

November 15, 2012

Rating
Remains **Neutral**

Target price
Remains **INR 284**

Closing price
November 15, 2012 **INR 272**

Oct-12 JLR volumes below estimates

Quick Note

Oct-12 JLR volumes came in at 27,897 units; below expectations

Global wholesale volumes of Jaguar Land Rover in Oct-12 were at 27,897 vehicles; up 6.6% y/y. This is below our estimate of 34,000 units. Jaguar sales for the month were 3,339 units, down 36% y/y, while Land Rover sales were 24,558 units., higher by 17% y/y. Overall JLR volumes for FYTD13 (Apr-Oct) are up 21% y/y.

As per our discussions with the company, Evoque volumes were around 9,500 units for this month. Oct volumes were affected by around 2,500 units owing to lower dispatches of new Range Rover model. The company remains confident of achieving FY13 volumes of 360,000-370,000 units.

The company needs to achieve a monthly volume run rate of around 35,000 units to achieve our FY13 volume target of ~365,000 units. Based on these numbers, there could be some potential downside risks to our numbers.

We expect the stock to react negatively on these numbers.

Fig. 1: JLR monthly wholesale volumes

	Oct-12	Oct-11	YoY (%)	FYTD13	FYTD12	YoY (%)
Jaguar	3,339	5,231	(36.2)	24,945	29,875	(16.5)
Land Rover	24,558	20,927	17.4	163,846	126,368	29.7
JLR	27,897	26,158	6.6	188,791	156,243	20.8

Source: Company data, Nomura research

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See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

Fig. 2: JLR historical wholesale volumes

	Jaguar	Land Rover	Total	YoY
Apr-11	3,079	16,352	19,431	8.5%
May-11	4,221	18,075	22,296	17.0%
Jun-11	4,038	16,320	20,358	0.8%
Jul-11	4,372	14,747	19,119	-1.4%
Aug-11	3,409	17,833	21,242	31.0%
Sep-11	5,525	22,114	27,639	41.5%
Oct-11	5,231	20,927	26,158	38.8%
Nov-11	5,315	23,868	29,183	27.1%
Dec-11	4,726	26,255	30,981	45.1%
Jan-12	4,547	24,746	29,293	43.8%
Feb-12	4,228	28,029	32,257	49.0%
Mar-12	5,343	31,128	36,471	51.3%
Apr-12	3,603	21,540	25,143	29.4%
May-12	4,342	25,752	30,094	35.0%
Jun-12	3,829	24,386	28,215	38.6%
Jul-12	4,064	22,857	26,921	40.8%
Aug-12	2,960	21,100	24,060	13.3%
Sep-12	2,808	23,653	26,461	-4.3%
Oct-12	3,339	24,558	27,897	6.6%

Source: Company data

Fig. 3: JLR monthly retail volumes by region

JLR Retails	Apr 2012	May 2012	Jun 2012	Jul 2012	Aug 2012	Sep 2012	Oct 2012	FYTD13
Asia Pacific	1,153	1,279	1,520	1,297	1,265	1,497	1,260	9,271
China Region	5,538	6,419	6,508	5,374	5,654	6,124	4,651	40,268
Europe	5,751	6,161	7,466	5,508	4,119	6,398	6,196	41,599
North America	4,810	4,935	5,044	4,676	5,128	5,016	4,216	33,825
UK	3,726	5,444	5,313	4,652	854	12,609	4,575	37,173
Rest of the world	4,435	4,677	5,579	4,511	4,804	5,263	4,278	33,547
Total JLR	25,413	28,915	31,430	26,018	21,824	36,907	25,176	195,683

Source: Company data

Fig. 4: JLR monthly retail volumes by model

Jaguar Retails	Apr 2012	May 2012	Jun 2012	Jul 2012	Aug 2012	Sep 2012	Oct 2012	FYTD13
XF	2,417	2,701	3,118	2,284	1,518	4,550	1,976	18,564
New XJ	1,494	1,496	1,472	1,132	1,043	1,207	716	8,560
XK	284	357	299	308	258	498	318	2,322
Total Jaguar	4,195	4,554	4,889	3,724	2,819	6,255	3,010	29,446

Land Rover Retails	Apr 2012	May 2012	Jun 2012	Jul 2012	Aug 2012	Sep 2012	Oct 2012	FYTD13
Defender	1,005	1,090	1,334	1,243	787	1,783	1,238	8,480
Discovery	2,917	3,638	4,111	2,834	2,990	5,040	3,296	24,826
Freelander	3,428	3,811	4,502	3,884	2,954	5,530	3,507	27,616
Range Rover	1,920	2,283	2,477	2,052	1,770	2,503	1,458	14,463
Range Rover Evoque	8,230	9,204	9,512	8,633	6,399	9,410	8,143	59,531
Range Rover Sport	3,718	4,335	4,605	3,648	4,023	6,355	4,478	31,162
New Range Rover					82	31	46	159
Total Land Rover	21,218	24,361	26,541	22,294	19,005	30,652	22,166	166,237

Total JLR Retails	25,413	28,915	31,430	26,018	21,824	36,907	25,176	195,683
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Source: Company data

Appendix A-1

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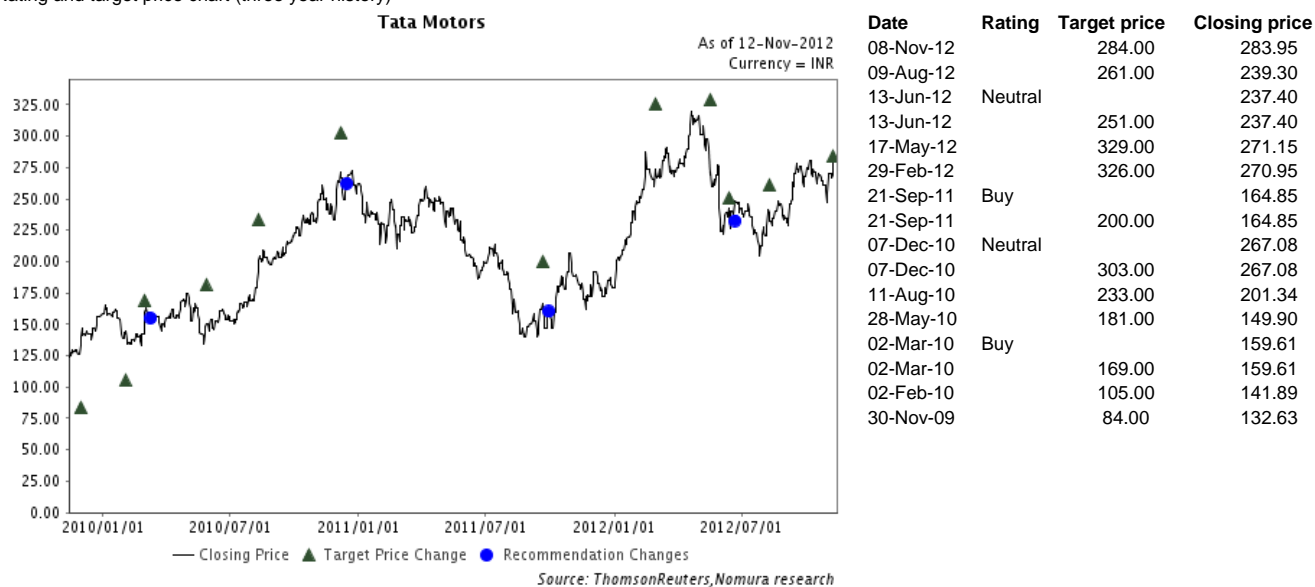
Previous Rating

Issuer name	Previous Rating	Date of change
Tata Motors	Buy	13-Jun-2012

Tata Motors (TTMT IN)

INR 272 (15-Nov-2012) Neutral (Sector rating: Not rated)

Rating and target price chart (three year history)



For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our new 12-month target price of INR284 is based on a sum-of-the-parts methodology (unchanged). We value the stand-alone business at INR51.8/sh, based on 7.0x one-yr forward stand-alone EBITDA (average of FY14F and FY15F). We value JLR at INR201.6/sh, based on 3.0x FY14F one-yr forward normalized EBITDA of INR 239,206mn. We value other investments at INR30.5/sh.

Risks that may impede the achievement of the target price Downside risks include 1) global growth slowdown; 2) slower-than-expected growth in China; and 3) sharper-than-expected slowdown in MHCV industry volumes. Upside risks include 1) success of new launches and 2) favourable currency movements.

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