



### Data Track: March 2012 volume update of auto majors

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### Sector Gauge: March update

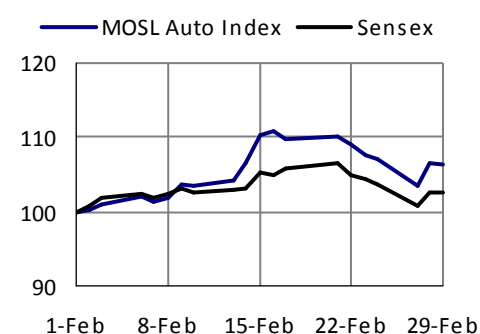
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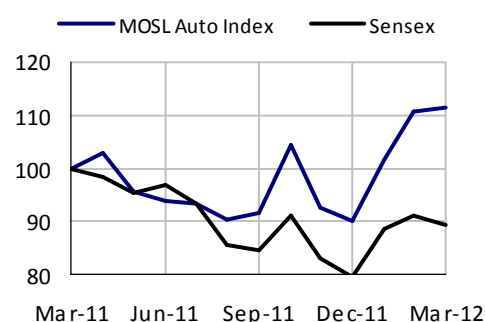
- Honda Motorcycles launches new CBR 150R at INR116,400
- Tata Motors enters super-luxury city bus segment with Divo priced at INR6.6m
- Ford India launches a new variant of Fiesta at INR899,000
- Hyundai rolls out iGen i20

### Speedometer

#### March 2012 relative performance



#### 12-month relative performance



### Aggregate Volumes For March 2012\*

Segment	Mar-12	Mar-11	YoY (%)	Feb-12	MoM (%)	YTD FY12	YTD FY11	Chg (%)
<b>2-Wheelers</b>	<b>1,009,412</b>	<b>976,024</b>	<b>3.4</b>	<b>997,487</b>	<b>1.2</b>	<b>12,226,813</b>	<b>10,795,469</b>	<b>13.3</b>
Motorcycle	895,132	869,883	2.9	888,445	0.8	10,912,278	9,625,465	13.4
3-Wheelers	39,756	39,118	1.6	46,927	-15.3	582,595	499,026	16.7
Cars	157,063	145,377	8.0	149,170	5.3	1,409,667	1,539,577	-8.4
UVs	47,212	35,351	33.6	41,986	12.4	447,270	341,504	31.0
<b>Commercial Vehicles</b>	<b>63,955</b>	<b>56,237</b>	<b>13.7</b>	<b>57,874</b>	<b>10.5</b>	<b>598,877</b>	<b>508,061</b>	<b>17.9</b>
LCV	40,867	31,265	30.7	37,393	9.3	377,579	298,539	26.5
M&HCV	23,088	24,972	-7.5	20,481	12.7	221,298	209,522	5.6
Tractors	17,405	19,848	-12.3	15,316	13.6	235,375	213,652	10.2
<b>Total Volumes</b>	<b>1,334,803</b>	<b>1,271,955</b>	<b>4.9</b>	<b>1,308,760</b>	<b>2.0</b>	<b>15,500,597</b>	<b>13,897,289</b>	<b>11.5</b>

\* Aggregate of Bajaj Auto, Hero MotoCorp, TVS Motor, Maruti, M&M, and Tata Motors

Source: Company/MOSL

### Comparative Valuation

	CMP * (INR)	Rating	P/E (x)			EV/EBITDA (x)			RoE (%)			RoCE (%)		
			FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E
Bajaj Auto	1,654	Buy	18.6	15.5	13.6	12.9	10.5	8.5	66.7	54.8	47.8	76.1	70.3	64.8
Hero MotoCorp	2,056	Buy	20.5	17.2	14.4	15.2	10.7	8.4	62.5	60.6	54.0	59.2	57.0	61.8
M&M	709	Buy	14.5	16.5	12.6	13.7	13.5	12.4	25.0	20.7	19.2	25.6	22.0	21.3
Maruti Suzuki	1,337	Buy	16.2	24.5	14.3	8.7	12.4	7.2	16.5	9.9	14.9	22.1	12.9	19.6
Tata Motors	276	Buy	10.2	7.8	6.9	6.0	4.2	3.4	47.3	40.8	33.0	24.6	29.8	29.0

\* Price as on 2nd April 2012

Source: Company/MOSL

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## Data Track

## Sector overview and outlook

## Receding headwinds improve outlook

**Slowdown visible in 2Ws and cars; UVs, CVs maintain momentum:** The slowdown earlier visible in passenger cars (3.2% YTD FY12 growth) is now clearly evident in 2W volumes as well, with growth rate moderating to 12% over the last two months (v/s YTD cumulative growth till Nov-11 of 18%). However, UVs and CVs continue to record strong volume growth. Although volume outlook in the short term is impacted by macro headwinds, we believe long term volume outlook remains positive driven by strong economic growth, improved availability of finance, new product launches and exports potential.

**Margins to bottom-out in FY12, with gradual improvement from 1QFY13 onwards:** EBITDA margins are estimated to improve in FY13, benefitting from higher operating leverage, stable commodity cost and favorable forex. However, increasing competitive intensity in some segments would restrict pricing power. We anticipate price increases coupled with productivity improvement programs and high operating leverage to drive profitability from 1QFY13 onwards.

**Receding macro headwinds augur well for FY13:** Lending rates are at a 13-year peak and are expected to start easing in FY13, auguring well for PV and CV demand. With INR expected to stabilize, albeit at higher levels, there would be improved visibility in operations. Easing of macro headwinds would be a key trigger for re-rating of auto stocks. However, increase in fuel price (on top of 2% increase in excise duty) is a potential negatives in the short term.

**Valuation and view:** While our entire coverage universe in Autos has outperformed over the last 12 months, with a positive view on interest rates and stable commodity prices, we believe that performance of 4-Ws could improve further. We prefer Maruti Suzuki (gradual improvement as headwinds recede over next 6-9 months), TTMT (strong volume momentum in JLR coupled with attractive valuations) and Hero MotoCorp (scope to improve margins from historical lows coupled with strong volume momentum).

## Comparative Valuation

	CMP * (INR)	Rating	P/E (x)			EV/EBITDA (x)			RoE (%)			RoCE (%)		
			FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E
Bajaj Auto	1,654	Buy	18.6	15.5	13.6	12.9	10.5	8.5	66.7	54.8	47.8	76.1	70.3	64.8
Hero MotoCorp	2,056	Buy	20.5	17.2	14.4	15.2	10.7	8.4	62.5	60.6	54.0	59.2	57.0	61.8
M&M	709	Buy	14.5	16.5	12.6	13.7	13.5	12.4	25.0	20.7	19.2	25.6	22.0	21.3
Maruti Suzuki	1,337	Buy	16.2	24.5	14.3	8.7	12.4	7.2	16.5	9.9	14.9	22.1	12.9	19.6
Tata Motors	276	Buy	10.2	7.8	6.9	6.0	4.2	3.4	47.3	40.8	33.0	24.6	29.8	29.0

\* Price as on 2nd April 2012

Source: Company/MOSL

## Key Financial Indicators

	Volume Chg (%) ^			EBITDA Margins (%)			EPS (Rs) *			EPS Growth (%) *		
	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E
Bajaj Auto	34.1	13.3	14.8	20.4	20.3	20.3	90.4	108.1	123.0	43.9	19.6	13.8
Hero MotoCorp	17.4	15.4	13.1	11.8	11.1	11.7	100.5	119.7	142.4	-10.0	19.0	18.9
M&M	24.3	21.0	9.5	14.7	11.7	11.5	48.2	42.2	55.2	48.2	42.2	55.2
Maruti Suzuki	24.8	-10.8	21.8	9.7	7.1	9.6	82.4	54.6	93.7	-9.2	-33.7	71.6
Tata Motors *	25.2	10.3	10.7	14.4	14.8	14.6	27.1	35.3	40.1	503	30.2	13.6

^ Volume growth for standalone; \* Consolidated wherever applicable, \*\*Adjusted margins for change in royalty accounting

## Data Track

## Hero MotoCorp

Below estimate at 528,290 (+2.4% YoY, v/s est 545,000); Maintain Buy

## Snapshot of volumes for March

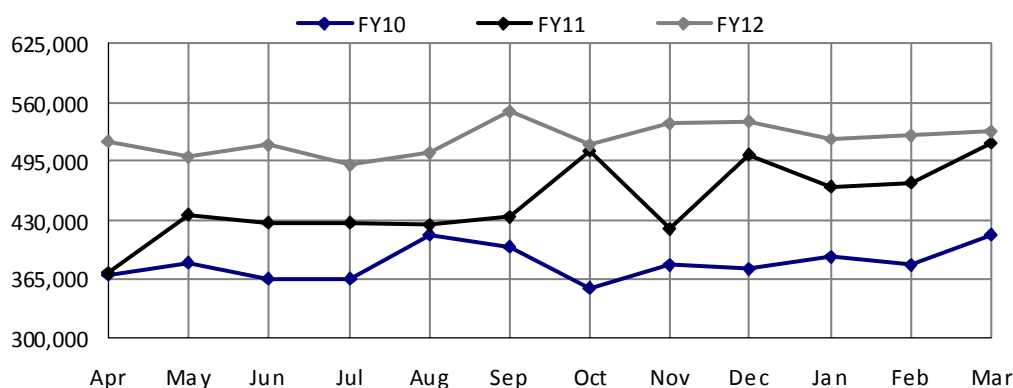
	Mar-12	Mar-11	YoY (%)	Feb-12	MoM (%)	YTDFY12	YTDFY11	Chg (%)	FY12E	YoY (%)
Total volume	528,290	515,852	2.4	523,465	0.9	6,235,205	5,402,264	15.4	7,055,048	13.1

## Highlights

Volumes grew by just  
2.4% YoY

- Hero MotoCorp volumes grew 2.4% YoY (0.9% MoM) to 528,290 (v/s est 545,000). FY12 volumes grew 15.4% to 6.23m units. We estimate volume growth of 13.1% for FY13 to 7.06m units.
- Commenting on its performance Mr Pawan Munjal, MD & CEO said "FY2011-12 has indeed been a defining year for us, action-packed and memorable. Having taken the bold decision to chart our own course, we not only managed to retain our leadership position, but actually improved on our earlier performance to further enhance our market share during the financial year."
- Hero has debottlenecked existing capacities by 0.7m units to 7m units, with large part of de-bottlenecking at Haridwar. While it has not yet finalized on location of 4th plant, it is confident to make the new plant operational by 4QFY13.
- The management expects industry to post double digit volume growth in FY13 with Hero Motocorp likely to outperform the industry.
- We model volume growth of 13.1% for FY13 to 7.06m (due to capacity constraint). We expect 70bp contraction in EBITDA margins (adjusted for change in royalty accounting) to 11.1% in FY12 followed by 60bp expansion in FY13 to 11.7%. The stock trades at 14.4x FY13 EPS of INR142.4. **Buy**.

## Hero MotoCorp: two-wheelers



Source: Company/MOSL

## Hero MotoCorp: Financial &amp; Valuation Summary

Bloomberg	HMCL IN	Year	Net Sales	PAT	EPS	EPS	P/E	P/CE	P/BV	EV/	RoE	RoCE
Equity Shares (m)	200	End	(INR m)	(INR m)	(INR)	Gr. (%)	(X)	(X)	(X)	EBITDA	(%)	(%)
CMP (INR)	2,056	3/10A	157,582	22,318	111.8	74.1	-	-	-	-	61.4	72.8
52-Week Range (IN	2,248/1,378	3/11A	192,450	20,077	100.5	-10.0	20.5	19.1	13.9	15.2	62.5	59.2
1,6,12 Rel. Perf. (%)	-1/18/22	3/12E	233,379	23,901	119.7	19.0	17.2	15.4	10.4	10.7	60.6	57.0
M.Cap. (USD b)	8.1	3/13E	272,353	28,430	142.4	18.9	14.4	13.2	7.8	8.4	54.0	61.8

## Data Track

## Bajaj Auto

Mar-12 volumes above est at 335,515 v/s est 319,877; domestic volumes remain sluggish

## Snapshot of volumes for March

	Mar-12	Mar-11	YoY (%)	Feb-12	MoM (%)	YTDFY12	YTDFY11	Chg (%)	FY12E	YoY (%)
<b>Total volume</b>	<b>335,515</b>	<b>306,740</b>	<b>9.4</b>	<b>343,777</b>	<b>-2.4</b>	<b>4,349,560</b>	<b>3,823,281</b>	<b>13.8</b>	<b>4,992,072</b>	<b>14.8</b>
Total Two-Wheelers	300,848	273,391	10.0	301,961	-0.4	3,834,405	3,386,397	13.2	4,406,741	14.9
Three-Wheelers	34,667	33,349	4.0	41,816	-17.1	515,155	436,884	17.9	585,331	13.6
Exports	109,061	69,884	56.1	122,727	-11.1	1,581,194	1,203,718	31.4	1,960,398	24.0

## Highlights

While overall volumes grew 9.4% YoY, domestic volumes degrew 3.8% YoY

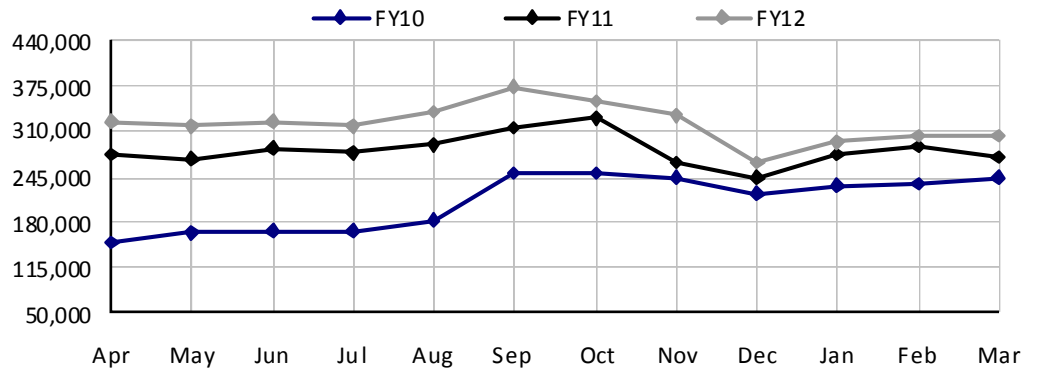
- Bajaj Auto's total volumes grew 9.4% YoY (-2.4% MoM) to 335,515 (v/s est of 319,877). Domestic volumes de-grew 3.8% YoY to 227,824 (v/s est of 217,005). We estimate FY13 growth at 14.8% to ~5m.
- Overall motorcycle volumes grew by 10% YoY (flat MoM) to 300,848 (v/s est 285,231). We model FY13 2W volume growth of 14.9% to ~4.4m.
- 3-wheeler volumes grew by 4% YoY (-17% MoM) to 34,667 (v/s est 34,645). We model 13.6% YoY growth to ~0.58m in FY13.
- Exports volumes came at 107,691 (v/s est 102,871), a growth of 54% YoY (-12% MoM), albeit on a low base.
- It expects industry to post double digit growth in FY13 while volumes for Bajaj Auto are expected to grow at 15%, driven by new launches.
- The company anticipates its domestic motorcycle volumes growth to match export volume growth next year and is confident of maintaining EBITDA margins at 20% in FY13.
- While it lost 100bp market share in FY13 at the wholesale level, it claims that there was no loss in market share at the retail level. Inventory remains at normal levels.
- It recently launched two motorcycles, KTM Duke 200 and Pulsar 200cc. While retail sales of KTM Duke started in Feb-12, Pulsar 200 will be available in the market from this month. It also plans to launch a new commuter motorcycle in May-12.
- At a little over 300,000 units, Sri Lanka comprises ~20% of its export volumes, divided equally between motorcycle and three-wheelers. The company clarified that it intends to pass on the entire import duty hike. We will watch out for the volumes in Sri Lanka for any adverse impact of price increase.
- The stock trades at 13.4x FY13E EPS of INR123.5. Maintain **Buy**.

## Bajaj Auto: Financial &amp; Valuation Summary

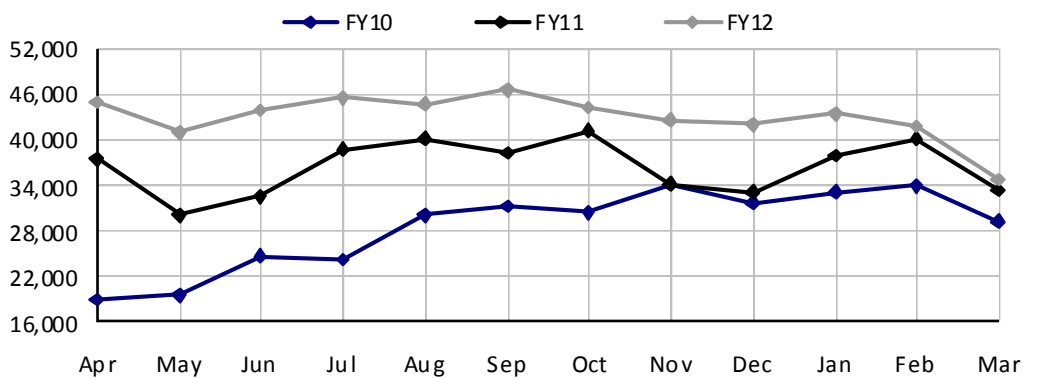
Bloomberg	BJAUT IN	Year	Net Sales	PAT	EPS	EPS	P/E	P/CE	P/BV	EV/	RoE	RoCE
Equity Shares (m)	289.4	End	(INR m)	(INR m)	(INR)	Gr. (%)	(X)	(X)	(X)	EBITDA	(%)	(%)
CMP (INR)	1,654	3/10A	119,210	18,175	62.8	128.3	-	-	-	-	78.8	68.5
52-Wk Range (INR)	1,839/1,260	3/11A	166,089	26,152	90.4	43.9	18.3	17.5	9.7	12.7	66.7	76.1
1,6,12 Rel.Perf.(%)	-4/5/28	3/12E	199,217	31,404	108.5	20.1	15.2	14.6	7.3	10.3	54.9	70.5
M.Cap. (USD b)	9.4	3/13E	233,860	35,750	123.5	13.8	13.4	12.8	5.7	8.3	47.9	64.9

Two-wheeler volumes (units)

Discover and Pulsar contribute ~65% to two-wheeler volumes

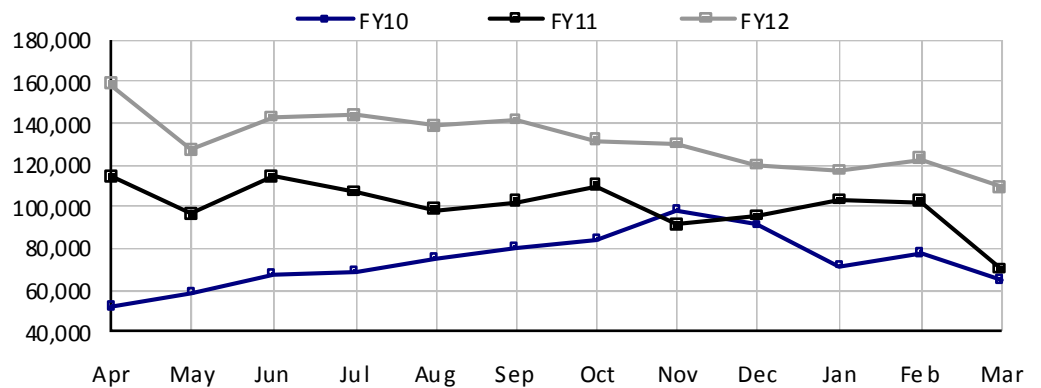


Three-wheeler volumes (units)

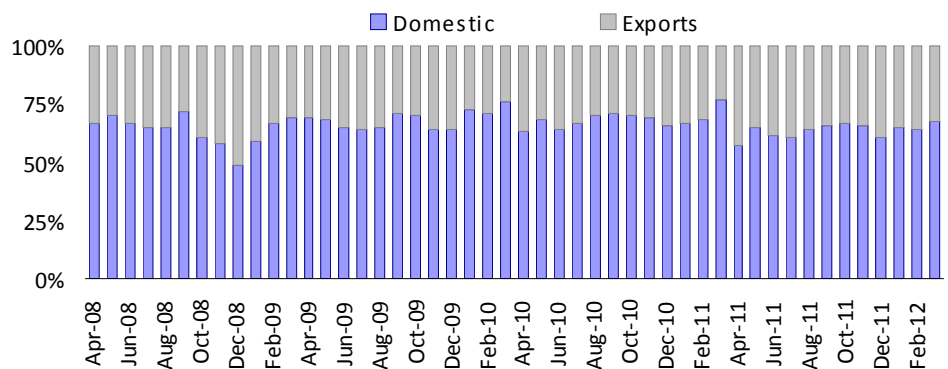


Export volumes (units)

Export volumes grew at 56% YoY , albeit on a low base



Market mix remains stable



Source: Company/MOSL

## Data Track

## Maruti Suzuki

Above est at 125,952 (3.3% YoY, 5.9% MoM ); domestic demand driven by pre-budget buying; Buy

## Snapshot of volumes for March

	Mar-12	Mar-11	YoY (%)	Feb-12	MoM (%)	YTDFY12	YTDFY11	Chg (%)	FY12E	YoY (%)
<b>Total volume</b>	<b>125,952</b>	<b>121,952</b>	<b>3.3</b>	<b>118,949</b>	<b>5.9</b>	<b>1,133,695</b>	<b>1,271,032</b>	<b>-10.8</b>	<b>1,380,905</b>	<b>21.8</b>
Domestic	112,724	110,424	2.1	107,653	4.7	1,006,316	1,132,766	-11.2	1,240,788	23.3
A1	2,300	2,915	-21.1	2,200	4.5	23,274	26,485	-12.1		
C	12,436	14,416	-13.7	13,305	-6.5	144,061	160,653	-10.3		
A2	78,439	78,460	0.0	74,803	4.9	703,869	808,552	-12.9		
A3	17,971	13,910	29.2	17,101	5.1	128,129	131,282	-2.4		
A4	48	103	NA	14	NA	458	128	NA		
UV	1,530	620	146.8	230	565.2	6,525	5,666	15.2		
Export	13,228	11,528	14.7	11,296	17.1	127,379	138,266	-7.9	140,117	10.0

## Highlights

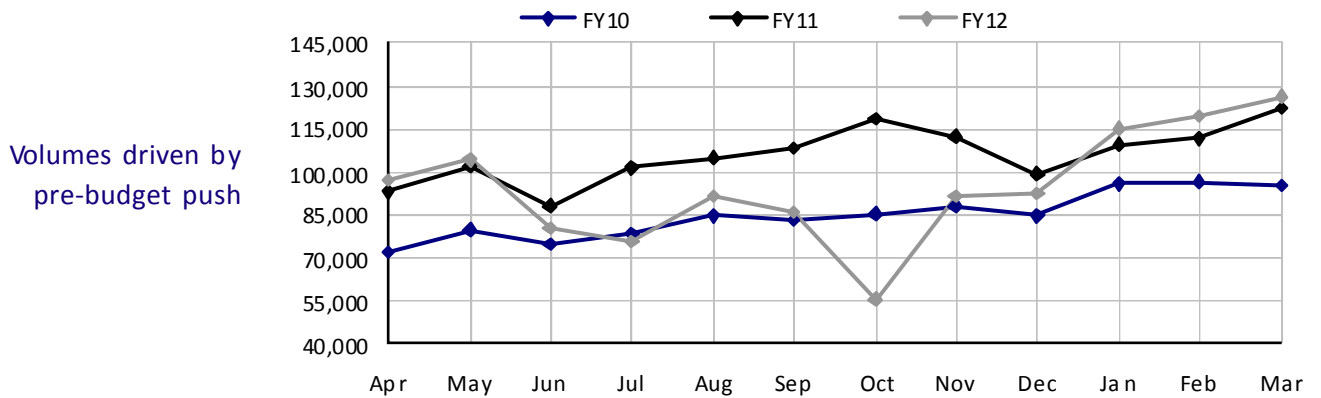
The key A2 segment was flat YoY (4.9% MoM)

- Maruti's Mar-12 volumes grew 3.3% YoY (+6% MoM) to 125,952 (est 120,000), its highest level in FY12. While domestic volumes grew 2% YoY (+5% MoM), exports grew ~15% YoY (17% MoM). Diesel vehicles came at ~30,000, thus comprising ~24% of sales. We estimate FY13 volume growth at 22% to 1381m units.
- Domestic volumes (112,724 v/s est 109,000) grew led by signs of pre-budget pick-up in retail demand (on expectation of increase in excise and/or diesel tax). Our channel checks indicate retail sales for petrol vehicles in Mar-12 were at pre-budget prices and hence impact of excise duty hike is not reflected in these numbers. Also, discount level on petrol vehicles remains high.
- A2 segment remained flat YoY (+5% MoM) at 78,439, driven by catering to order backlog of Swift (volumes at 20,000 in Mar-12), while A3 segment grew 29% YoY (5% MoM) led by volumes of new Dzire at 16,451, which enjoys a waiting period of 3 months. However, C segment de-grew ~14% YoY (6.5% MoM).
- Export volumes came at 13,228 (v/s est 11,000), translating to a growth of 15% YoY.
- Hyundai India reported sales at 59,229 (+7% YoY, +15% MoM), albeit on a low albeit, driven by strong domestic sales growth of 23% YoY (7% MoM).
- We expect Maruti's FY13 volumes to grow at 22% to 1381m, driven by availability of additional 0.1m p.a. diesel engine (for next 3 years), new Swift Dzire, launch of new 7-seater MPV, Ertiga, scheduled for 11th April' 12.
- We expect FY13 EBITDA margin to improve 250bp to 9.6% from 7.1% in FY12, driven by (a) price hike in Jan-12, (b) better product mix with higher diesel engine availability, (c) favorable JPY/INR movement, (d) benefit of operating leverage, and (e) savings from higher localization.
- The stock trades at 14.3x FY13 consol. EPS and at 9.9x FY13E cash EPS. Maintain **Buy** with target price of INR1,622 (12x FY13E Cash EPS).

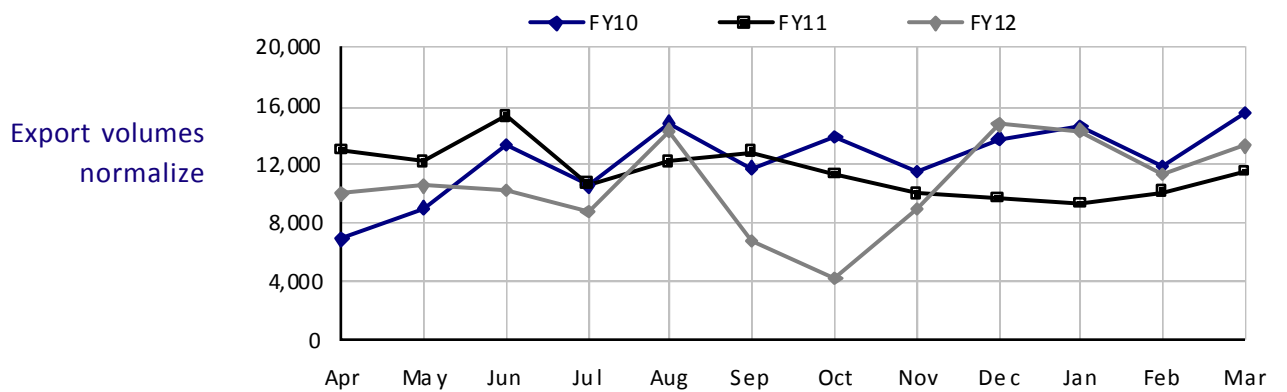
## Maruti Suzuki: Financial &amp; Valuation Summary

Bloomberg	MSIL IN	Year	Total Inc.	PAT	Con. EPS	EPS	Con. P/E	P/CE	P/BV	EV/	RoE	RoCE
Equity Shares (m)	289.0	End	(INR m)	(INR m)	(INR)	Gr. (%)	(x)	(x)	(X)	EBITDA	(%)	(%)
CMP (INR)	1,337	3/10A	296,231	25,068	90.8	113.8	14.7	11.6	3.3	8.2	21.1	28.4
52-Wk Range (INR)	1,345/906	3/11A	369,199	23,101	82.4	-9.2	16.2	11.6	2.8	8.7	16.5	22.1
1,6,12 Rel.Perf.(%)	13/11/5	3/12E	360,958	14,907	54.6	-33.7	24.5	14.8	2.6	12.4	9.9	12.9
M.Cap. (USD b)	7.6	3/13E	446,236	25,858	93.7	71.6	14.3	9.9	2.2	7.2	14.9	19.6

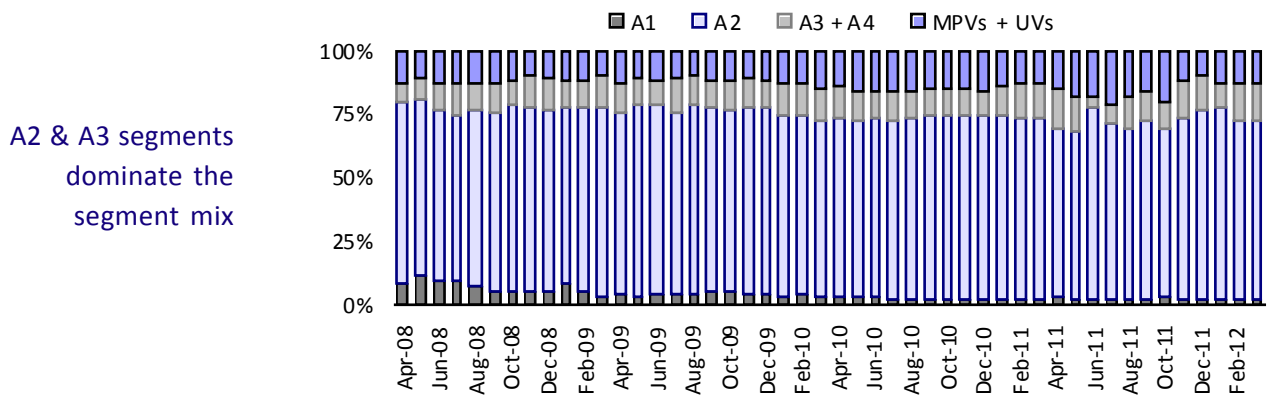
Monthly volumes (units)



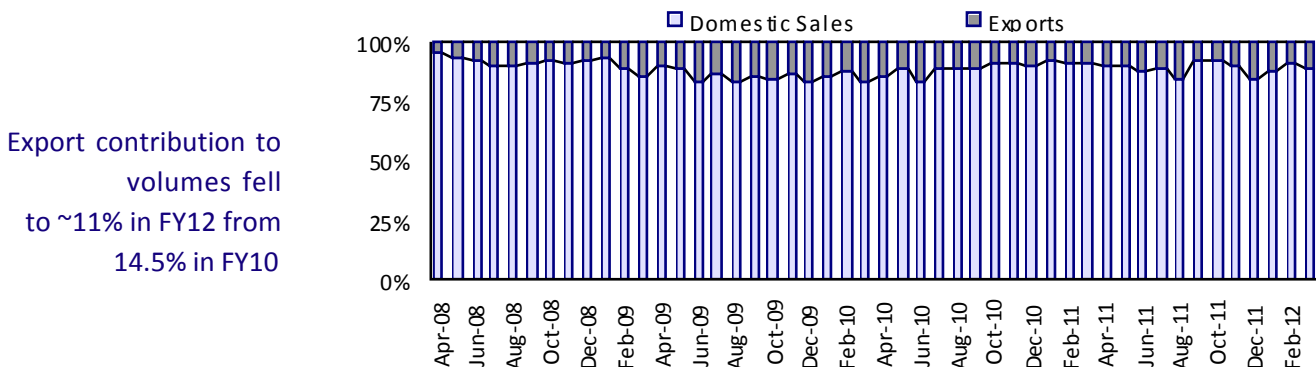
Export volumes (units)



Segment mix (domestic)



Market mix



Source: Company/MOSL



## Data Track

**Mahindra & Mahindra**

Volumes in-line at 64,406 (12% YoY, 10%MoM) against our est of 65,780; Buy

## Snapshot of volumes for March

	Mar-12	Mar-11	YoY (%)	Feb-12	MoM (%)	YTDFY12	YTDFY11	Chg (%)	FY12E	YoY (%)
<b>Total volume</b>	<b>64,406</b>	<b>57,370</b>	<b>12.3</b>	<b>58,403</b>	<b>10.3</b>	<b>718,620</b>	<b>590,715</b>	<b>21.7</b>	<b>788,028</b>	<b>9.7</b>
UV + Verito	40,393	30,874	30.8	36,721	10.0	401,982	303,844	32.3	452,672	12.5
LCV	1,519	879	72.8	1,255	21.0	13,823	11,077	24.8	15,205	10.0
Verito	1,625	1,018	59.6	1,632	-0.4	17,701	11,063	60.0	20,356	15.0
Three-Wheelers	5,089	5,769	-11.8	5,111	-0.4	67,440	62,142	8.5	74,184	10.0
Tractors	17,405	19,848	-12.3	15,316	13.6	235,375	213,652	10.2	245,967	4.5

**Highlights**

Tractor volumes declined  
12% YoY (+14% MoM)

- M&M's Mar-12 volumes came at 64,406 (v/s est 65,780), up 12% YoY (10% MoM), driven by strong growth in 4-wheeler pick-ups and UVs.
- Tractor volumes were down 12% YoY (+14% MoM) at 17,405 (v/s est 17,048). In order to rationalize inventory, the company had cut production upto 2 days per week from 9th to 31st Mar-12 at its tractor plants located at Rudrapur, Nagpur and Jaipur.
- PV volumes grew 31% YoY (10% MoM) to 40,393 (v/s est 41,461), driven by strong growth in UVs and pick-up trucks. While passenger vehicles grew 33% YoY to 23,020, pick-up trucks grew 28% YoY to 14,714. Our FY13 estimates factor in 12.5% YoY growth in UVs to 452,672.
- 3-wheeler volumes de-grew 12% YoY (flat MoM) to 5,089 (v/s est 6,005). Our FY13 estimates factor in 10% growth to 74,184.
- Ssangyong Motors (SYMC) reported 10% YoY volume de-growth (+5.4% MoM) to 9,342. For CY12, we estimate volume growth of 8.8% to 123,000, gross margins of 13% and net loss of USD112m. Considering slowdown in volume momentum, our CY12 volumes and loss number would be at risk.
- We estimate overall FY13 volume growth at 9.7% to 788,028. Our FY13 estimates factor in volume growth of 4.5% for tractors and 12.5% for UVs. We expect S/A EBITDA margins at 11.6% in FY12 and 11.5% in FY13. Including MVML, we expect 13.3% EBITDA margins in both FY12 and FY13.
- Based on our estimates, the stock trades at 12.6x FY13E consolidated EPS of INR55.2. Maintain **Buy**.

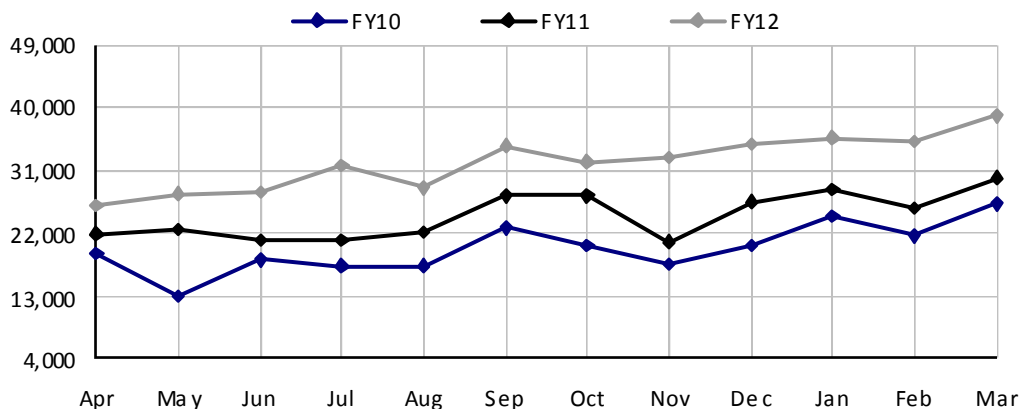
**Mahindra and Mahindra: Financial & Valuation Summary**

Bloomberg	MM IN	Year	Net Sales	S/A PAT *	S/A EPS *	Cons.	Con. EPS	P/E	Cons.	RoE	RoCE	EV/	EV/
Equity Shares (m)	587.2	End	(INR m)	(INR m)	(INR)	EPS (INR)	Gr (%)	(x)	P/E (x)	(%)	(%)	Sales (x)	EBITDA
CMP (INR)	697	3/10A	185,888	20,451	34.3	40.8	61.9	20.3	17.1	26.1	25.4	2.2	13.3
52-Wk Range (INR)	875/584	3/11A	234,944	25,732	43.1	48.2	18.1	16.2	14.5	25.0	25.6	1.8	11.8
1,6,12 Rel.Perf.(%)	-6/0/6	3/12E	307,248	27,092	45.4	42.2	-12.5	15.4	16.5	20.7	22.0	1.3	11.4
M.Cap. (USD b)	8.2	3/13E	343,649	29,199	48.9	55.2	31.0	14.2	12.6	19.2	21.3	1.2	10.4



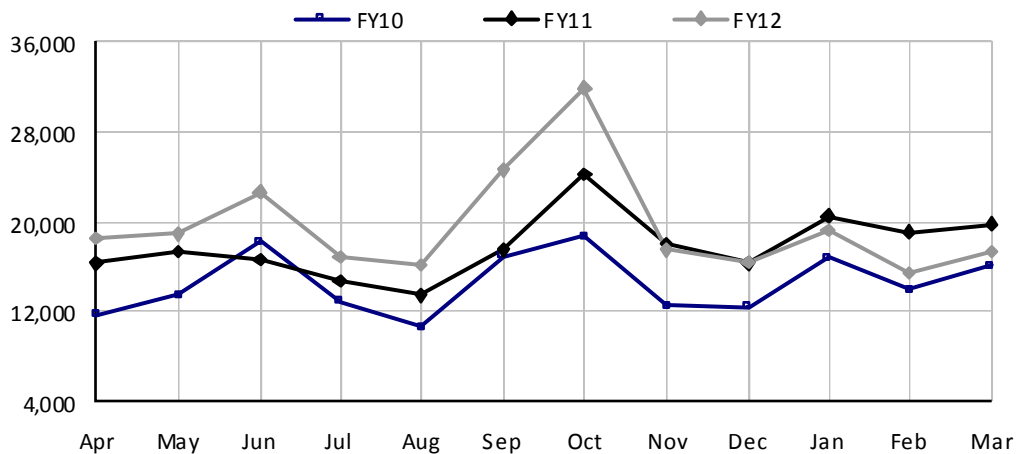
Utility vehicle volumes (units)

UV volumes continue to remain strong



Tractor volume (units)

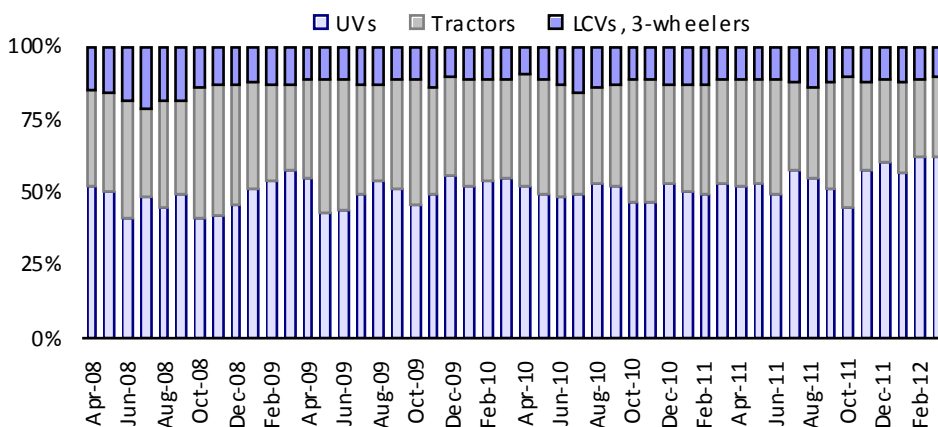
Tractor volumes de-grew 12% YoY



Source: Company/MOSL

Product mix

Tractors and UVs dominate the segment mix, but we expect the share of three wheelers and LCVs to increase



Source: Company/MOSL

## Data Track

## Tata Motors

In-line with est at 100,414 (20% YoY, 9% MoM, v/s est 102,508), LCVs surprise positively (+37% YoY)

## Snapshot of volumes for March

	Mar-12	Mar-11	YoY (%)	Feb-12	MoM (%)	YTD FY12	YTD FY11	Chg (%)	FY12E	YoY (%)
<b>Total volume</b>	<b>100,414</b>	<b>83,363</b>	<b>20.5</b>	<b>92,119</b>	<b>9.0</b>	<b>906,772</b>	<b>803,317</b>	<b>12.9</b>	<b>1,004,460</b>	<b>10.8</b>
HCV's	23,088	24,972	-7.5	20,481	12.7	221,298	209,522	5.6	240,760	7.7
LCV's	39,348	30,386	29.5	36,138	8.9	363,756	287,462	26.5	414,157	14.5
Cars	31,064	23,130	34.3	28,833	7.7	265,254	263,276	0.8	290,965	9.6
UV's	6,914	4,875	41.8	6,667	3.7	56,464	43,057	31.1	58,578	5.1
of which exports	5,367	5,932	-9.5	5,415	-0.9	62,890	58,042	8.4		

Volumes grew by 20% YoY driven by Passenger Cars and LCVs

## Highlights

- Total Mar-12 volumes grew 20.5% YoY (9% MoM) to 100,414 (v/s est 102,508), driven by 34% YoY growth in cars and 13% YoY growth in CV volumes. Total domestic car volume (ex-Nano) is 19,719 (+40% YoY, 4% MoM). We estimate FY13 total volume growth at 10.8% to 1,004,460.
- Domestic CV volumes grew 13% YoY (+10% MoM) to 62,436 (v/s est 64,571). M&HCV volumes de-grew 7.5% YoY (+13% MoM) to 23,088 (v/s est 25,971) whereas LCV volumes grew 30% YoY (+9% MoM) to 39,348 (v/s est 38,600). Our FY13 estimates factor in volume growth of 12% for CVs (incl exports) with 7.7% growth in M&HCV and 14.5% growth in LCVs.
- Strong momentum in car volumes sustained with Mar-12 volumes of 31,064, up 34% YoY (8% MoM), driven by strong pre-budget buying on account of expectations of levy of additional excise duty on diesel cars.
- Nano volumes clocked 7th consecutive MoM growth at 10,475 (8,707 in Feb-11, 9,217 in Feb-12). Ex Nano, domestic car volumes were up 40% YoY (4% MoM).
- UV volumes grew 42% YoY (4% MoM) to 6,914 (v/s est 6,994).
- We factor in volume growth of 10.8% in FY13. We estimate 70bp improvement in standalone EBITDA margins to 8% in FY13 from 7.3% in FY12E. FY13 JLR volumes are estimated at 311,574 (+28%) and FY13 at 360,502 (+16%) with EBITDA margins at 18.1% in FY12 and 17.4% in FY13.
- The stock trades at 6.9x FY13E Cons EPS of INR40.1 and 11x FY13E normalized Cons EPS (adj for R&D capitalization) of INR25. Maintain **Buy**.

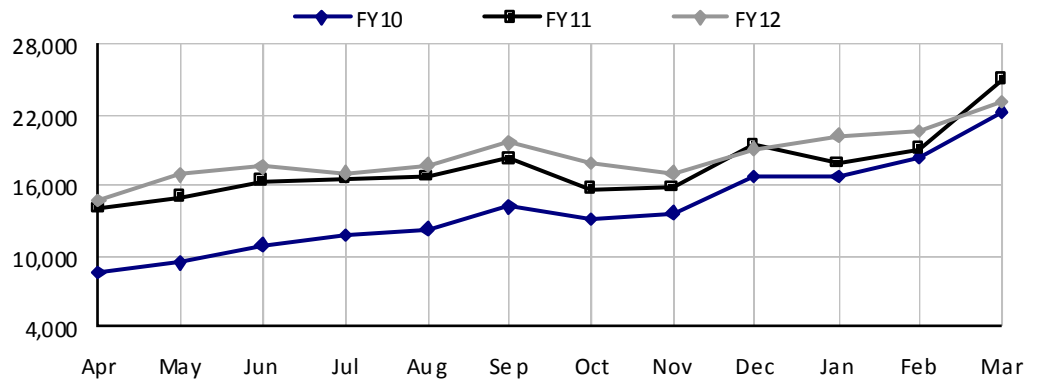
## Tata Motors: Financial &amp; Valuation Summary

Bloomberg	TTMT IN	Year	Sales	Adj. PAT	Adj. EPS	Norm.	P/E	Norm.	RoE	RoCE	EV/	EV/
Actual Eq. Sh (m)	3,210.1	End *	(Rs m)	(Rs m)	(Rs)	EPS (Rs) ^	Ratio	P/E (x)	(%)	(%)	Sales (x)	EBITDA (x)
CMP (INR)	276	3/10A	925,193	15,051	4.5	-4.2			18.3	10.7		
52-Week Range	297/138	3/11A	1,231,333	90,695	27.1	17.3	10.2	15.9	47.3	24.6	0.9	6.0
1,6,12 Rel. Perf. (%)	4/67/21	3/12E	1,658,080	118,112	35.3	23.2	7.8	11.9	40.8	29.8	0.6	4.2
M.Cap. (USD b)	18.1	3/13E	1,938,430	134,191	40.1	25.0	6.9	11.0	33.0	29.0	0.5	3.4

\* Consolidated; ^ Normalized for capitalized expenses

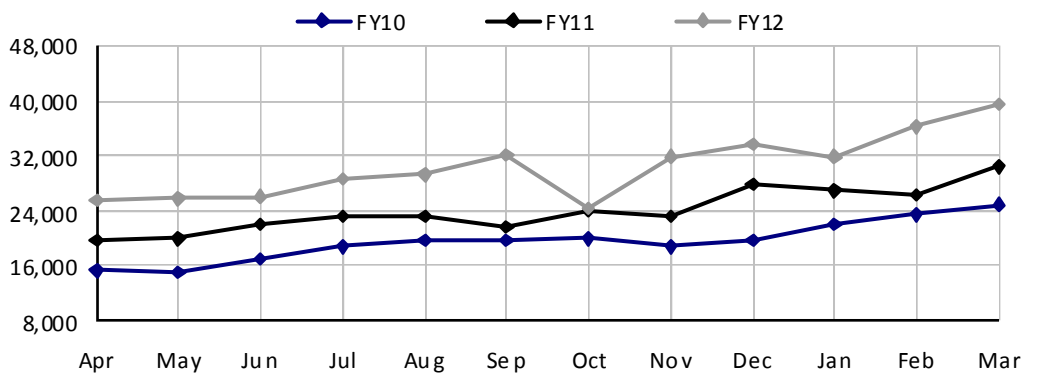
M&HCV volumes (units)

M&HCV demand remains sluggish



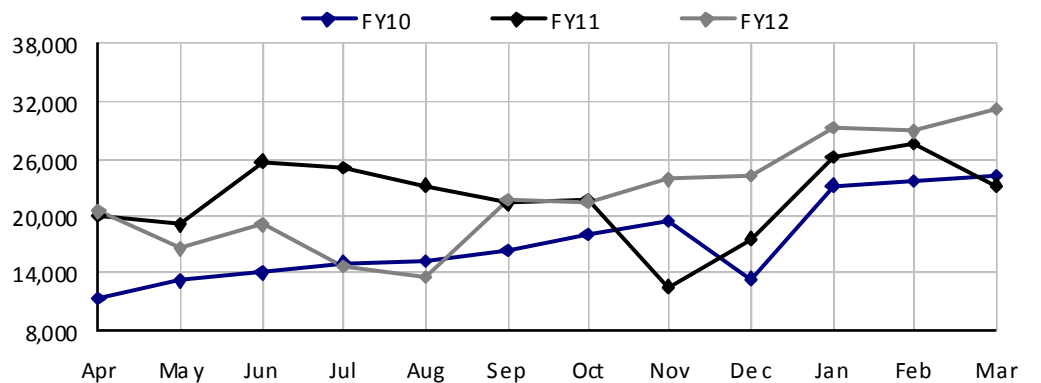
LCV volumes (units)

LCV volumes remains robust



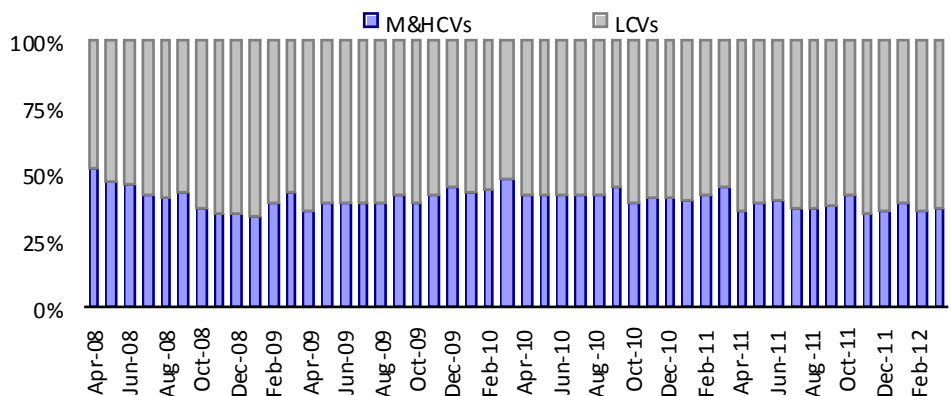
Car volumes (units)

Domestic car volumes surprise positively



Product mix in the CV segment

LCVs account for ~61% of the CV product portfolio



Source: Company/MOSL

Data Track

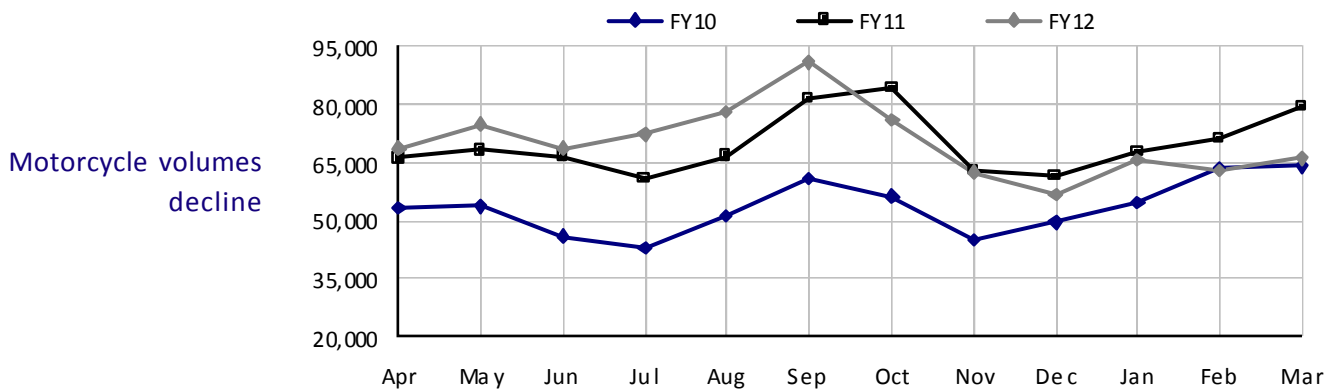
TVS Motor

Volumes de-grew 4.5% YoY; momentum in moped continues

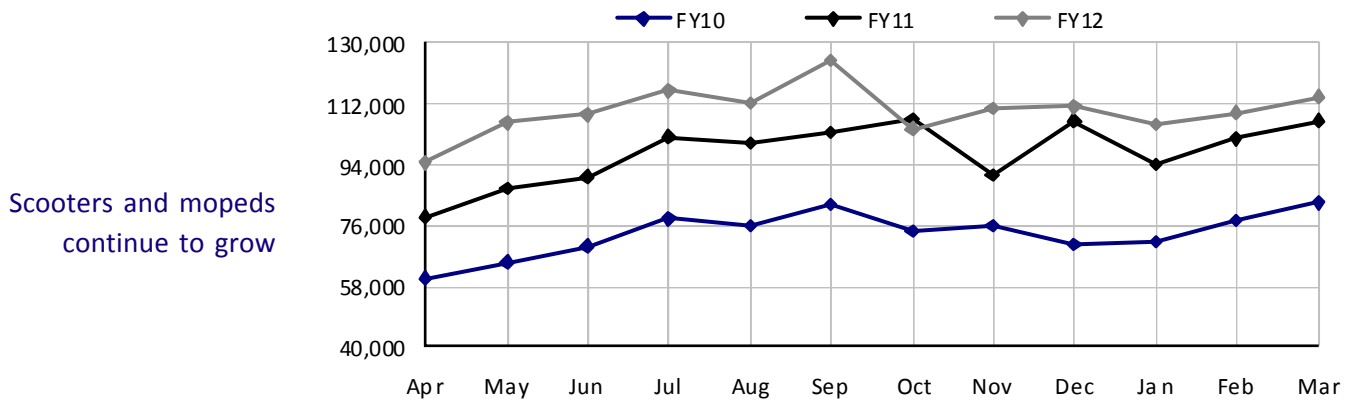
Snapshot of volumes for March

	Feb-12	Mar-11	YoY (%)	Jan-12	MoM (%)	YTDFY12	YTDFY11	Chg (%)
<b>Total volume</b>	<b>182,527</b>	<b>191,208</b>	<b>-4.5</b>	<b>175,126</b>	<b>4.2</b>	<b>2,198,142</b>	<b>2,046,668</b>	<b>7.4</b>
Motorcycles	65,994	79,642	-17.1	63,019	4.7	842,668	836,831	0.7
Motorcycles	65,994	79,642	-17.1	63,019	4.7	842,668	836,831	0.7
Scooters	39,395	42,655	-7.6	36,693	7.4	526,697	466,264	13.0
Mopeds	74,885	64,484	16.1	72,349	3.5	787,838	703,713	12.0

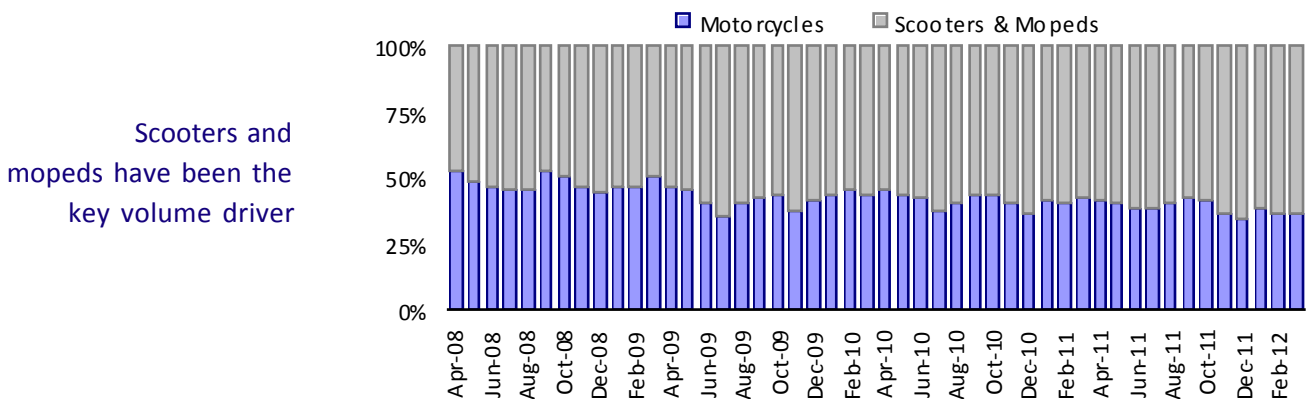
Motorcycle volumes (units)



Scooters and mopeds (units)



Sales mix



Source: Company/MOSL

## Special Report

**Tata Motors: Volume drivers in place for future growth****Strong demand and pricing in China continues; JV with Chery to improve competitiveness**

- Peer guidance and JLR's 3<sup>rd</sup> shift at Halewood indicate volume momentum sustaining
- JLR continues to witness strong demand & pricing in China ; JV with Chery to improve competitiveness in long-term
- JLR's aggressive product development plan to boost volumes; over next 2-3 years it plans to launch XF Sportbrake, new Defender, compact Jaguar and crossovers
- Stock trades at 10.8x FY13E normalized consolidated EPS, while DVR trades at 6.0x normalized consolidated EPS. Maintain Buy.

**Peer guidance and JLR's 3<sup>rd</sup> shift at Halewood indicate volume momentum sustaining:**

Volume guidance by luxury carmakers remains positive allaying fear of muted volumes due to European crisis and China slowdown. While BMW indicated single digit growth in CY12, Mercedes Benz is targeting ~6% CAGR over CY11-15. Also, JLR's commencement of 3<sup>rd</sup> shift at Halewood plant, although adding limited volumes, is indication of strong demand for luxury vehicles, especially Evoque.

**JLR continues to witness strong demand & pricing in China; JV with Chery to improve competitiveness:**

Tata Motors (TTMT) indicated that JLR continues to do well in China and is not offering any meaningful discounts. In fact, Evoque's waiting period in China is over 3 months. TTMT also clarified that instances of higher discounts are restricted to models which are up for refresh. Further, JLR has entered into an equal JV with Chery Auto of China to develop, manufacture and sell certain JLR vehicles in China and at least one own-branded model. JLR would be investing ~GBP350m as its equity contribution in this JV.

**JLR's aggressive product development plan to boost volumes:**

JLR is making R&D investments to plug gaps in its product portfolio. Post Evoque, it has multiple other products in the works, which will enable this. Over next 2-3 years it will be launching a) XF Sportbrake, b) New Defender, c) Compact luxury car, and d) Crossovers. JLR plans to increase its capex to GBP1.75b in FY13. It also indicated that operating and financial performance in 4QFY12 is in line with expectations, reflecting continuation of the favorable trends.

**Valuation and view:** Current FY13 estimates factor in slowdown in JLR volumes. Our FY13 volume estimate implies monthly runrate of 30,000. If we factor in current runrate of 33,000/month, our FY13 consolidated EPS would see 25% upgrade. TTMT currently trades at 6.8x FY13E consolidated EPS and 10.8x normalized consolidated EPS. The DVR stock trades at 3.8x FY13E consolidated EPS and 6.0x normalized consolidated EPS. Maintain **Buy**, with target price (FY13 SOTP-based) of INR343 for ordinary share and INR206 for DVR (40% discount to ordinary share).

## Special Report

## Union Budget 2012

Impact: Neutral; Sector Stance: Overweight

## At a glance

Major proposals	Impact
➤ Increase in general excise rate by 2% (in-line). Substitution of additional INR15,000/INR20,000 excise on large cars with ad-valorem rate of 3%.	Negative
➤ No levy of additional excise on diesel-powered passenger vehicles.	Positive
➤ CV chassis: A specific rate duty of INR10,000 to be replaced with an ad valorem rate of 3%, increasing total excise duty on CV chassis to 15% (effective increase of 4%).	Negative
➤ Increase in customs duty by 2.5% on non-alloy flat rolled steel	Negative
➤ Reductions in excise duty by 4% on parts of hybrid vehicle	Positive

## Flashback

## Budget Changes (2011)

- Maintained excise duty rate at current levels (10%-22%), as against expectation of increase in excise up to 2%
- No differential taxation for diesel-passenger vehicles
- Extending refund-based concession of excise duty for taxis having seating capacity of up to 13 persons

## Overall budget impact, sector outlook and recommendations

- Budget has been neutral for the sector as the 2% increase in excise duty would not impact demand meaningfully. However, no diesel tax is positive for passenger vehicles (PVs). Increase in excise on CV chassis is short-term negative for the CV industry.
- Post-budget, we are upgrading our FY13 earnings estimates for Maruti Suzuki by ~9% to INR93.6 on account of better visibility on volumes and no additional levy on diesel-powered cars.
- We are also upgrading Hero MotoCorp earnings by ~2% to INR142.7 for FY13, to factor in the excise-exemption benefit for its Haridwar plant under the backdrop of higher excise duty.
- Our top picks are **Maruti**, **Tata Motors** and **Hero MotoCorp**.

## Valuation Matrix

	CMP (INR) 16.03.12	Rating	EPS (INR)			P/E (x)			EV/EBITDA (x)			RoE (%)		
			FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E	FY11	FY12E	FY13E
<b>Automobiles</b>														
Bajaj Auto	1,722	Buy	90.4	108.5	123.0	19.1	15.9	14.0	13.2	10.8	8.8	66.7	54.9	47.7
Hero Motocorp	1,955	Buy	100.5	119.0	142.7	19.4	16.4	13.7	15.5	13.4	9.9	62.5	60.5	54.2
Mahindra & Mah.	677	Buy	48.2	42.1	55.9	14.1	16.1	12.1	5.4	4.8	3.8	25.0	20.7	19.5
Maruti Suzuki	1,374	Buy	82.4	54.0	93.6	16.7	25.4	14.7	9.0	12.7	7.4	16.5	9.8	14.9
Tata Motors	287	Buy	27.1	35.2	38.1	10.6	8.1	7.5	6.5	4.5	3.8	47.3	40.7	31.9
<b>Sector Aggregate</b>						<b>14.0</b>	<b>12.4</b>	<b>10.5</b>	<b>7.9</b>	<b>6.3</b>	<b>5.1</b>	<b>37.0</b>	<b>32.1</b>	<b>29.7</b>

## Key budget proposals and impact

The budget was Neutral for the automobile industry. As expected, the excise duty was increased by 2% across all categories. However, no additional duty on diesel powered cars coupled with reduction in tax incidence and increase in disposable incomes would boost demand.

## Excise duty increased by 2%; change in excise regime for large cars

The finance minister has increased the excise duty on automobiles by 2%, and substituted the specific component of INR15,000-20,000 on large cars with 3% duty ad valorem. While two-wheelers, small cars and buses would now attract 12% excise duty, trucks would attract 12-15%. Large cars and UVs would attract 24% excise duty (for over 4 meters in length and engine capacity up to 1,500cc) or 27% for engine capacity above 1,500cc.

**Impact: Neutral** Most of the OEMs have clarified their intent to pass through the increase in excise duty to consumers. Apart from this, the impact of change in excise regime for large cars resulting in 3% additional duty (v/s INR15,000-INR20,000 earlier) will be beneficial for M&M. Hence, we don't expect meaningful impact on volumes of excise increase and regime change.

#### Proposal

	Excise duty	Equivalent ad-valorem excise duty rate				
		Bolero	Scorpio	XUV-500	Xylo	SX4
Existing	22% + specific duty	28	26	25	26	25
No regime change	24% + specific (for 2% increase in general excise)	30	28	27	28	27
New	27%	27	27	27	27	27
<b>Impact of regime change (%)</b>		<b>(3.0)</b>	<b>(1.2)</b>	<b>0.3</b>	<b>(1.2)</b>	<b>0.2</b>

#### Increase in excise duty on CV chassis by ~4%

For CV chassis, a specific rate duty of INR10,000 is to be replaced with an ad valorem rate of 3%, increasing total excise duty on CV chassis to 15% (effective increase of 4%). For fully-built vehicles by OEM, excise duty is 12% (increased by 2%).

**Impact: Negative** Approximately 80-85% of M&HCVs sold in India are on chassis basis and hence it would result in overall increase in excise incidence by ~4%. However, it would accelerate shift towards fully built vehicle which would be beneficial to OEMs in the long run.

#### Increase in customs duty on flat-rolled steel

The customs duty on non-alloy flat rolled steel has increased to 7.5% from 5% earlier. Majority of steel for cars, especially by Maruti, is imported.

**Impact: Negative** Higher customs duty on steel would somewhat increase the raw material cost for industry players, impacting EBITDA margins by ~10-30bps.

#### Other measures supporting demand

- Five-year extension of 200% weighted deduction on R&D expenditure and the introduction of 150% weighted deduction for expenditure on skills development to benefit the industry.
- Import duty on large CBU's costing greater than USD40,000 increased to 75% ad-valorem from 60% earlier, auguring well for the domestic industry.
- Reduction in income tax, resulting in higher disposable incomes with consumers.
- Sustained focus on infrastructure development, with increased outlay for NHDP by 14% to INR254b and for PMGSY by 20% to INR240b.
- Increase in agricultural credit outlay by INR1trn to INR5.75trn; extension of interest subvention scheme for short-term loans and additional 3% subvention for prompt paying farmers.
- However, reduction in expenditure outlay for NREGA to INR330bn from INR400bn earlier is negative for Hero MotoCorp and M&M.

**Impact: Positive** While continued focus on infrastructure, especially urban infrastructure, will benefit CV players, increase in outlay for agriculture/rural areas will be positive for M&M, Hero MotoCorp and Maruti.



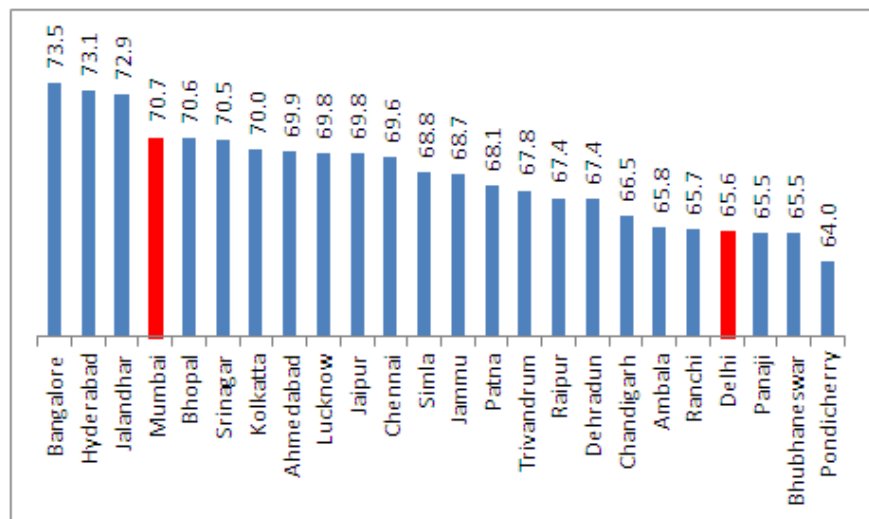
## Special Report

## Maharashtra proposes hike in sales tax

### Goa proposes to reduce petrol prices by INR11

- Maharashtra government has proposed 4% increase in sales tax on diesel and 2% on petrol passenger vehicles.
- We believe this development coupled with impending increase in fuel prices will: (1) reduce the attractiveness of a diesel car to some extent, but more importantly, (2) further dampen demand recovery for petrol cars.
- If this proposal is accepted, we believe it will adversely impact demand in Maharashtra which forms ~12-13% of India's vehicle sales, especially as petrol and diesel prices are likely to be increased in the near term.
- On the other hand, in a long impending step towards rationalization of petrol prices, **Goa has proposed to levy only 0.1% value added tax (VAT) on petrol, thus proposing to reduce prices by INR11 to INR55 in the state.** Notably, Goa already has one of the lowest petrol prices in India.

### Petrol price in Panaji (Goa) are already low as compared to other states



Source: Oil Marketing Companies

**The following table summarizes recent State budget proposals impacting auto sector:**

State	Segment impacted	State budget proposal	Impact on auto demand
Maharashtra	Higher tax on petrol and diesel passenger vehicles	Tax on diesel vehicles increased by 4% and on petrol by 2%	Negative; ex-showroom prices would increase by 4% for diesel vehicles and 2% for petrol powered vehicles
	Concession to CNG powered vehicles	Tax rate reduced by 2% on all vehicles. New tax slabs: less than 10 lakhs - 5%; 10-20 lakhs - 6%; greater than 20 lakhs - 7%	Positive; CNG available only in Mumbai
West Bengal	Higher tax on passenger vehicles above 10 lakhs	VAT increased by 1% to 14.5%	Negative
	Life time road tax for 15 years	A single tax to substitute road tax, additional road tax, video tax, audio tax, registration charges, special tax and other related taxes at the time of registration of vehicles based on ex-showroom price	Positive
Karnataka	Sales tax on diesel	Reduced sales tax on diesel by 1.25%	Not meaningful as diesel price hike is expected in the short term
	Tourist vehicles above INR10,00,000	Introduced Lifetime Time Tax (LTT) of 15% on tourist vehicles costing above INR10,00,000	Negative
	Passenger Vehicles	VAT increased by 1% to 13.5%	Negative
Kerala	Road tax	Road tax to be determined by the price of the vehicle as against engine capacity earlier. Thus, the following tax rate will be applicable: less than 10 lakhs - 5%; 5-10 lakhs - 8%; 10-15 lakhs - 10%; >15 lakhs - 15%	Positive
Goa	Sales tax on petrol	Limits VAT to 0.1% ; thereby reducing petrol prices by INR11	
	Change in sales tax on passenger vehicles	Cars below INR600,000 - 6% ; Cars above INR600,000 - 7%	

## Special Report

## Channel Checks

### Key takeaways from dealer meetings

#### Maruti Suzuki: Volume momentum sustains in March-12, albeit discounts soar

- Our channel checks indicate sustenance of volume momentum in March-12. Volumes continue to be skewed in favor of diesel models while petrol variants are selling at high discounts.
- Waiting for diesel models of Swift and Dzire remain between 5-6 months while Ritz diesel and other petrol models are readily available.
- However, pricing power remains weak with discount levels on petrol models higher by 20-25% in Feb-March over April'11-Jan'12.
- Discounts are significantly higher on Alto (increased to ~INR24,000 v/s ~INR19,000 earlier) and Wagon R (~INR30,000 v/s INR23-24,000 earlier).
- Currently, most of the vehicles are being sold at pre-budget prices (without the price increase taken to pass on the extra 2% excise duty hike in budget) on account of previous inventory.
- Inventory remains below normal levels.
- Looking at the current scenario, dealers are indicating towards 11-12% sales growth in FY13.
- We would watch out for trend in volume momentum in April, as it would reflect the price hike taken by the company to pass on higher excise duty. Increase in fuel prices is a potential headwind in the near term.

#### Hero MotoCorp : Significant slowdown in retail sales of Pleasure

- Our channel checks confirm slowdown in retail sales momentum.
- Dealers indicate that retail sales of Pleasure have come down significantly due to increased availability of Honda's Activa, which continues to be the market leader in the segment. Activa is readily available now v/s. 2 months waiting in Nov-11.
- Consequently, inventory of Pleasure remains high, while motorcycle inventory are at normal level.
- Some dealers are offering freebies (helmets and other accessories) and free insurance on Pleasure.
- The company has recently dispatched its new scooter 'Maestro' to dealerships. Most of dealers expect Maestro to do well.
- However, Impulse is yet to pick up momentum.
- Interest rate remains at 12.5-13.5%

#### Bajaj Auto: Atleast ~5-7% growth in retail sales

- Dealers indicate atleast ~5-7% YoY retail sales growth in March-12
- Discover 125cc and Platina are doing well. While there is no pick-up in Boxer-150cc
- The dispatches of new Pulsar (200cc) will start from April-12
- The company is expected to launch new Discover (an upgraded variant of 100cc) in May/June.
- Inventory remains at normal levels. No discounts are being offered by the company.

Sector Gauge

Two-wheelers

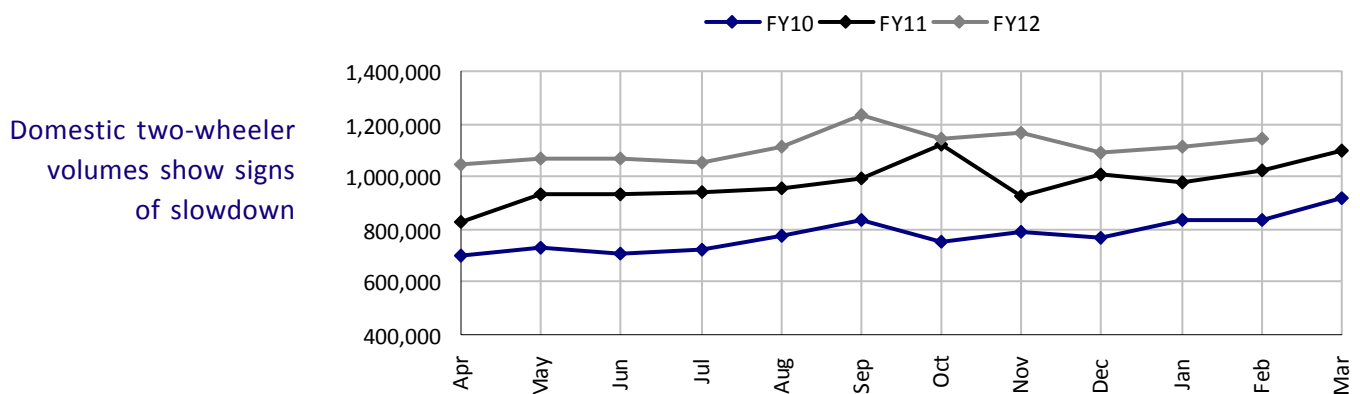
Domestic volumes moderate

Two-wheelers: Volume snapshot

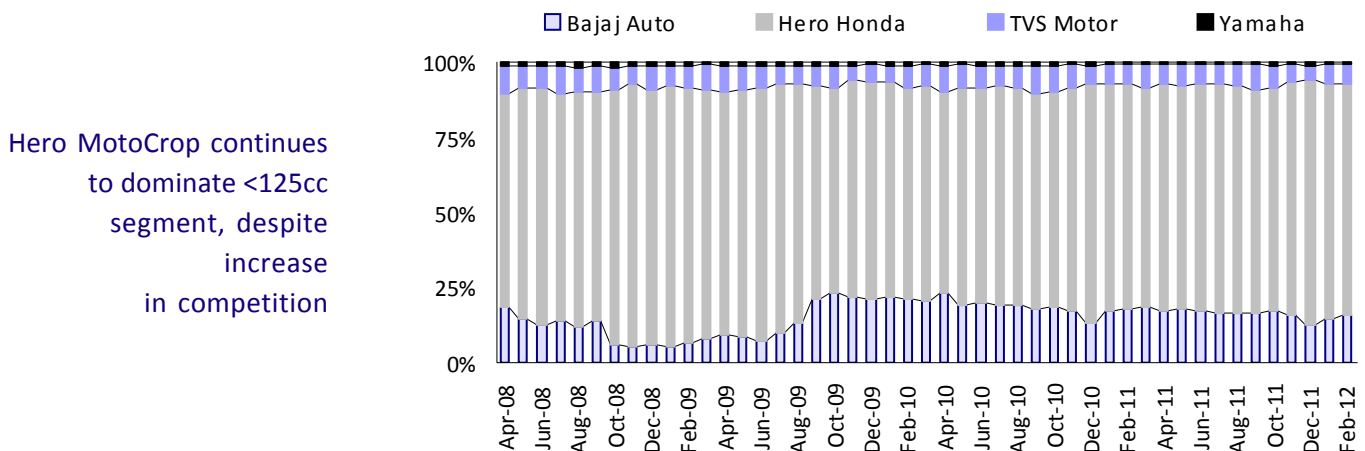
	Feb-12	Feb-11	YoY (%)	Jan-12	MoM (%)	YTD FY12	Chg (%)	FY11	Chg (%)
<b>Total Domestic 2W</b>	<b>1,144,500</b>	<b>1,022,226</b>	12.0	<b>1,113,831</b>	2.8	<b>12,250,439</b>	15.1	<b>11,743,998</b>	25.3
% of Total 2W	88	88		88		87		88	
<b>Total Motorcycle</b>	<b>838,193</b>	<b>776,005</b>	8.0	<b>825,887</b>	1.5	<b>9,243,520</b>	13.1	<b>9,015,759</b>	22.8
% of Domestic 2W	73	76		74		75		77	
<125cc	591,069	548,291	7.8	588,739	0.4	6,592,565	11.8	6,509,680	18.8
% of Motorcycle	71	71		71		71		72	
>125cc	247,124	227,714	8.5	237,148	4.2	2,650,955	16.4	2,506,079	34.6
% of Motorcycle	29	29		29		29		28	
Scooters & Mopeds	306,307	246,221	24.4	287,944	6.4	3,006,919	21.6	2,728,239	34.4
% of Domestic 2W	27	24		26		25		23	
Exports	150,542	135,461	11.1	150,943	-0.3	1,801,879	26.9	1,531,687	34.4
% of Total 2W	12	12		12		13		12	
<b>Total 2W</b>	<b>1,295,042</b>	<b>1,157,687</b>	11.9	<b>1,264,774</b>	2.4	<b>14,052,318</b>	16.4	<b>13,275,685</b>	26.3

Source : SIAM/MOSL

Two-wheelers: Domestic volume trend (units)

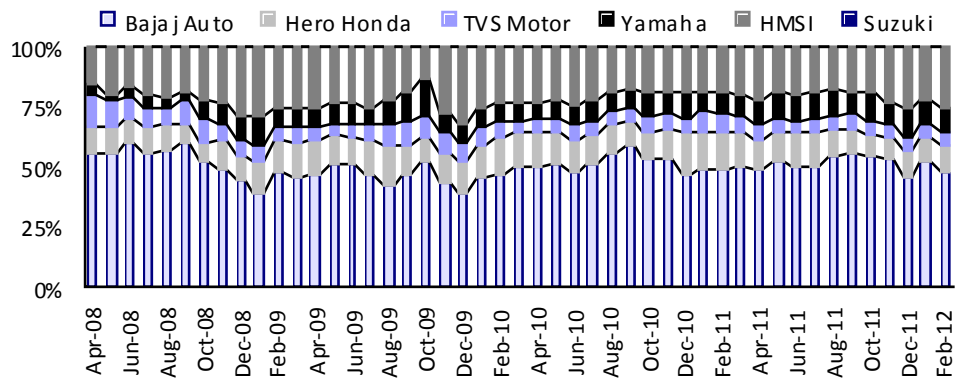


Motorcycle: Domestic market share in <125cc segment (Domestic)



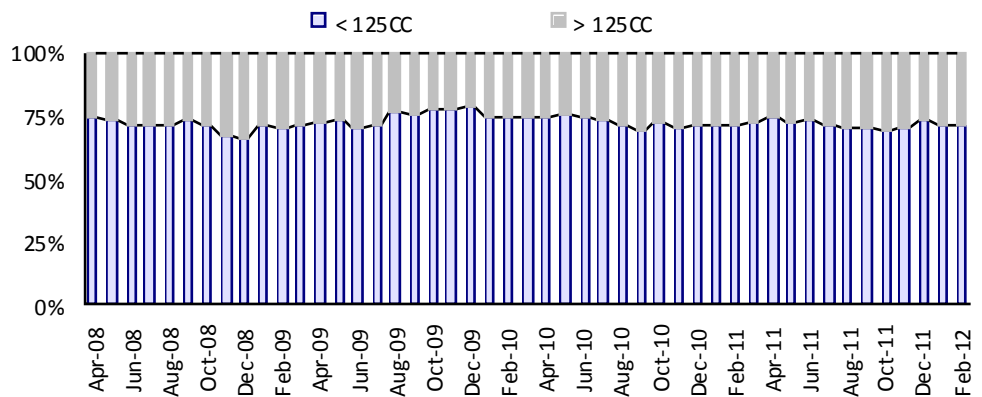
**Motorcycles: domestic market share in the >125cc segment**

Bajaj Auto continues to dominate >125cc segment



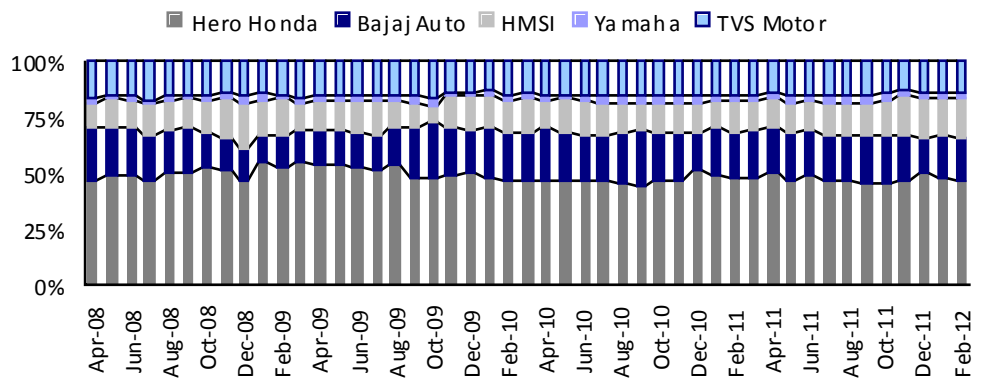
**Motorcycles: segment mix**

<125cc forms ~70% of the motorcycle segment



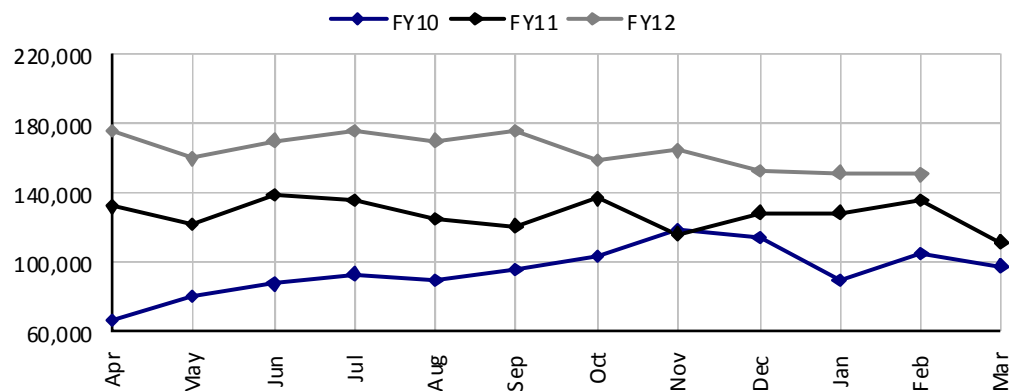
**Two-wheelers: domestic market share**

HMSI gains market share



**Two-wheelers: export volumes (units)**

Export volumes stabilize



Sector Gauge

### Three-wheelers

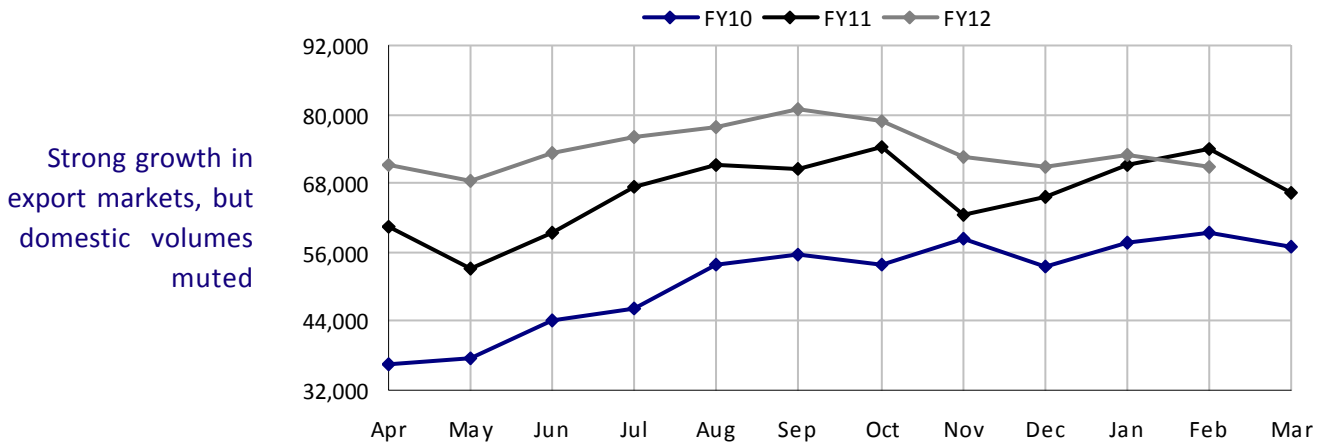
Volumes driven by strong growth in export markets

Three-wheelers: Volume snapshot

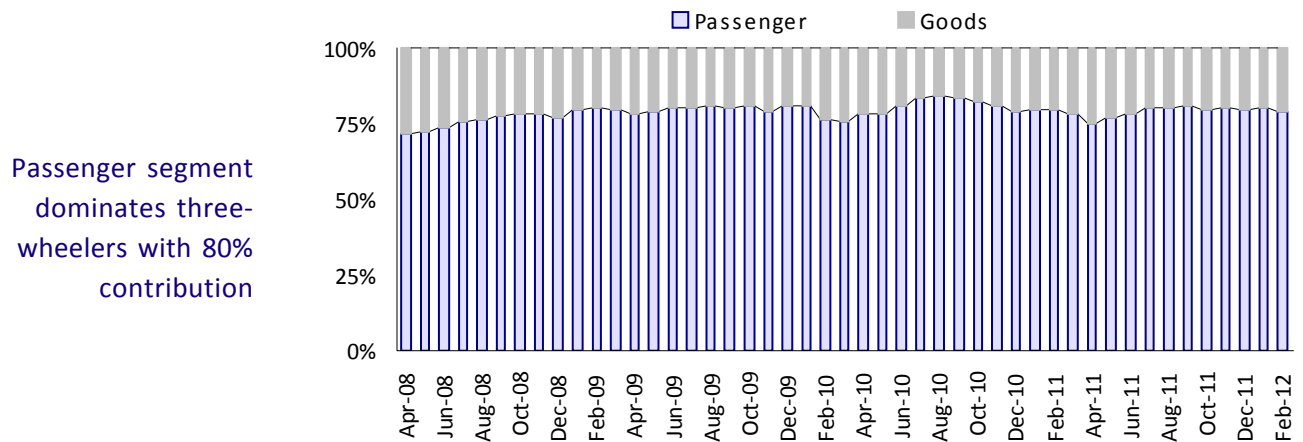
	Feb-12	Feb-11	YoY (%)	Jan-12	MoM (%)	YTD FY12	Chg (%)	FY11	Chg (%)
<b>Total Domestic 3W</b>	<b>42,242</b>	<b>48,878</b>	-13.6	<b>45,632</b>	-7.4	<b>471,494</b>	-1.7	<b>525,663</b>	19.4
% of Total 3W	60	66		63		58		66	
<b>Passenger</b>	<b>33,229</b>	<b>39,046</b>	-14.9	<b>36,496</b>	-9.0	<b>373,239</b>	-4.1	<b>425,315</b>	21.6
% of Domestic eW	79	80		80		79		81	
<b>Total Goods</b>	<b>9,013</b>	<b>9,832</b>	-8.3	<b>9,136</b>	-1.3	<b>98,255</b>	8.9	<b>100,348</b>	10.7
% of Domestic 3W	21	20		20		21		19	
<1T	7,080	7,644	-7.4	7,131	-0.7	79,049	11.3	79,092	8.5
% of Goods Vehicle	79	78		78		80		79	
>1T	1,933	2,188	-11.7	2,005	-3.6	19,206	-0.1	21,256	19.9
% of Goods Vehicle	21	22		22		20		21	
Exports	28,475	25,115	13.4	27,270	4.4	342,089	37.0	269,968	55.8
% of Total 3W	40	34		37		42		34	
<b>Total 3W</b>	<b>70,717</b>	<b>73,993</b>	-4.4	<b>72,902</b>	-3.0	<b>813,583</b>	11.6	<b>795,631</b>	29.7

Source: SIAM/MOSL

Three-wheelers: volume trend (including exports)

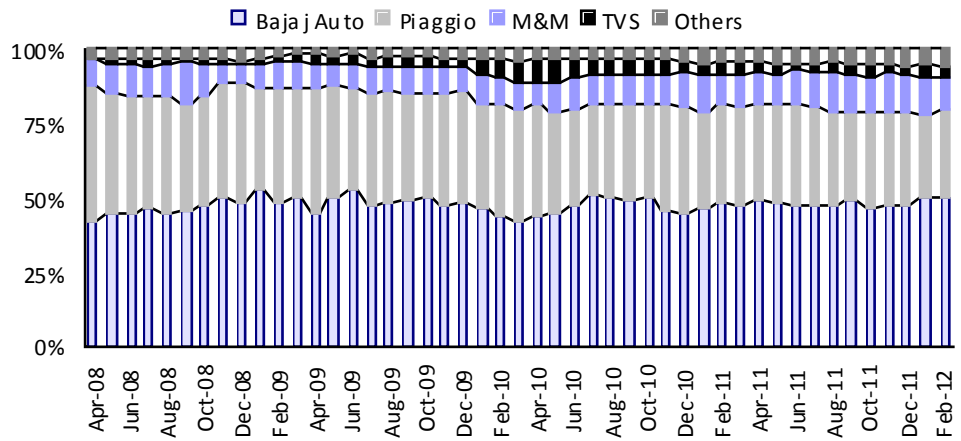


Three-wheelers: domestic segment mix



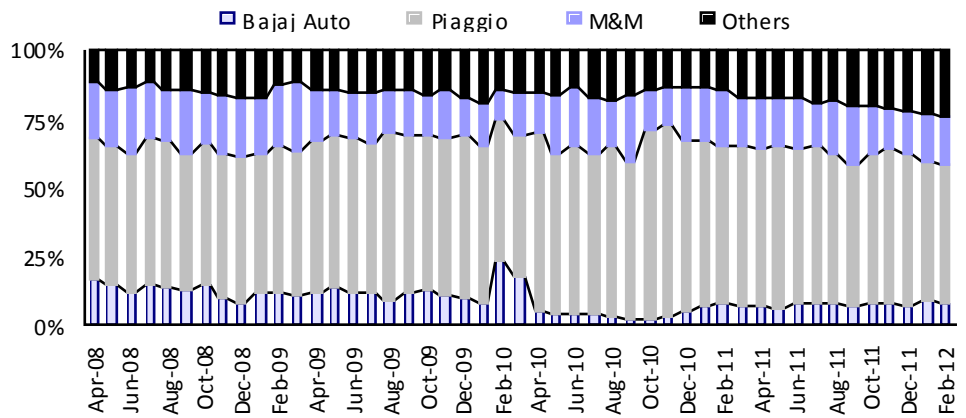
**Three wheelers: passenger segment market share**

Bajaj Auto continues to dominate passenger segment...



**Three wheelers: goods segment market share**

... Piaggio continues to lead in the goods segment





Sector Gauge

Cars and UVs

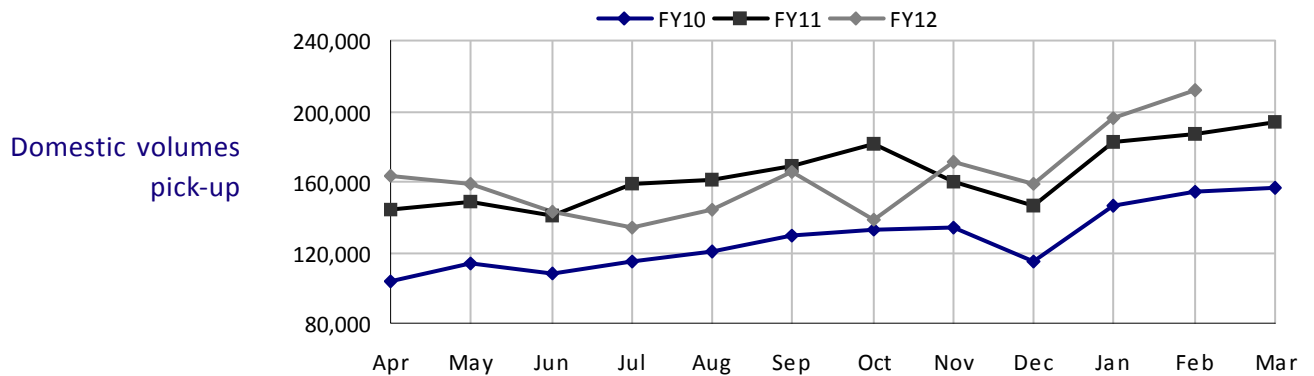
Domestic volumes show recovery

Passenger vehicles: Volume snapshot

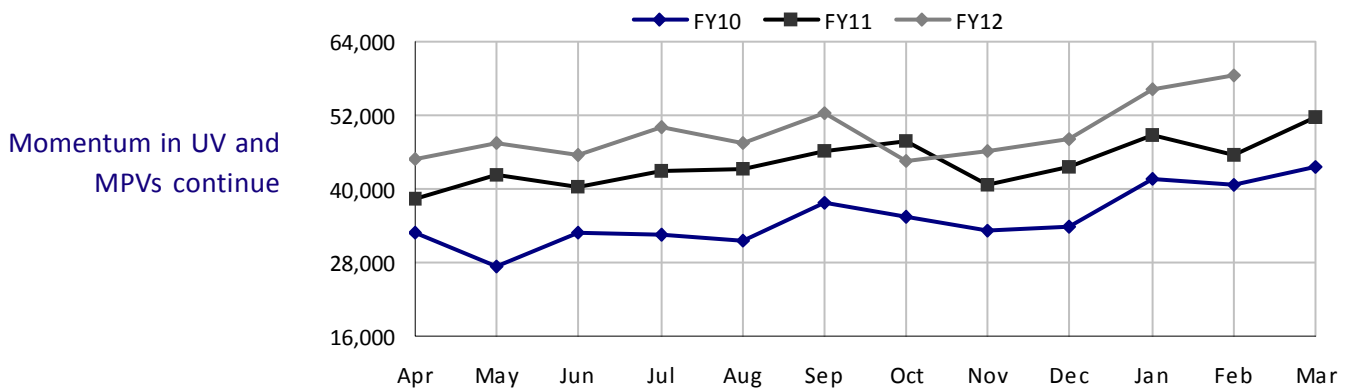
	Feb-12	Feb-11	YoY (%)	Jan-12	MoM (%)	YTD FY12	Chg (%)	FY11	Chg (%)
<b>Total Domestic PVs</b>	<b>269,841</b>	<b>232,491</b>	16.1	<b>252,113</b>	7.0	<b>2,118,627</b>	-6.2	<b>2,505,532</b>	28.4
% of Total PVs	88	84		84		84		85	
<b>Total Cars</b>	<b>211,402</b>	<b>186,890</b>	13.1	<b>196,013</b>	7.9	<b>1,622,766</b>	-8.8	<b>1,974,249</b>	29.2
% of Domestic PVs	78	80		78		77		79	
A1 & A2	154,903	145,487	6.5	150,877	2.7	1,218,985	-12.6	1,546,205	29.7
% of Cars	73	78		77		75		78	
A3	52,787	36,692	43.9	41,803	26.3	362,129	10.0	365,452	32.3
% of Cars	25	20		21		22		19	
A4 & above	3,712	4,711	-21.2	3,333	11.4	41,652	-25.4	62,592	4.9
% of Cars	2	3		2		3		3	
UVs	35,491	27,293	30.0	34,848	1.8	301,315	5.3	317,742	16.5
% of Domestic PVs	13	12		14		14		13	
MPVs	22,948	18,308	25.3	21,252	8.0	194,546	0.5	213,541	42.1
% of Domestic PVs	9	8		8		9		9	
Exports	35,240	43,796	-19.5	47,652	-26.0	414,253	5.3	444,447	-0.4
% of Total PVs	12	16		16		16		15	
<b>Total PVs</b>	<b>305,081</b>	<b>276,287</b>	10.4	<b>299,765</b>	1.8	<b>2,532,880</b>	-4.5	<b>2,949,979</b>	23.0

Source: SIAM/MOSL

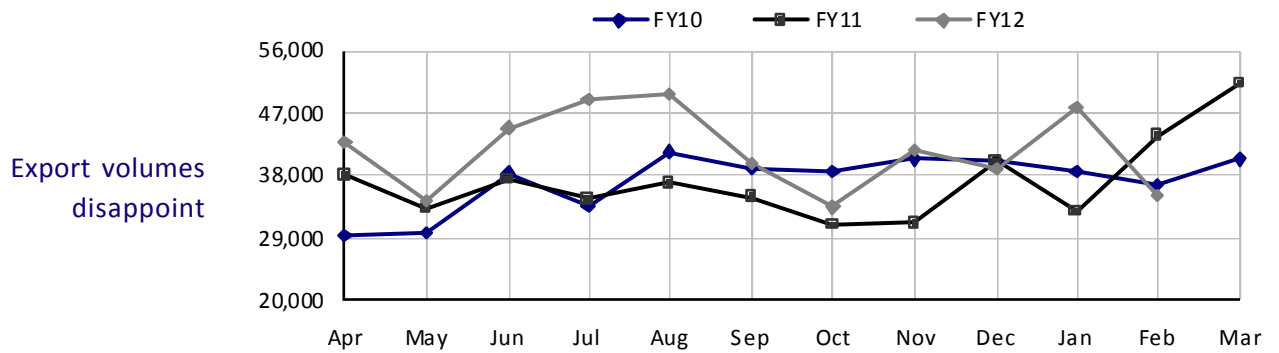
Cars: domestic volume (units)



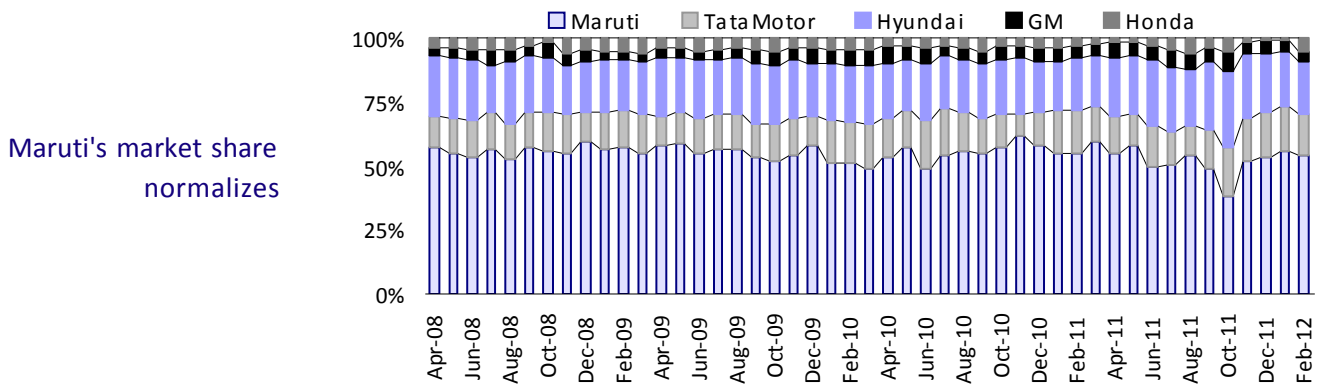
UVs & MPVs: domestic volume (units)



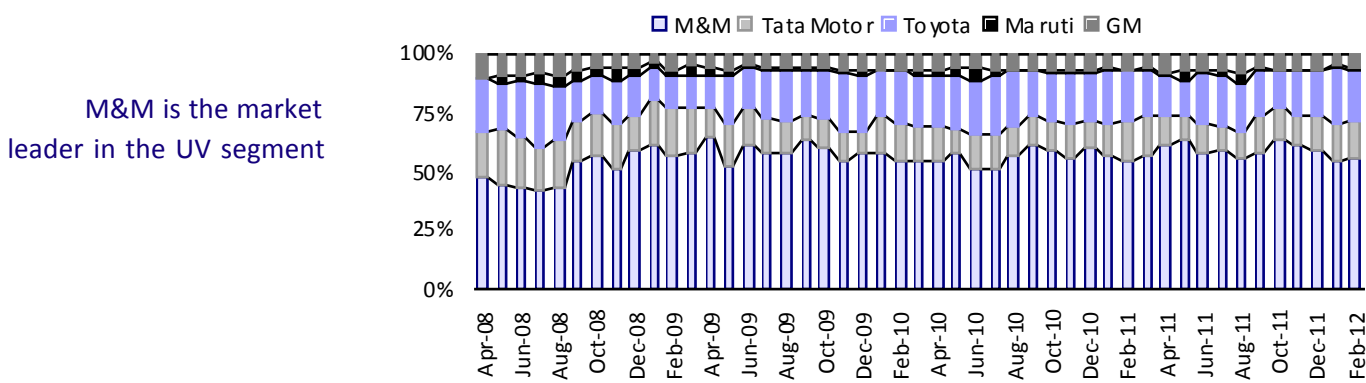
Passenger vehicles: export volume (units)



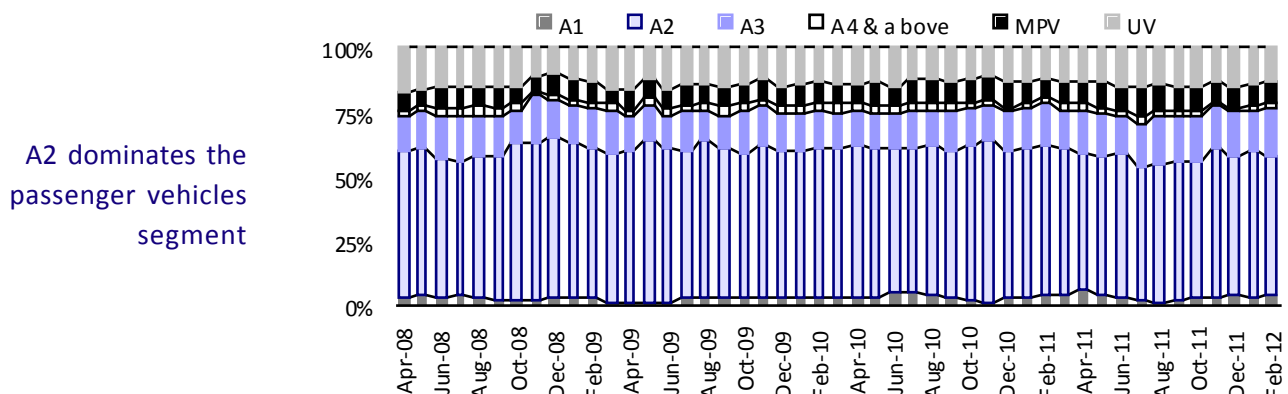
Cars: domestic market share



UVs: domestic market share



Passenger vehicles: segment mix



Sector Gauge

## Commercial vehicles

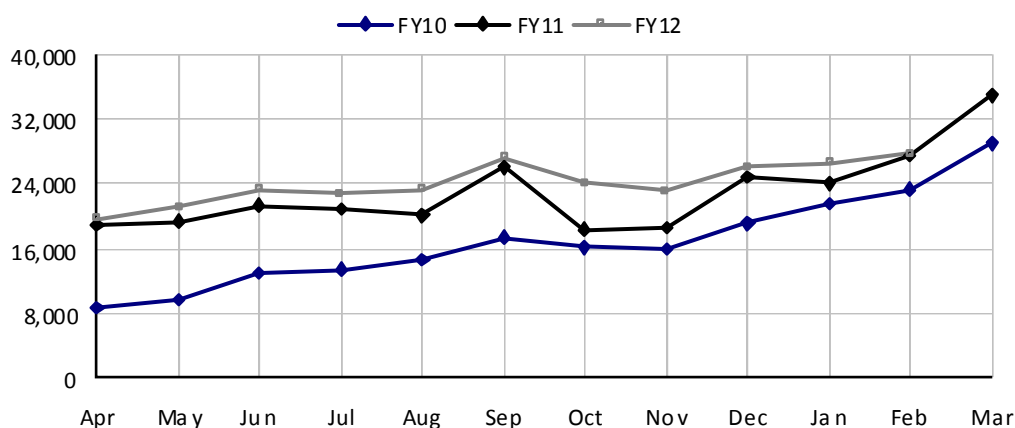
LCV growth remains strong

### Commercial vehicles: Volume snapshot

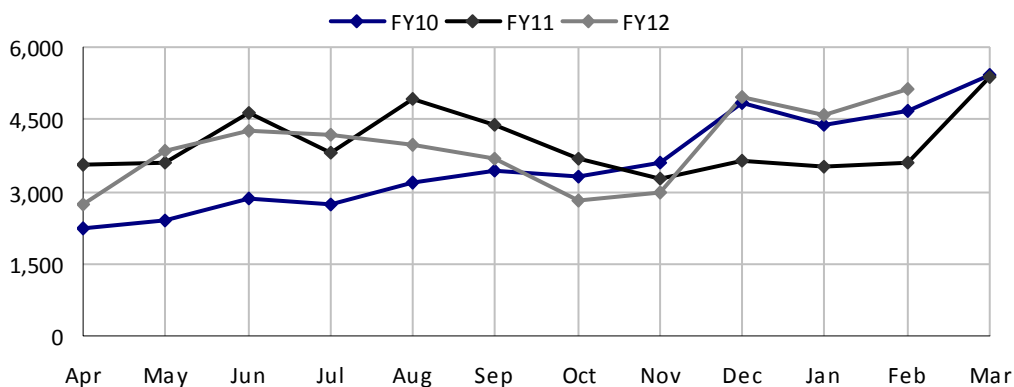
	Feb-12	Feb-11	YoY (%)	Jan-12	MoM (%)	YTD FY12	Chg (%)	FY11	Chg (%)
<b>Total Domestic CVs</b>	<b>76,891</b>	<b>64,775</b>	18.7	<b>69,859</b>	10.1	<b>717,647</b>	18.6	<b>682,686</b>	28.4
<i>% of Total CVs</i>	<i>90</i>	<i>91</i>		<i>87</i>		<i>89</i>		<i>90</i>	
<b>Total M&amp;HCV</b>	<b>32,909</b>	<b>31,207</b>	5.5	<b>31,238</b>	5.3	<b>308,675</b>	9.2	<b>323,144</b>	31.9
<i>% of Domestic CVs</i>	<i>43</i>	<i>48</i>		<i>45</i>		<i>43</i>		<i>47</i>	
Goods	27,773	27,621	0.6	26,647	4.2	265,565	10.6	275,172	36.3
<i>% of M&amp;HCVs</i>	<i>84</i>	<i>89</i>		<i>85</i>		<i>86</i>		<i>85</i>	
Passenger	5,136	3,586	43.2	4,591	11.9	43,110	1.2	47,972	11.5
<i>% of M&amp;HCVs</i>	<i>16</i>	<i>11</i>		<i>15</i>		<i>14</i>		<i>15</i>	
<b>Total LCVs</b>	<b>43,982</b>	<b>33,568</b>	31.0	<b>38,621</b>	13.9	<b>408,972</b>	26.9	<b>359,542</b>	25.3
<i>% of Domestic CVs</i>	<i>57</i>	<i>52</i>		<i>55</i>		<i>57</i>		<i>52</i>	
Goods	39,868	30,246	31.8	35,241	13.1	365,427	29.3	315,851	25.1
<i>% of LCVs</i>	<i>91</i>	<i>90</i>		<i>91</i>		<i>91</i>		<i>88</i>	
Passenger	4,114	3,322	23.8	3,380	21.7	43,545	9.6	43,691	26.9
<i>% of LCVs</i>	<i>9</i>	<i>10</i>		<i>9</i>		<i>10</i>		<i>12</i>	
Exports	8,418	6,302	33.6	10,325	-18.5	84,354	28.1	74,319	65.1
<i>% of Total CVs</i>	<i>11</i>	<i>10</i>		<i>15</i>		<i>12</i>		<i>11</i>	
<b>Total CVs</b>	<b>85,309</b>	<b>71,077</b>	20.0	<b>80,184</b>	6.4	<b>802,001</b>	19.5	<b>757,005</b>	31.2

Source: SIAM/MOSL

### M&HCVs: Domestic volume - goods (units)



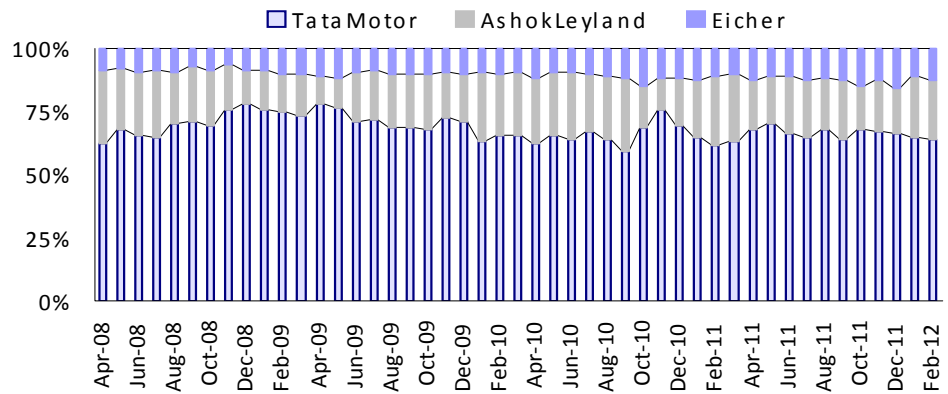
### M&HCVs: domestic volume - buses (units)



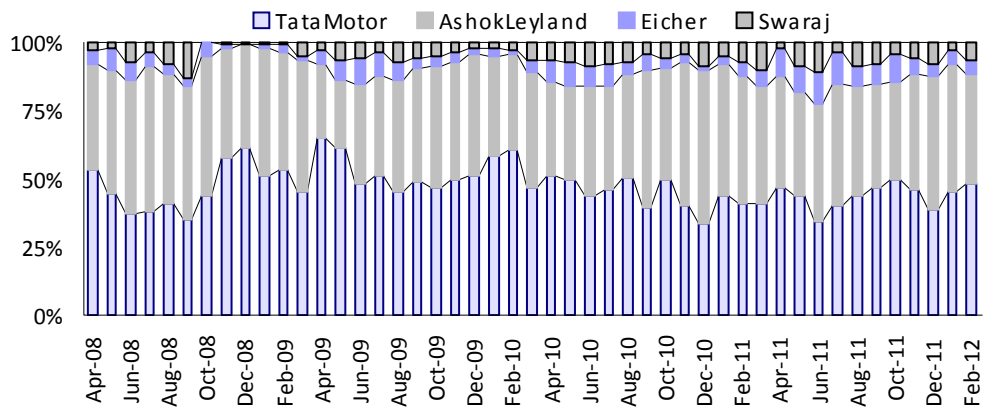
M&HCV volumes remains sluggish

**M&HCVs: domestic market share, goods (%)**

Tata Motors continue to dominate M&HCV goods segment

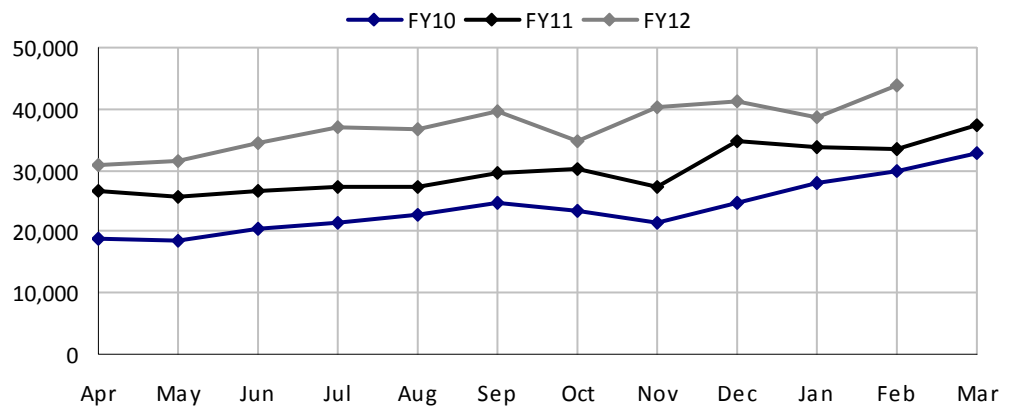


**M&HCVs: domestic market share, buses (%)**



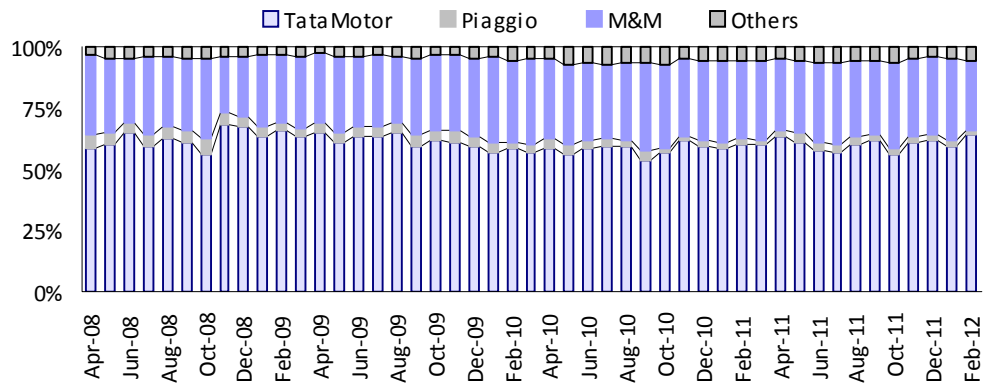
**LCVs: domestic volumes (units)**

LCVs continue to post robust growth



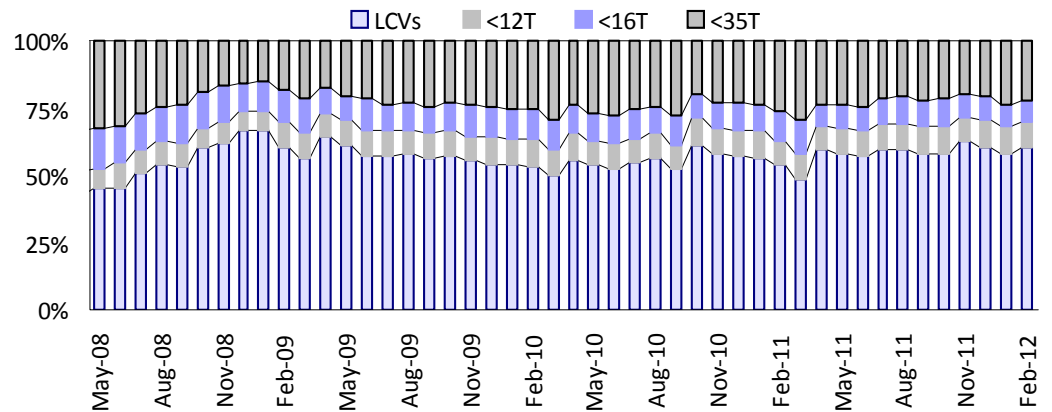
LCVs: domestic market share (%)

Tata Motors dominates the domestic LCV segment



Goods: segment-wise break-up (%)

LCVs contribution to CV remains stable



## News and Events

**Major developments in the auto sector****March 2012****CBR 150R****Honda Motorcycles launches new CBR 150R at INR116,400**

Honda Motorcycle & Scooter India Pvt. Ltd. (HMSI) launched CBR 150R - a variant of Honda's popular sports bike. In 2009, CBR1000RR was introduced in India for biking enthusiasts, following which CBR 250R was launched in 2011. CBR150R is positioned as an entry level sports bike and is powered by DOHC 150cc engine which produces peak power of 13.11 Kw (17.6 BHP) @ 10,500 RPM and peak torque of 12.66 Nm @ 8500rpm. It is priced at INR1,16,385 for standard variant (ex-showroom Delhi) and Deluxe variant at INR1,17,385.

**Tata Divo****Tata Motors enters super-luxury city bus segment with Divo priced at INR6.6m**

Tata Motors has entered the super-luxury inter-city bus segment with the launch of the Tata Divo. The vehicle will compete against players like Volvo and Mercedes. Tata Divo is priced in the INR6.6-9m bracket (ex-showroom Thane) with a seating capacity between 37 and 45. Compared to Volvo and Mercedes, it is priced 10% lower. The company plans to roll out around 150 buses in this category in the first year. Tata Divo is already being sold as a global brand out of Europe under the Tata Hispano Motor Carrocera, Tata's European subsidiary based in Spain. Tata Divo has already been launched in the northern region. The company said that it has got orders for another 25-50 vehicles, of which 15-20 have already been delivered. Tata Motors has also launched new variants in the Tata Starbus Ultra range along with Divo. These are in the mini- and mid-bus segments and will- be available in the luxury, standard, school and deluxe variants.

**Ford Fiesta****Ford India launches a new variant of Fiesta at INR899,000**

Ford India has launched a new version of its mid-sized sedan Fiesta priced between INR723,000 and INR899,000 (ex-showroom Delhi), cheaper by up to INR145,000 from the earlier range. The new version Fiesta Ambiente is available in both petrol and diesel options, powered by 1,500 cc engines and will replace the earlier global Fiesta. The earlier version was priced at INR8.25 lakh and INR10.44 lakh (ex-showroom Delhi) for the petrol and diesel options, respectively. Ford India President and MD Michael Boneham was quoted as saying as saying that the company is trying to respond to changing market dynamics and the evolving needs of its customers in India. The Fiesta Ambiente will compete with the likes of Honda City and Hyundai Verna which are priced between INR6.99 lakh and INR10.30 lakh (ex-showroom Delhi), respectively.

**Motor vehicle tax increased in Maharashtra budget**

Maharashtra budget has increased the motor vehicle tax levied on petrol cars and jeeps by 2% and on diesel cars and jeeps by 4%. However, it has lowered the tax on CNG vehicles by 2%. Currently, for vehicles costing up to INR0.7m, the tax levied is 7%. It is 8% for vehicles costing between INR1- 2m and 9% for vehicles costing more than INR2m. However, taxes on CNG vehicles have reduced for each of the above slabs. The new tax rate will be 5% for CNG vehicles costing up to INR1m, 6% for vehicles costing between INR1-2m and 7% for vehicles costing above INR2m.

### Hyundai iGen i20



### Hyundai rolls out iGen i20

Hyundai has launched the second generation of the i20 premium hatchback in India at a starting price of INR473,000 (petrol variant) and INR596,000 (diesel). An automatic petrol version is also on offer at INR 767,000. The 'iGen i20' is available in 12 variants and sports a more powerful (84 PS) 1.2 litre Kappa petrol engine and the same 1.4 U2 CRDi diesel engine available previously. New features include a rear parking camera auto headlight control and rain-sensing wipers. Mr B S Seo, MD & CEO, Hyundai Motor India said, "Our extensive surveys indicated that the customer is seeking hi-tech and innovative features, we have incorporated the research findings in the iGen i20 to offer a high value proposition."

### TAFE and Captain Tractors forge strategic alliance for sub 20HP tractors

TAFE entered into a strategic alliance with Captain Tractors Private Limited, Rajkot (CTPL). CTPL will design, develop and manufacture application-focussed compact tractors in the sub 20HP segment for TAFE. This arrangement with TAFE is on an exclusive basis. CTPL manufactures tractors with a range of special attachments promoting diverse use of the tractor for a variety of crop applications both in farms and off-farm. The tractors are reputed for its light weight, small size, affordable price, fuel efficiency and low maintenance cost. The final contours of the arrangement are expected to be rolled out in 1QFY13.

### TVS Group acquires UK component maker

TVS group has acquired Universal Components, UK Ltd, Britain's wholesale distributor of commercial vehicles' parts and accessories. This is the second acquisition by the TVS Group in the UK after the buyout of Multipart Holdings in 2009.



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