata Motors (TAMO.BO)	E (09/08/2006)	Rs897.35

Stock Ratings are subject to change. Please see latest research for each company.