

COMPANY

UPDATE

Tata Motors Ltd.

JLR volume traction remains strong

- JLR posted strong volumes for Nov'11, higher than estimates, up 27.1%/11.6% YoY/MoM to 29,183 units (IDBIest 26,000 units).
- Jaguar volumes were down 5.4%/up 1.6% YoY/MoM, to 5,315 units, led by rollout of 2.2 ltr XF in US and Europe and XJL in China. New XF has picked up well, though it is too early to infer any sort of trend in monthly run-rate.
- LR volumes continued to remain strong, up 37.7%/14.1% YoY/MoM to 23,868 units, led by *Evoque* rollout in US and Europe.
- Similar trend was visible even in volumes of BMW, Mercedes and Audi, with YoY growth ranging from 8-28%.
- In case of BMW, Germany grew by 2.8%, US and Brazil were up 14.8% and 49.0%, while India and Russia grew by 62.6% and 38.8% respectively. Korea and Turkey also registered a healthy growth of 44.0% and 59.7%.
- For Mercedes, Western Europe was down 9.7%, Asia Pacific was up 20.1%, while US was up 47.2%. Japan and China registered a growth of 30.8% and 24.1% respectively.
- For Audi, China was up 68.8% while US and Japan were up 3.6% and 25.9 % respectively. India and Brazil witnessed strong growth of 66.0% and 110.7% while Europe was up 17.8%.
- TTMT management has not seen any signs of slowdown in its fast growing markets like China, Russia, Brazil, Middle East, etc., led by growing aspirations of owning a European car, strong brand pull and relatively immune premium segment. Even US has been holding up well (largely led by restructuring of dealership network and appointing new Head of Sales earlier this fiscal).
- Though impact of slowdown is visible in Europe incl. UK, some improvement is seen led by new launches. Going ahead, the management expects growth to continue, led by China and other emerging markets, while US will remain steady and Europe will be weak. In addition, *Evoque* and new XF have also started dispatches to China and will gradually be rolled out to other markets, which should aid sustainability in volumes.
- Management expects 300k units of volumes for FY12 to be achievable; though it has categorically stated that this is not their guidance but what they feel they have the manned capacity for. (IDBIest 285k - implying a residual monthly run-rate of ~25k).

Reiterate BUY with price target of Rs204 (core business - Rs59; JLR - Rs130 and subsidiaries - Rs15).

Table: Volumes

Units	Nov-11	Nov-10	YoY (%)	Oct-11	MoM (%)	YTDCY11	YTDCY10	YoY (%)
JLR	29,183	22,957	27.1	26,158	11.6	251,557	211,095	19.2
Mercedes Benz	113,859	105,133	8.3	103,378	10.1	1,136,525	1,059,203	7.3
BMW	138,978	129,042	7.7	139,276	-0.2	1,510,862	1,319,530	14.5
Audi	111,400	87,031	28.0	108,500	2.7	1,193,100	1,003,726	18.9

Source: Bloomberg; IDBI Capital Research

Table: Geographical break-up

Mercedes Benz	Nov-11	Nov-10	YoY (%)
Western Europe	45,962	50,899	(9.7)
Germany	24,326	27,738	(12.3)
NAFTA	30,092	21,102	42.6
US	26,796	18,204	47.2
Asia/Pacific	28,812	23,990	20.1
Japan	2,621	2,004	30.8
China (inc. Hong Kong)	18,067	14,558	24.1

Source: Bloomberg; IDBI Capital Research

Table: Geographical break-up (cont'd)

Audi	Nov-11	Nov-10	YoY (%)
Europe	59,900	50,849	17.8
Germany	25,093	22,050	13.8
UK	7,593	5,809	30.7
France	5,598	4,461	25.5
Spain	2,789	2,111	32.1
Russia	1,801	1,411	27.6
US	9,700	9,363	3.6
Brazil	670	318	110.7
South Africa	1,017	940	8.2
Japan	1,626	1,292	25.9
India	425	256	66.0
China	29,861	17,690	68.8

Source: Bloomberg; IDBI Capital Research

BMW	Nov-11	Nov-10	YoY (%)
Germany	25,705	25,007	2.8
US	26,271	22,883	14.8
Brazil	13,153	8,828	49.0
Korea	25,203	17,502	44.0
Russia	27,018	19,465	38.8
India	8,692	5,346	62.6
Turkey	13,704	8,581	59.7

Source: Bloomberg; IDBI Capital Research



Notes

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Key to Ratings**Stocks:**

BUY: Absolute return of 15% and above; **ACCUMULATE:** 5% to 15%; **HOLD:** Upto \pm 5%; **REDUCE:** -5% to -15%; **SELL:** -15% and below.

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