

# Indian Auto : Monthly Sales Scorecard - February 2012

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## Main Highlights of February 2012

- **Passenger Vehicles: Post good growth as customers' pre-pone purchases to escape higher duties post budget**

Maruti Suzuki's (MSIL) has continued to improve its performance post the plant shutdowns during Oct'11. The good performance was driven by higher supplies of diesel engines from Fiat and the launch of the new Swift Dzire compact sedan in Feb'12. Both Swift and Swift Dzire segments of MSIL posted growth of 31% and 59% Y-o-Y respectively. M&M posted a 33% Y-o-Y growth in passenger vehicle sales on the back of sky rocketing demand for its XUV500 SUV and good response for its refreshed Xylo launched in Feb'12. Tata Motors (TML) growth slowed post the ramp-up of Swift volumes and higher sales of the new Dzire. TML did well on the UV/MPV front as the new Sumo, cheaper Aria, Venture MPV continued to do well.

- **+Ve** for TML, M&M, Maruti

- **Commercial Vehicles: LCVs continue their good run while MHCVs also post good growth**

M&M, TML did well in the MHCV segment posting Y-o-Y growth of 39% and 10% respectively while Eicher Motors (EML) witnessed a decline in sales, down 5% Y-o-Y. On the LCV front, the pick-up in demand for TML's Magic Iris (a 5 seat passenger carrier) and Ace Zip (sub 600 kg micro truck) launched in May'11, drove volumes in the segment. Overall performance of Eicher Motors Ltd.'s (VECV) was good but the sore part was the decline in MHCV volumes by 5% even though LCV and bus volumes grew by 13% and 57% Y-o-Y respectively. The rising freight rates on the back of robust cargo movement give us comfort in this sector. Ashok Leyland's (ALL) overall volumes grew 13% Y-o-Y on the back of good LCV sales. However its MHCV sales declined by 3% Y-o-Y.

- **+Ve** for M&M, TML, **-Ve** for VECV, ALL

- **Two-wheelers: HMC posts good 2Ws numbers while TVS and BAL witness flattish to negative growth in domestic volumes**

Market leader Heromoto Corp. Ltd. (HMC) led the domestic market with a 11% Y-o-Y growth while lack of new models led to a decline in domestic sales for Bajaj Auto Ltd. (BAL), down 1% Y-o-Y while TVS posted marginal uptick of 1%. HMC continued to benefit from its old work horses Hero Splendor/Passion while new models such as Hero Impulse continue to drive volumes. Also in case of BAL, some of the customers postponed their purchases on the back of the new Pulsar to be sold from Apr'12. The launch of the new Pulsar/ Duke 200 which fall in the premium sports category are expected to provide good upside for BAL in terms of profitability. HMSI was the main gainer in the 2W space with volumes rising by a robust 41% Y-o-Y on the back of increase in capacity and a stellar run by its Activa and Honda CBR 250R models.

- **-Ve** for BAL in the short run, **-Ve** for TVS, **+Ve** for Heromoto on the back of new launches

- **Farm Equipment (FES): Good growth over the past couple of years and low agri output hit volumes**

The market leader M&M continued to suffer in the FES segment on the back of declining realized prices for Agri produce, which we believe would result in sluggish growth even in FY13E.

- **-Ve** for M&M as it's the market leader in a contracting market.

## Performance of Subsidiaries of Indian Companies

- **Jaguar Land Rover (JLR):** JLR North America retail sales increased 32% Y-o-Y to 4,277 units for Feb'12 powered by increases in both brands.
- **Ssangyong Motors (SYM):** 70% owned by M&M, Feb'12 sales surged 30.9% Y-o-Y, driven by brisk domestic sales and overseas shipments.

**Outlook:** In the passenger car segment, most players benefited from the preponement of car purchases by customers ahead of the budget in March'12 in anticipation of an excise duty hike on cars and additional tax on diesel vehicles. MSIL benefited the most from this rush while M&M was driven by robust sales of its newer models. After a good run over the past few months TML suffered on the back of higher capacity at MSIL for its Swift hatchback and the Dzire notchbacks (due to higher supply of diesel engines from FIAT).

On the CV front, the rising freight rates on the back of robust cargo movement have resulted in good off take of new trucks benefitting TML, M&M while VECV posted lackluster truck sales. Coupled with lower agri-commodity prices and a front loaded growth FES sales suffered in Feb'12. It would be negative for M&M until agri-commodity prices pick-up.

Lack of new models from BAL and TVS resulted in lackluster performance from them while the market leader HMC continued to outperform its domestic peers. HMC benefitted from new model launches in Feb'12. BAL would benefit going ahead in Mar-Apr'12 due to the launch of the new Pulsar 200NS and the KTM Duke 200.

## Our Picks

In spite of the sluggish numbers posted by BAL we continue to be bullish on the stock mainly on account of technological superiority and new launches (KTM Duke 200 & new Pulsar 200NS) combined with the market leader position in the high margin premium motorcycle category. Even though there might be short term pain due to slowing sales, momentum is expected to be back soon. We reiterate our Buy rating on the stock with a target price of Rs 1809.

On the back of the pick-up in domestic business driven by the strong sales of TML's diesel cars/MPVs/SUVs combined with the continued strength in JLR sales, we reiterate our Buy rating on Tata Motors with a target price of Rs 331.

## Comparative Valuation & Rating

### Auto-2W

Company	CMP Rs	Mcap Rs bn	EV Rs bn	Sales Rs bn		EPS Rs		P/E (x)		EV/EBITDA (x)		EBIDTA (%)	RoE (%)	Annual	Annual	Rating	Target Price (Rs)
				FY12E	FY13E	FY12E	FY13E	FY12E	FY13E	FY12E	FY13E			EPS Growth	Sales Growth		
														(%)	(%)		
Hero Moto Corp.	1872	374	372	233	263	118.8	136.3	15.8	13.7	11.4	10.0	14.0	70.6	14.7	12.8	NR	NA
Bajaj Auto	1704	493	489	200	233	111.0	119.0	15.6	14.6	12.2	10.5	20.3	49.2	7.1	16.6	Buy	1809
TVS	44	21	31	74	84	4.5	5.2	9.6	8.3	6.4	5.8	6.5	26.4	15.5	13.3	NR	NA

### Auto-Composite

Company	CMP Rs	Mcap Rs bn	EV Rs bn	Sales Rs bn		EPS Rs		P/E (x)		EV/EBITDA (x)		EBIDTA (%)	RoE (%)	Annual	Annual	Rating	Target Price (Rs)
				FY12E	FY13E	FY12E	FY13E	FY12E	FY13E	FY12E	FY13E			EPS Growth	Sales Growth		
														(%)	(%)		
Tata Motors	268	800	1,019	1,602	1,822	34.4	38.9	7.8	6.9	4.3	3.6	14.1	47.4	13.2	13.7	Buy	331
M&M (std)	675	414	607	461	526	50.5	59.4	13.4	11.4	10.2	8.9	12.9	22.0	17.6	14.0	NR	NA
Maruti	1,309	378	351	351	428	56.8	83.2	23.1	15.7	13.6	9.2	7.4	10.7	46.6	22.0	NR	NA
Ashok Leyland	28	74	97	125	145	2.2	2.7	12.8	10.5	7.7	6.7	10.1	15.4	21.7	16.1	NR	NA
Eicher Motors	1,690	46	40	65	83	131.0	157.1	12.9	10.8	5.6	4.3	10.9	21.7	20.0	27.1	NR	NA

Source: FQ Research, Bloomberg Estimates

NR - Not Rated

NA - Not Applicable

## Company-wise performance

### Tata Motors - Feb'12 Sales

Tata Motors	Domestic					Exports			Total		
Category	Feb-12	Feb-11	Y-o-Y Chg	Jan-12	M-o-M Chg	Feb-12	Feb-11	Y-o-Y Chg	Feb-12	Feb-11	Y-o-Y Chg
M&HCVs	19,332	17,632	10%	18,340	5%	1,149	1,488	-23%	20,481	19,120	7%
LCVs	32,540	23,498	38%	27,375	19%	3,598	2,756	31%	36,138	26,254	38%
UVs	6,596	4,637	42%	6,140	7%	71	22	223%	6,667	4,659	43%
Passenger Cars	28,236	27,272	4%	28,529	-1%	597	238	151%	28,833	27,510	5%
<b>Total</b>	<b>86,704</b>	<b>73,039</b>	<b>19%</b>	<b>80,384</b>	<b>8%</b>	<b>5,415</b>	<b>4,504</b>	<b>20%</b>	<b>92,119</b>	<b>77,543</b>	<b>19%</b>

Category	Domestic			Exports			Total		
	YTD FY12	YTD FY11	Y-o-Y Chg	YTD FY12	YTD FY11	Y-o-Y Chg	YTD FY12	YTD FY11	Y-o-Y Chg
M&HCVs	185,042	168,790	10%	13,168	15,760	-16%	198,210	184,550	7%
LCVs	286,879	228,179	26%	37,529	28,838	30%	324,408	257,017	26%
UVs	48,950	37,460	31%	600	728	-18%	49,550	38,188	30%
Passenger Cars	227,776	233,358	-2%	6,414	6,786	-5%	234,190	240,144	-2%
<b>Total</b>	<b>748,647</b>	<b>667,787</b>	<b>12%</b>	<b>57,711</b>	<b>52,112</b>	<b>11%</b>	<b>806,358</b>	<b>719,899</b>	<b>12%</b>

Source: Company, FQ Research

TML's total sales (including exports) in Feb'12 came in at 92,119 vehicles, up 19% Y-o-Y. The company's domestic sales for Feb'12 came in at 86,704 units, up 19% Y-o-Y. YTD FY12 sales (including exports) for the company came in at 806,358 units, posting a growth of 12% Y-o-Y.

### Commercial Vehicles- Posts good growth on the back of rising freight rates but still under performs its smaller peers

MHCVs have continued their good run as TML's domestic volumes grew by 10% Y-o-Y to 19,332 units. Apart from Dec'11 where volumes grew by a moderate 5% Y-o-Y sales have been good for TML. The rising freight rates on the back of robust cargo movement have resulted in good off take of new trucks. But Feb'12 was a good month for LCV sales as volumes grew by a robust 38% Y-o-Y to 32,540 units. The pick-up in demand for TML's Magic Iris (a 5 seat passenger carrier) and Ace Zip (sub 600 kg micro truck) launched in May'11, drove volumes in the segment.

### Passenger cars - A rush to buy diesel vehicles and traction in its UV portfolio lead to good growth

The passenger car sales stood at 28,236 units in the domestic market in Feb'12, up 4% Y-o-Y. The launch of the new Swift Dzire and the ramp up from its capacity led to slower sales for TML. The refreshed Nano launched in Nov'11 has started to do well as sales came in at 9,217 units, up 12% Y-o-Y. Sales of the Indica range came in at 10,424 units, up 4% Y-o-Y while the Indigo sales declined by 14% Y-o-Y due to the launch of the new Dzire. The Sumo/ Safari/ Aria/ Venture range accounted for sales of 6,596 units, up 42% Y-o-Y. The new Sumo with a CRDi engine was received well while the Venture gained increased traction due to its diesel engine and people moving ability.

YTD FY12 sales of passenger vehicles in the domestic market came in at 291,406 units (276,726 Tata + 14,680 Fiat), up 0.5% Y-o-Y. YTD FY12 passenger vehicles sales came in at 276,726 units, up 2% Y-o-Y. YTD FY12 sales of the Nano were 64,052 units, up 4% Y-o-Y. YTD FY12 sales of the Indica range came in at 94,286 units, higher by 4% Y-o-Y while that of the Indigo family came in at 69,438 units, lower by 14% Y-o-Y. YTD FY12 sales of the Sumo/ Safari/ Aria/ Venture range came in at 37,475 units, up 31% Y-o-Y.

### Exports

The company's exports sales came in at 5,415 vehicles in Feb'12, up 20% Y-o-Y while the YTD FY12 export sales came in at 57,711 units, up 11% Y-o-Y.

### JLR U.S - With 21% of sales coming from North America, good U.S sales bode well for TML

#### Jaguar Land Rover (U.S. Retail Sales) - Feb'12

JLR U.S	Feb-12	Feb-11	Y-o-Y Chg
Jaguar	1,022	692	48%
Land Rover	3,255	2,555	27%
<b>Total JLR</b>	<b>4,277</b>	<b>3,247</b>	<b>32%</b>

Jaguar Land Rover (JLR) North America retail sales increased 32% Y-o-Y to 4,277 units for Feb'12 powered by increases in both brands. Jaguar sales increased 48% Y-o-Y to 1,022 units driven by the refreshed 2012 MY XF and XK models. Land Rover sales increased 27% Y-o-Y to 3,255 units on the back of combined strength of Range Rover Sport and Range Rover Evoque.

On the back of the continued good performance from TML in domestic business over the past few months combined with the sustained strength in JLR sales, we reiterate our Buy rating on Tata Motors with a target price of Rs 331.

## M&M - Passenger vehicles do well, 4W Pick-ups continue their stellar run but FES, 3Ws continue to slowdown

### Mahindra & Mahindra - Feb'12 Sales

Mahindra & Mahindra	Feb-12	Feb-11	Y-o-Y Chg	Jan-12	M-o-M Chg	YTD FY12	YTD FY11	Y-o-Y Chg
<b>Auto Sector</b>								
Passenger Vehicles (UVs + Verito)	20,573	15,439	33%	19,975	3%	197,095	161,894	22%
4 Wheel Pick Ups (Passenger + Load)*	13,522	9,903	37%	13,725	-1%	137,977	94,068	47%
3Ws	5,111	5,725	-11%	6,126	-17%	62,351	56,373	11%
Total Vehicles -(M&M)	39,206	31,067	26%	39,826	-2%	397,423	312,335	27%
LCVs, M&HCVs ^	1,255	900	39%	1,543	-19%	12,304	10,198	21%
<b>Total Auto Sector (Dom.) Veh.</b>	<b>40,461</b>	<b>31,967</b>	<b>27%</b>	<b>41,369</b>	<b>-2%</b>	<b>409,727</b>	<b>322,533</b>	<b>27%</b>
Exports -UV +3W	2,626	1,411	86%	3,348	-22%	26,517	15,104	76%
Verito Exports	0	0	-	0	-	0	1,904	NM
<b>Total Vehicles (Dom + Exp)</b>	<b>43,087</b>	<b>33,378</b>	<b>29%</b>	<b>44,717</b>	<b>-4%</b>	<b>436,244</b>	<b>339,541</b>	<b>28%</b>
<b>M&amp;M -FES sales (including SWJ)</b>								
Domestic	14,341	18,134	-21%	17,950	-20%	205,810	183,056	12%
Exports	975	907	7%	1,404	-31%	12,237	10,749	14%
<b>Total Tractors (Dom + Exp)</b>	<b>15,316</b>	<b>19,041</b>	<b>-20%</b>	<b>19,354</b>	<b>-21%</b>	<b>218,047</b>	<b>193,805</b>	<b>13%</b>
<b>Total Vehicles</b>	<b>58,403</b>	<b>52,419</b>	<b>11%</b>	<b>64,071</b>	<b>-9%</b>	<b>654,291</b>	<b>533,346</b>	<b>23%</b>

Source: Company, FQ Research

\*Includes Maxximo, Gio, Genio & Bolero Pick up

NM - Not Meaningful

**Mahindra & Mahindra (M&M)** posted mixed sales numbers in Feb'12. Automotive segment did well while FES segment performance was quite dull. Total vehicle sales were up 11% Y-o-Y to 58,403 units in Feb'12. Sales from M&M's automotive segment grew 29% Y-o-Y to 43,087 units in Feb'12 with domestic volumes coming in at 40,461 units, up 27% Y-o-Y while exports registered a whopping growth of 86% Y-o-Y to 2,626 units. The 4-wheeler commercial segment which includes the passenger and load categories continued its impressive run and grew 37% Y-o-Y at 13,522 units.

Passenger vehicle sales grew by 33% Y-o-Y to 19,975 units. The increasing production of the XUV 500 and the launch of the refreshed XYLO (in Feb'12) led the passenger vehicle performance during the month. Sales of 4W pick-ups including GIO & Maximmo grew at a robust 37% Y-o-Y to 13,522 units. M&M's better design combined with a CRDi engine is taking away share from the segment leader Tata Ace in the fast growing LCV market. LCV & M&HCV (M&M Navistar JV) sales for the month were up by 39% Y-o-Y to 1,255 units in Feb'12 on the back of expanding reach and a lower base last year.

The performance of M&M's Farm Equipment Segment (FES) which witnessed stellar growth till Oct'11 has been lackluster offlate. M&M's domestic FES sales declined by 21% Y-o-Y to 15,316 units while exports showed some promise as volumes grew by 7% Y-o-Y to 975 units. Apart from declining realized prices for Agri produce, softening rural demand and high fuel prices are seen as a major factor in slowing sales.

### Ssangyong Motors (SYM) - Brisk domestic sales and overseas shipments drive sales

#### Ssangyong Motor - Feb'12 Sales

	Feb-12	Feb-11	Y-o-Y (%)	Dec-11	M-o-M (%)	YTD FY12	YTD FY11	Y-o-Y Chg
Domestic Sales	3,111	2440	28%	2,804	11%	44,566	37,756	18%
Export Sales	5,755	4332	33%	5,429	6%	85,534	58,944	45%
<b>Total Sales</b>	<b>8,866</b>	<b>6,772</b>	<b>31%</b>	<b>8,233</b>	<b>8%</b>	<b>130,100</b>	<b>96,700</b>	<b>35%</b>

Source: Company, FQ Research

Ssangyong Motor's (SYM), (70% owned by M&M) Feb'12 sales surged 30.9% Y-o-Y to 8,866 units, driven by brisk domestic sales and overseas shipments.

## Maruti Suzuki Ltd - Rush to buy diesel vehicles before the budget and the launch of the new Dzire drive sales

### Maruti Suzuki India Ltd (MSIL) - Feb'12 Sales

		Feb-12	Feb-11	Y-o-Y Chg	Jan-12	M-o-M Chg	YTD FY12	YTD FY11	Y-o-Y Chg
Mini	M800, Alto, A-star, Wagon R	49,104	53,515	-8%	52,036	-6%	438,563	514,439	-15%
Compact	Swift , Estilo ,Ritz	27,899	21,287	31%	25,756	8%	207,841	239,223	-13%
Super Compact	Dzire	15,068	9,490	59%	8,637	74%	93,681	97,677	-4%
Mid-size	SX4	2033	3,534	-42%	1939	5%	16,477	19,685	-16%
Executive	Kizashi	14	25	-44%	9	56%	410	35	1071%
<b>Total Passenger Vehicles</b>		<b>94,118</b>	<b>87,851</b>	<b>7%</b>	<b>88,377</b>	<b>6%</b>	<b>756,972</b>	<b>871,059</b>	<b>-13%</b>
Utility Vehicles	Gypsy, Grand Vitara	230	156	47%	231	0%	4,995	5,046	-1%
Vans	Omni , Eeco	13,305	13,536	-2%	12,439	7%	131,625	146,210	-10%
<b>Total Domestic Sales</b>		<b>107,653</b>	<b>101,543</b>	<b>6%</b>	<b>101,047</b>	<b>7%</b>	<b>893,592</b>	<b>1,022,315</b>	<b>-13%</b>
<b>Total Export Sales</b>		<b>11,296</b>	<b>10,102</b>	<b>12%</b>	<b>14,386</b>	<b>-21%</b>	<b>114,151</b>	<b>126,738</b>	<b>-10%</b>
<b>Total Sales</b>		<b>118,949</b>	<b>111,645</b>	<b>7%</b>	<b>115,433</b>	<b>3%</b>	<b>1,007,743</b>	<b>1,149,053</b>	<b>-12%</b>

Source: Company, FQ Research

MSIL's sales rose by 7% Y-o-Y to 118,949 passenger vehicles in Feb'12. The uptick was mainly driven by a strong demand for its premium hatchback Swift and the super compact sedan Dzire which offset the decline in sales of its small cars like Alto and A-Star. MSIL reported a sales growth of 6% Y-o-Y in the domestic market at 1,07,653 units, while exports grew 12% Y-o-Y at 11,296 units. The Swift has been among the top selling cars for Maruti Suzuki and currently waiting periods stretch to as long as 6 months for its diesel powered variant. The workers strike at its plant in Manesar last year sent Swift's production schedule for a toss, and that had hurt overall sales. However with the launch of the new Swift in Aug'11 and the new Dzire in Feb'12 has boosted sales once again. In Feb'12, compact car sales, which include Swift, Ritz and Estilo, surged 31.1% Y-o-Y to 27,899 units. Dzire sales grew at a robust 59% Y-o-Y to 15,068 units. Buyers flocked showrooms ahead of the budget to evade diesel duty on diesel cars. This benefitted MSIL in a big way as Swift and Swift Dzire are the largest selling diesel cars in their respective segments.

However, sales of mini cars like Maruti 800, A-Star, WagonR and Alto, continued to decline, down 8.2% to 49,104 units during the month.

Maruti Suzuki's sedans also didn't seem to find many buyers. SX4 sales fell 42.5% Y-o-Y to 2,033 units in Feb'11, while Kizashi sales were down 44% to 14 units.

The company sold 230 utility vehicles in the market, up 47.4% Y-o-Y, while van sales slipped 1.7% Y-o-Y to 13,305 units during the month. During YTD FY12, MSIL's total sales are down 12.3% Y-o-Y to 1,007,743 units.

## Hero Motocorp Ltd (HMC) - Continues to outperform listed peers in the 2W space

### Hero Motocorp Ltd - Feb'12 Sales

	Feb-12	Feb-11	Y-o-Y Chg	Jan-12	M-o-M Chg	YTD FY12	YTD FY11	Y-o-Y Chg
Motorcycles	523,465	472,055	11%	520,272	1%	5,030,615	4,308,081	17%

Source: Company, FQ Research

### Motorcycle sales grow at a robust pace for HMC in Feb'12

**Hero MotoCorp (HMC)**, the country's largest two-wheeler maker reported a 11% Y-o-Y rise in sales for Feb'12 at 5,23,465 units. HMC has outperformed other domestic listed players like BAL and TVS on the back of robust sales of its new models and good performance from its work horses Splendor and Passion. But the launch of the new 110cc entry level motorcycle "Dream Yuga", from HMSI might eat away some share from HMC.

## Bajaj Auto - Domestic business slows down but exports temper it slightly

### Bajaj Auto - Feb'12 Sales

	Feb-12	Feb-11	Y-o-Y Chg	Jan-12	M-o-M Chg	YTD FY12	YTD FY11	Y-o-Y Chg
Motorcycles	301,961	286,657	5%	294,439	3%	3,533,557	3,112,651	14%
Commercial Vehicles (mainly 3Ws)	41,846	40,217	4%	43,436	-4%	480,488	403,535	19%
<b>Total Sales</b>	<b>343,807</b>	<b>326,874</b>	<b>5%</b>	<b>337,875</b>	<b>2%</b>	<b>4,014,045</b>	<b>3,516,186</b>	<b>14%</b>
Export Sales	122,727	102,433	20%	116,996	5%	1,472,133	1,133,834	30%
<b>Total Domestic Sales</b>	<b>221,080</b>	<b>224,441</b>	<b>-1%</b>	<b>220,879</b>	<b>0%</b>	<b>2,541,912</b>	<b>2,382,352</b>	<b>7%</b>

Source: Company, FQ Research

India's second largest two-wheeler maker Bajaj Auto Ltd (BAL) sales in Feb'12 were highest ever, but these numbers are not as rosy as they seem. Compared to its immediate peers HMC and HMSI, BAL underperformed in Feb'12 by posting a growth of just 5% Y-o-Y but the not so good news is that its domestic sales slipped 1.5% Y-o-Y to 221,080 units, the first fall since July 2009. The company's total motorcycle sales were up 5% at 3,01,961 units in Feb'12, while commercial vehicle sales rose 4% to 41,816 units. Bajaj Auto exported 1,22,727 units in Feb'12, up 20% Y-o-Y.

Rajiv Bajaj, the company's managing director expects the growth to be somewhat tepid in Q4FY12. Fewer new launches in CY11 had hurt the company's growth. During YTD FY12, BAL's total sales were up 14% Y-o-Y to 4,014,045 units. This is in contrast to the 34% total sales growth BAL reported in FY11.

Meanwhile, the company has begun deliveries of the Duke 200, from the Austrian motorcycle maker KTM's stable in recent weeks. The new Pulsar 200NS, which was unveiled January-end, will also go on sale from Apr'12. At Present Bajaj Auto has a 26% share in the motorcycle industry and Rajiv Bajaj hopes the two new launches plus a brand new motorcycle that will be introduced in May'12 will help it increase its share to over 30% in FY13. We reiterate Buy rating on the stock with a target price of Rs 1809.

## TVS Motors - Lack of new models and ramp-up of HMSI's output hits TVS

### TVS Motors - Feb'12 Sales

	Feb-12	Feb-11	Y-o-Y Chg	Jan-12	M-o-M Chg	YTD FY12	YTD FY11	Y-o-Y Chg
Motorcycles	63,019	71,462	-12%	65,606	-4%	777,371	757,189	3%
Scooters	36,693	40,335	-9%	41,469	-12%	489,700	423,609	16%
Mopeds	69,284	61,403	13%	64,037	8%	711,059	574,088	24%
3Wheelers	3,065	4,212	-27%	2,402	28%	37,485	35,433	6%
<b>Total Sales</b>	<b>172,061</b>	<b>177,412</b>	<b>-3%</b>	<b>173,514</b>	<b>-1%</b>	<b>2,015,615</b>	<b>1,790,319</b>	<b>13%</b>
Export Sales	17,960	24,036	-25%	24,036	-25%	249,792	195,620	28%
<b>Domestic Sales</b>	<b>152,796</b>	<b>151,526</b>	<b>1%</b>	<b>153,376</b>	<b>0%</b>	<b>1,765,823</b>	<b>1,594,699</b>	<b>11%</b>

Source: Company, FQ Research

**TVS Motors' (TVS)**, the Chennai-based two-wheeler maker reported sluggish growth numbers in Feb'12. Total volumes were declined by 3% Y-o-Y to 172,061 as motorcycles, scooters, moped, 3Ws declined by 12%, 9% and 27% Y-o-Y respectively. Lack of new models and doubling of capacity by HMSI hurt has TVS's scooter sales offlate. Even the exports and 3W sales have witnessed negative growth for TVS. The only positive for TVS was the robust growth of 13% Y-o-Y in mopeds where it has a virtual monopoly in the segment. **The next generation Apaches expected to be launched shortly would be the major products for TVS in the near term.** TVS also showcased a fully faired version of the Apache at the Indonesian auto Expo held recently which we believe has stunning design theme similar to the Suzuki GSX R1000.

## Ashok Leyland - MHCVs underperform but spurt in LCV volumes saves the day

### Ashok Leyland Limited (ALL) - Feb '12 Sales

Ashok Leyland	Feb-12	Feb-11	Y-o-Y Chg	Jan-12	M-o-M Chg	YTD FY12	YTD FY11	Y-o-Y Chg
MHCV	9,521	9,800	-3%	9,200	3%	83,924	72,137	16%
LCV	1,582	-	NA	1,100	44%	3,800	0	NA
<b>Total Sales</b>	<b>11,103</b>	<b>9,800</b>	<b>13%</b>	<b>10,300</b>	<b>8%</b>	<b>87,724</b>	<b>81,937</b>	<b>7%</b>

Source: Company, FQ Research

NA-Not Applicable

Commercial vehicle maker Ashok Leyland's (ALL) total sales in Feb'12 rose by 13% Y-o-Y to 11,103 units. The sales growth was boosted by 1,582 unit sales of its new launched light commercial vehicle Dost. Excluding Dost, the Hinduja Group company's sales declined by 3% Y-o-Y to 9,521 units. Dost has received good response since its launch on the back of car like features coupled with a frugal yet powerful crdi engine. The company hopes to ramp up production of the Dost LCV to around 4,000 units per month, from around 3,000 per month currently to achieve its 25% market share target by FY12 end.

## Eicher Motors- Increasing reach aid in LCV sales while Volvo's expertise aid in volume growth for buses

### Volvo Eicher Motors (VECV) - Feb '12 Sales






Eicher Trucks and Buses	Feb-12	Feb-11	Y-o-Y Chg	Jan-12	M-o-M Chg	YTD FY12	YTD FY11	Y-o-Y Chg
LCVs	2,994	2,655	13%	2,607	15%	36,982	31,711	17%
M&HCVs	594	628	-5%	579	3%	8,525	5,374	59%
Bus	598	380	57%	365	64%	7,459	5,399	38%
<b>Domestic Sales</b>	<b>4,186</b>	<b>3,663</b>	<b>14%</b>	<b>3,551</b>	<b>18%</b>	<b>52,966</b>	<b>42,484</b>	<b>25%</b>
Exports	250	253	-1%	157	59%	3,515	3137	12%
<b>Total Sales</b>	<b>4,436</b>	<b>3,916</b>	<b>13%</b>	<b>3,708</b>	<b>20%</b>	<b>56,481</b>	<b>41,705</b>	<b>35%</b>

Source: Company, FQ Research




**Auto-maker VE Commercial Vehicles (a 50:50 JV between Volvo and Eicher Motors)** total sales for the month of Feb'12 stood at 4,186 units, up 14% Y-o-Y as growth in LCVs was offset by fall in heavy duty trucks segment sales. However, buses sales grew at a robust 57% Y-o-Y to 598 units in Feb'12.

## Recent/Upcoming Launches

### Tata Motors



Model	Picture	Vehicle Type	Our Take
Tata Safari Storme		SUV	The vehicle is expected to be launched in the Rs10-12 lakhs range. Even though the new Safari is built on the Aria platform its exterior design remains nearly the same making it difficult to gain share against the all conquering Mahindra XUV 500.
New Tata Ace		Small commercial Vehicle (SCV)	The new Tata Ace was due for a long time on the back of intense competition in this segment. The new Tata Ace still incorporates the same old generation IDI engine while the competition has moved on to the advanced CRDi engines. We believe this upgrade is an intermediate one and the Ace would soon sport the CRDi engine being developed for the Tata Nano to take on the competition.
ULTRA 714 LCV		Light Commercial Vehicle (LCV)	Tata's new Ultra LCV & ICV range (3.5-7.5 tonne) will be offered with two engine options: a 3litre 16 valve 138BHP CRDi engine and a 5L DiCOR 16-valve 158 BHP. This would replace the aging Tata 407 mini truck.
Tata Nano CNG/Diesel		Passenger car	Tata Nano is expected to be launched with a CNG variant in FY13. Even though the diesel version of the Tata Nano is long overdue; we believe it be launched in the next few months.
Next generation Tata Manza / Tata Manza Hybrid		Passenger Car	The next generation Tata Manza is expected to draw design cues from the Tata Manza Hybrid that was showcased in the Auto Expo 2012. We feel the design to be much better compared to the competition with the likes of Toyota Etios, Nissan Sunny & Maruti Swift Dzire.

### Mahindra & Mahindra




Model	Picture	Vehicle Type	Our Take
New Xylo		MUV	The vehicle was launched in Feb'12 in the price range of Rs 7.37-10.25 lakhs. The new design looks much better than the old Xylo and is expected to give tough competition to Toyota Innova based on value for money proposition.
Mini Xylo		Mini SUV	The mini Xylo with a sub 4mt length and an 1.5 litre diesel engine would enjoy lower excise duty of 10% compared to 22% on bigger SUVs. The mini Xylo is expected to be offered in a 5-7 seater and is expected to cash in on the craze for mini SUVs. It is expected to be launched in Feb-Mar'12.
Ssangyong Rexton		Premium SUV	M&M is expected to launch the Sangyong SUV Rexton in India in FY13. It is expected to be priced in the Rs 15Lakhs range and would compete with the likes of Toyota Fortuner, Chevy Captiva.





## Maruti Suzuki

Model	Picture	Vehicle Type	Our Take
New Swift Dzire		Compact Sedan	MSIL introduced a compact version of its entry-level sedan, Dzire, at an introductory price between Rs 4.79 lakh and Rs 7.09 lakh (ex-showroom, Delhi). MSIL passed on a part of the excise duty benefit to the customer as the new one was priced about Rs 20-30k cheaper than the older one. MSIL has received a very good response as Dzire sales grew 74% M-o-M to 15,068 units in Feb'12.
New Ertiga MPV		MPV	Maruti is expected to launch the 7 seater Ertiga MPV shortly. It is expected to cash in on the boom in MPV sales which has been growing at more than 20% Y-o-Y and eat into the sales of Toyota Innova as it would be priced cheaper than the latter while offering better mileage at the same time.



## Hero Motocorp

Model	Picture	Vehicle Type	Our Take
New Hero Passion Xpro		110cc motorcycle	HMC is expected to launch the new Passion using the 110cc engine borrowed from Honda's motorcycle, CB Twister. This bike would offer more mileage (10% higher) and better power (9BHP Vs 7.6 BHP) than the existing Passion. It is expected to be launched in the next couple of months and strengthen its dominant position in the executive commuter segment even more.
Hero Ignitor		125 cc motorcycle	HMC is also expected to launch the rebranded Honda stunner 125 cc motorcycle with different paint and sticker schemes. It is expected to be launched in a couple of months.
Hero Maestro		110cc scooter	HMC has recently launched a new scooter based on the Honda Activa platform and using the same 110cc fuel efficient engine of the Activa. We believe HMC to cash in on the robust demand for scooters and gain share from Honda's Activa. But competition is hotting up with TVS, Suzuki, Yamaha and HMSI expected to launch more scooters in FY13E.

## TVS Motors

Model	Picture	Vehicle Type	Our Take
New TVS Apache		180/220cc motorcycle	TVS recently showcased the next generation Apache in the Indonesian Auto expo. The company is expected to launch the next generation Apache in the next couple of months. The new Apache is expected to be much better looking and more powerful than the current one with all the advanced features like fuel injection, liquid cooling, monoshock etc
TVS Qube		100 cc hybrid Scooter	TVS is expected to launch the new hybrid scooter TVS Qube in FY13. It incorporates both an internal combustion engine and an electric motor and is expected to offer 70 kmpl under normal driving conditions. We believe if the product is priced in the Rs 50-60k range, there would be a lot of takers for it.

## Bajaj

Model	Picture	Vehicle Type	Our Take
KTM Duke 200		200cc motorcycle	BAL launched the premium sports motorcycle KTM Duke 200 in Jan' 12. KTM Duke 200 is priced at Rs 1,17,500(Ex-Showroom) significantly cheaper than its nearest competitor the Honda CBR 250R priced at Rs 1.43,000. The Duke 200 developed jointly by the two firms and is 95% localized. It is powered by 200cc, liquid cooled, four-valve engine which generates peak power of 25 bhp and a maximum torque of 19 Nm. BAL has started deliveries of KTM Duke 200 to the customers a week before the schedule in the major cities of India.
New Pulsar 200NS		200cc motorcycle	BAL recently unveiled the new Pulsar 200 NS with a liquid-cooled 200cc, triple spark plug engine (a global first) dishing out a mouth watering 23.5PS of power and is expected to be priced at less than Rs 1lakh. Shipments are expected to start from Apr'12. The new technologies incorporated in the Pulsar 200NS are expected to filter into other products from the Pulsar and Discover family. These products are expected to be launched in FY13E. BAL is expected to launch a new 350cc KTM Duke and Pulsar in FY13E.

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