Prabhudas Lilladher
POWERING YOUR FINANCIAL GROWTH

Tata Motors (TTMT IN)

Rating: BUY | CMP: Rs264 | TP: Rs352

July 31, 2018

Q1FY19 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY19E	FY20E	FY19E	FY20E
Rating	**BUY**		**BUY**	
Target Price	**352**		**378**	
Sales (Rs. m)	2,936,159	3,214,695	2,913,692	3,187,811
% Chng.			*0.8*	*0.8*
EBITDA (Rs. m)	409,452	442,167	406,419	438,538
% Chng.			*0.7*	*0.8*
EPS (Rs.)	38.8	48.8	40.0	50.2
% Chng.			*(2.9)*	*(2.9)*

Key Financials

	FY17	FY18	FY19E	FY20E
Sales (Rs. bn)	2,697	2,946	2,936	3,215
EBITDA (Rs. bn)	369	370	409	442
Margin (%)	*13.7*	*12.5*	*13.9*	*13.8*
PAT (Rs. bn)	102	58	132	166
EPS (Rs.)	30.2	17.2	38.8	48.8
Gr. (%)	*(31.9)*	*(43.1)*	*126.0*	*25.7*
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	*15.0*	*7.6*	*12.7*	*13.6*
RoCE (%)	*10.9*	*7.6*	*8.3*	*9.0*
EV/Sales (x)	0.4	0.4	0.4	0.4
EV/EBITDA (x)	3.2	3.2	2.9	2.6
PE (x)	8.8	15.4	6.8	5.4
P/BV (x)	1.5	0.9	0.8	0.7

Key Data	TAMO.BO | TTMT IN
52-W High / Low	Rs.468 / Rs.247
Sensex / Nifty	37,607 / 11,357
Market Cap	Rs.836bn/ $ 12,185m
Shares Outstanding	2,887m
3M Avg. Daily Value	Rs.7590.79m

Shareholding Pattern (%)

Promoter's	36.53
Foreign	20.26
Domestic Institution	17.50
Public & Others	25.71
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.9)	(33.9)	(40.6)
Relative	(7.6)	(36.8)	(48.6)

Saksham Kaushal
sakshamkaushal@plindia.com | 91-22-66322235

Poorvi Banka
poorvibanka@plindia.com | 91-22-66322426

JLR disappoints; Margin outlook cautious!

Tata Motors' Q1FY19 performance was a huge disappointment with the company reporting a consolidated adjusted loss at ~Rs12bn against our expectations of a profit of Rs9.7bn. While consolidated revenues were up 14.7% YoY (on a low base) to Rs670.8bn (PLe: Rs711.6bn), EBITDA margin was at 9.5%, lower 40bps YoY (down 360bps QoQ), below with PLe of 10.3%. EBITDA grew 10.5% YoY to ~Rs64bn. Adjusting for forex loss of ~Rs10bn, consolidated adjusted loss stood at ~Rs12bn. This was mainly on account of Jaguar Land Rover (JLR) reporting a loss of GBP210mn. Whole sale volumes for JLR for the quarter declined ~8% YoY leading to revenue decline of 6.7% YoY to GBP5.2bn, with operating margin coming in at 6.2%, lower 170bps YoY / 600bps QoQ and below our expectations of 10.5%. Standalone performance, however, again saw significant improvement this quarter with operating margins coming in at 9.3% (up 240bps QoQ) and adjusted profit for the quarter at Rs13.6bn, surpassing PLe of Rs7.8bn (Non-operating income was significantly higher, up 118% YoY, to ~Rs14bn).

- **Operational challenges at JLR:** Despite ~6% YoY growth in JLR retails over Q1FY19, JLR Wholesales for the quarter were lower ~8% YoY mainly on account of lower volumes in China ahead of the import duty reduction from 25% to 10% (which also lead to increase in incentives by ~GBP110mn for the China market) and planned dealer stock reduction in other markets. The adverse impact of the China duty reduction along with unfavourable currency revaluation and higher depreciation provision as per the company's new capitalization policy has led to an EBIT loss of GBP224mn, with EBIT margins at -4.3% (at -3.7% including share of profit from JVs). Despite the weak Q1, the management has reiterated their target of 4-7% EBIT margin for the full year on the back of ramp-up of new models (Electric I-Pace) and new lower duties effective in China. However, concerns over diesel vehicles in UK & Europe as well as the uncertainty over Brexit will continue to hamper JLR's performance in the near term.

- **Standalone performance continues to improve:** Standalone volumes over Q1FY19 registered robust 59% YoY growth, with CVs higher 63% YoY and PVs reporting 49% YoY growth. On the back of better mix and higher realizations, EBITDA margins for the CV segment stood at 11.7% (up 620bps YoY) while PV segment EBITDA is also nearing breakeven (Q1FY19 margin at -0.7%, up 1900bps YoY).

- **Valuation and View:** We expect JLR volumes to marginally recover in H2FY19 due to increased traction in key markets like UK and China and with management's aggressive cost reduction efforts we expect JLR to achieve its stated near term EBIT margins of 4-7% (we factor in 4.2% for FY19). The launch of the in-house developed fully electric Jaguar I-Pace has received great reviews globally and we expect the volumes to surprise us positively. We currently factor in ~5% volume growth for the JLR over FY19-20 and maintain "BUY" with the target price of Rs352, where we value JLR at 2.5x Mar'20E EV/EBITDA and Standalone entity at 10x Mar'20 EPS.

Exhibit 1: Q1FY19 Result Overview - Consolidated (Rs m)

Y/e March	Q1FY19	Q1FY18	YoY gr. (%)	Q4FY18	FY19E	FY18	YoY gr. (%)
Net Revenues	**670,813**	**584,934**	***14.7***	**912,791**	**2,936,159**	**2,940,845**	***(0.2)***
Raw Materials	430,269	365,758	*17.6*	571,052	1,774,550	1,853,153	*(4.2)*
% of Net Sales	*64.1*	*52.1*		*62.6*	*60.4*	*63.0*	
Personnel	85,232	71,152	*19.8*	83,523	293,616	303,001	*(3.1)*
% of Net Sales	*12.7*	*10.1*		*9.2*	*10.0*	*10.3*	
Manufacturing & Other Exp	142,628	129,742	*9.9*	196,224	673,454	601,842	*11.9*
% of Net Sales	*21.3*	*18.5*		*21.5*	*22.9*	*20.5*	
Expenses capitalised	51,129	39,491	*29.5*	57,259	214,913	185,881	*15.6*
Total Expenditure	607,001	527,161	*15.1*	793,539	2,526,707	2,572,115	*(1.8)*
EBITDA	**63,812**	**57,773**	***10.5***	**119,252**	**409,452**	**368,730**	***11.0***
EBITDA Margin (%)	*9.5*	*8.2*		*13.1*	*13.9*	*12.5*	
Depreciation	68,077	53,370	*27.6*	75,191	259,773	250,855	*3.6*
EBIT	**(4,265)**	**4,403**	***(196.9)***	**44,061**	**149,678**	**117,875**	***27.0***
Interest Expenses	13,753	11,089	*24.0*	11,783	49,159	46,818	*5.0*
Non-operating income	2,248	1,541	*45.9*	3,644	9,778	8,889	*10.0*
Forex gain	(10,073)	6,313	*NA*	3,558	-	11,853	*NA*
Extraordinary Expenses	-	-		16,414	-	16,461	*NA*
PBT	**(25,842)**	**37,370**	***NA***	**23,077**	**140,297**	**111,550**	***25.8***
Tax-Total	(4,156)	12,074	*NA*	9,771	31,702	43,419	*(27.0)*
Tax Rate (%) - Total	*16.1*	*39.2*		*42.3*	*22.6*	*38.9*	
Reported PAT	**(21,686)**	**25,295**	***NA***	**13,305**	**108,595**	**68,131**	***59.4***
Minority Interest	(2,662)	(6,527)	*NA*	(7,947)	(53,155)	(21,758)	*NA*
Profit after MI	**(19,024)**	**31,823**	***NA***	**21,252**	**161,750**	**89,889**	***79.9***
Adj. PAT	**(11,973)**	**(2,189)**	***NA***	**30,244**	**140,750**	**64,606**	***117.9***

Source: Company, PL

Exhibit 2: Q1FY19 Result Overview - Standalone (Rs m)

Y/e March	Q1FY19	Q1FY18	YoY gr. (%)	Q4FY17	FY19E	FY18	YoY gr. (%)
Net Revenues	**168,031**	**90,943**	***84.8***	**197,793**	**674,467**	**588,314**	***14.6***
Raw Materials	120,763	64,202	*88.1*	141,737	478,871	426,849	*12.2*
% of Net Sales	*71.9*	*70.6*		*71.7*	*71.0*	*72.6*	
Personnel	10,329	8,886	*16.2*	11,036	40,468	39,667	*2.0*
% of Net Sales	*6.1*	*9.8*		*5.6*	*6.0*	*6.7*	
Manufacturing & Other Exp	24,107	19,913	*21.1*	33,875	209,085	184,685	*13.2*
% of Net Sales	*14.3*	*21.9*		*17.1*	*31.0*	*31.4*	
Expenses capitalised	2,864	2,089	*37.1*	2,465	9,833	8,551	*15.0*
Total Expenditure	152,335	90,912	*67.6*	184,183	614,048	550,308	*11.6*
EBITDA	**15,696**	**31**	***50,208.7***	**13,611**	**60,418**	**38,006**	***59.0***
EBITDA Margin (%)	*9.3*	*0.0*		*6.9*	*9.0*	*6.5*	
Depreciation	8,107	7,500	*8.1*	10,081	33,403	31,019	*7.7*
EBIT	**7,590**	**(7,469)**	***NA***	**3,530**	**27,016**	**6,987**	***NA***
Interest Expenses	4,932	3,678	*34.1*	4,464	20,280	22,194	*(8.6)*
Non-operating income	13,935	6,399	*117.8*	6,770	17,884	15,576	*14.8*
Forex gain	(1,951)	80	*NA*	(954)	-	(171)	*NA*
Extraordinary Expenses	-	-		9,630	-	9,667	
Extraordinary Income	-	-		11	-	-	
PBT	**14,642**	**(4,669)**	***NA***	**(4,737)**	**24,619**	**(9,469)**	***NA***
Tax-Total	2,765	2		262	4,924	879	*460.0*
Tax Rate (%) - Total	*18.9*	*0.0*		*-5.5*	*20.0*	*-9.3*	
Reported PAT	**11,877**	**(4,671)**	***NA***	**(4,999)**	**19,695**	**(10,349)**	***NA***
Adj. PAT	**13,437**	**(4,742)**	***NA***	**4,515**	**19,695**	**(2,478)**	***NA***

Source: Company, PL

Exhibit 3: Operating Metrics

Y/e March	Q1FY19	Q1FY18	YoY gr. (%)	Q4FY17	FY19E	FY18	YoY gr. (%)
Sales Volume (nos)	**176,534**	**109,691**	***60.9***	**203,985**	**704,834**	**637,991**	***10.5***
Net Realisation/Vehicle	951,834	829,087	*14.8*	969,646	956,915	922,135	*3.8*
Material cost / vehicle	684,076	585,300	*16.9*	694,838	679,410	669,052	*1.5*
Gross Profit / vehicle	267,758	243,788	*9.8*	274,807	277,505	253,083	*9.6*
Employee cost /vehicle	58,511	81,007	*(27.8)*	54,102	57,415	62,175	*(7.7)*
Other expenses / vehicle	136,557	181,539	*(24.8)*	166,064	296,644	289,480	*2.5*
EBITDA/vehicle	88,914	284	*NA*	66,724	85,720	59,571	*43.9*
Net Profit/vehicle	76,116	(43,231)	*NA*	22,136	27,943	(3,884)	*NA*

Source: Company, PL

Exhibit 4: Q1FY19 Result Overview - JLR (GBP m)

Y/e March	Q1FY19	Q1FY18	YoY gr. (%)	Q4FY18	FY19E	FY18	YoY gr. (%)
Net Revenues	**5,222**	**5,599**	***(6.7)***	**7,555**	**27,638**	**25,786**	***7.2***
Raw Materials	3,366	3,565	*(5.6)*	4,729	17,467	16,328	*7.0*
% of Net Sales	*64.5*	*63.7*		*62.6*	*63.2*	*63.3*	
Personnel	733	656	*11.7*	724	2,695	2,722	*(1.0)*
% of Net Sales	*14.0*	*11.7*		*9.6*	*9.8*	*10.6*	
Manufacturing & Other Exp	1,224	1,291	*(5.2)*	1,621	5,942	5,549	*7.1*
% of Net Sales	*23.4*	*23.1*		*21.5*	*21.5*	*21.5*	
Expenses capitalised	426	355	*20.0*	443	1,313	1,610	*(18.5)*
Total Expenditure	4,897	5,157	*(5.0)*	6,631	24,791	22,989	*7.8*
EBITDA	**325**	**442**	***(26.5)***	**924**	**2,847**	**2,797**	***1.8***
EBITDA Margin (%)	***6.2***	***7.9***		***12.2***	***10.3***	***10.8***	
Depreciation	549	450	*22.0*	601	2,137	2,075	*3.0*
EBIT	**(224)**	**(8)**	***NA***	**323**	**709**	**722**	***(1.7)***
Interest Expenses	11	12	*(8.3)*	9	45	47	*(5.0)*
Forex gain	(59)	100	*NA*	(39)	-	171	*NA*
Extraordinary Income	-	438	*NA*	-	-	438	*NA*
China JV profit	30	77	*(61.0)*	89	542	252	*115.2*
PBT	**(264)**	**595**	***NA***	**364**	**1,207**	**1,536**	***(21.4)***
Tax-Total	(54)	123	*NA*	100	150	403	*(62.9)*
Tax Rate (%) - Total	*20.5*	*20.7*		*27.5*	*12.4*	*26.2*	
Reported PAT	**(210)**	**472**	*NA*	**264**	**1,058**	**1,133**	***(6.7)***
Adj. PAT	**(151)**	**(66)**	***NA***	**303**	**1,058**	**524**	***101.8***

Source: Company, PL

Exhibit 5: Operating Metrics

Y/e March	Q1FY19	Q1FY18	YoY gr. (%)	Q4FY18	FY19E	FY18	YoY gr. (%)
Sales Volume (nos)	**108,788**	**110,648**	***(1.7)***	**149,895**	**528,505**	**509,334**	***3.8***
Net Realisation/Vehicle	48,002	50,602	*(5.1)*	50,402	52,295	50,627	*3.3*
Material cost / vehicle	30,941	32,219	*(4.0)*	31,549	33,050	32,058	*3.1*
Gross Profit / vehicle	17,061	18,383	*(7.2)*	18,853	19,244	18,569	*3.6*
Employee cost /vehicle	6,738	5,929	*13.6*	4,830	5,099	5,344	*(4.6)*
Other expenses / vehicle	11,251	11,668	*(3.6)*	10,814	11,243	10,895	*3.2*
EBITDA/vehicle	2,987	3,995	*(25.2)*	6,164	5,386	5,491	*(1.9)*
Net Profit/vehicle	-1,388	-596	*132.7*	2,021	2,001	1,029	*94.5*

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY17	FY18	FY19E	FY20E
Net Revenues	**2,696,925**	**2,946,192**	**2,936,159**	**3,214,695**
YoY gr. (%)	*(1.2)*	*9.2*	*(0.3)*	*9.5*
Cost of Goods Sold	1,658,942	1,858,500	1,774,550	1,989,700
Gross Profit	1,037,984	1,087,692	1,161,609	1,224,995
Margin (%)	*38.5*	*36.9*	*39.6*	*38.1*
Employee Cost	283,329	303,001	293,616	305,396
Other Expenses	84,357	81,434	69,500	51,484
EBITDA	**369,124**	**369,730**	**409,452**	**442,167**
YoY gr. (%)	*(11.6)*	*0.2*	*10.7*	*8.0*
Margin (%)	*13.7*	*12.5*	*13.9*	*13.8*
Depreciation and Amortization	213,186	251,855	259,773	265,724
EBIT	**155,938**	**117,875**	**149,678**	**176,443**
Margin (%)	*5.8*	*4.0*	*5.1*	*5.5*
Net Interest	42,380	46,818	49,159	50,634
Other Income	7,545	8,889	9,778	10,756
Profit Before Tax	**93,148**	**111,550**	**140,297**	**181,565**
Margin (%)	*3.5*	*3.8*	*4.8*	*5.6*
Total Tax	32,512	43,419	31,702	30,437
Effective tax rate (%)	*34.9*	*38.9*	*22.6*	*16.8*
Profit after tax	**60,636**	**68,131**	**108,595**	**151,128**
Minority interest	1,022	1,025	1,076	1,130
Share Profit from Associate	14,930	22,783	54,230	60,649
Adjusted PAT	**102,499**	**58,285**	**131,750**	**165,648**
YoY gr. (%)	*(31.9)*	*(43.1)*	*126.0*	*25.7*
Margin (%)	*3.8*	*2.0*	*4.5*	*5.2*
Extra Ord. Income / (Exp)	(27,955)	31,604	30,000	45,000
Reported PAT	**74,544**	**89,889**	**161,750**	**210,648**
YoY gr. (%)	*(35.6)*	*20.6*	*79.9*	*30.2*
Margin (%)	*2.8*	*3.1*	*5.5*	*6.6*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	74,544	89,889	161,750	210,648
Equity Shares O/s (m)	**3,396**	**3,396**	**3,396**	**3,396**
EPS (Rs)	**30.2**	**17.2**	**38.8**	**48.8**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY17	FY18	FY19E	FY20E
Non-Current Assets				
Gross Block	**1,628,389**	**2,104,191**	**2,454,191**	**2,804,191**
Tangibles	1,028,512	1,386,781	1,736,781	2,086,781
Intangibles	599,877	717,411	717,411	717,411
Acc: Dep / Amortization	**675,681**	**891,217**	**1,113,219**	**1,339,661**
Tangibles	432,566	648,102	870,104	1,096,546
Intangibles	243,115	243,115	243,115	243,115
Net fixed assets	**952,708**	**1,212,974**	**1,340,972**	**1,464,530**
Tangibles	595,946	738,678	866,676	990,234
Intangibles	356,762	474,296	474,296	474,296
Capital Work In Progress	336,988	400,335	400,335	400,335
Goodwill	6,733	1,165	1,165	1,165
Non-Current Investments	197,147	261,905	285,175	307,175
Net Deferred tax assets	32,833	(19,671)	(19,671)	(19,671)
Other Non-Current Assets	31,076	35,812	35,812	35,812
Current Assets				
Investments	150,412	151,611	157,611	163,611
Inventories	350,853	421,376	419,408	459,130
Trade receivables	140,756	198,933	158,860	182,600
Cash & Bank Balance	360,779	346,139	292,717	342,222
Other Current Assets	65,400	102,476	107,476	112,476
Total Assets	**2,737,544**	**3,313,505**	**3,390,309**	**3,669,834**
Equity				
Equity Share Capital	6,792	6,792	6,792	6,792
Other Equity	573,827	947,487	1,109,237	1,319,885
Total Networth	**580,619**	**954,279**	**1,116,029**	**1,326,677**
Non-Current Liabilities				
Long Term borrowings	647,440	611,995	591,995	571,995
Provisions	90,045	109,484	119,484	129,484
Other non current liabilities	173,926	111,652	111,652	111,652
Current Liabilities				
ST Debt / Current of LT Debt	138,599	167,949	167,949	167,949
Trade payables	576,983	720,384	635,438	704,315
Other current liabilities	399,564	543,862	553,862	563,862
Total Equity & Liabilities	**2,737,544**	**3,313,505**	**3,390,309**	**3,669,834**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY17	FY18	FY19E	FY20E
PBT	107,056	133,308	193,452	241,085
Add. Depreciation	179,050	215,536	222,002	226,442
Add. Interest	42,380	46,818	49,159	50,634
Less Financial Other Income	7,545	8,889	9,778	10,756
Add. Other	(283,246)	284,490	-	-
Op. profit before WC changes	45,240	680,152	464,613	518,161
Net Changes-WC	105,343	(165,739)	(96,918)	415
Direct tax	(67,627)	21,042	(31,702)	(30,437)
Net cash from Op. activities	**82,956**	**535,455**	**335,992**	**488,138**
Capital expenditures	(143,972)	(533,580)	(350,000)	(350,000)
Interest / Dividend Income	-	-	-	-
Others	34,291	(4,748)	(18,000)	(18,000)
Net Cash from Invt. activities	**(109,681)**	**(538,329)**	**(368,000)**	**(368,000)**
Issue of share cap. / premium	0	-	-	-
Debt changes	125,280	35,052	(20,000)	(20,000)
Dividend paid	-	-	-	-
Interest paid	(42,380)	(46,818)	(49,159)	(50,634)
Others	-	-	-	-
Net cash from Fin. activities	**82,900**	**(11,766)**	**(69,159)**	**(70,634)**
Net change in cash	**56,175**	**(14,640)**	**(101,166)**	**49,505**
Free Cash Flow	(61,016)	1,874	(14,008)	138,138

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY17	FY18	FY19E	FY20E
Per Share(Rs)				
EPS	30.2	17.2	38.8	48.8
CEPS	93.0	91.3	115.3	127.0
BVPS	171.0	281.0	328.6	390.6
FCF	(18.0)	0.6	(4.1)	40.7
DPS	-	-	-	-
Return Ratio(%)				
RoCE	10.9	7.6	8.3	9.0
ROIC	11.1	6.8	8.6	10.0
RoE	15.0	7.6	12.7	13.6
Balance Sheet				
Net Debt : Equity (x)	0.5	0.3	0.3	0.2
Net Working Capital (Days)	(12)	(12)	(7)	(7)
Valuation(x)				
PER	8.8	15.4	6.8	5.4
P/B	1.5	0.9	0.8	0.7
P/CEPS	84.8	83.3	105.2	115.9
EV/EBITDA	3.2	3.2	2.9	2.6
EV/Sales	0.4	0.4	0.4	0.4
Dividend Yield (%)	-	-	-	-

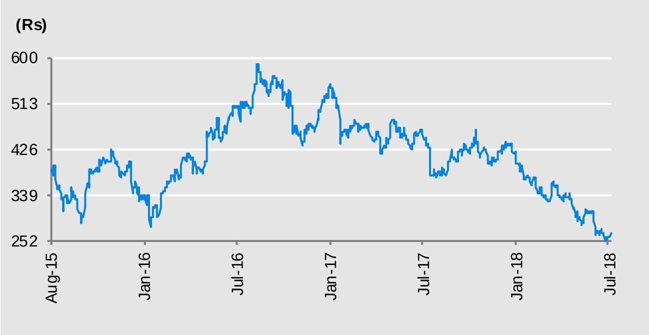
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY18	Q3FY18	Q4FY18	Q1FY19
Net Revenue	**701,560**	**741,561**	**912,791**	**670,813**
YoY gr. (%)	*10.5*	*16.0*	*18.2*	*14.7*
Raw Material Expenses	443,521	472,823	571,052	430,269
Gross Profit	258,039	268,738	341,739	240,544
Margin (%)	*36.8*	*36.2*	*37.4*	*35.9*
EBITDA	**97,034**	**94,672**	**119,252**	**63,812**
YoY gr. (%)	*68.0*	*(2.4)*	*26.0*	*(46.5)*
Margin (%)	*13.8*	*12.8*	*13.1*	*9.5*
Depreciation / Depletion	57,349	64,944	75,191	68,077
EBIT	**39,684**	**29,727**	**44,061**	**(4,265)**
Margin (%)	*5.7*	*4.0*	*4.8*	*(0.6)*
Net Interest	11,473	12,474	11,783	13,753
Other Income	1,888	1,816	3,644	2,248
Profit before Tax	**30,814**	**20,290**	**23,077**	**(25,842)**
Margin (%)	*4.4*	*2.7*	*2.5*	*(3.9)*
Total Tax	10,898	10,676	9,771	(4,156)
Effective tax rate (%)	*35.4*	*52.6*	*42.3*	*16.1*
Profit after Tax	**19,916**	**9,614**	**13,305**	**(21,686)**
Minority interest	189	160	499	398
Share Profit from Associates	5,101	2,532	8,446	3,060
Adjusted PAT	**24,113**	**10,766**	**34,098**	**(8,951)**
YoY gr. (%)	*32.3*	*34.2*	*(21.3)*	*(16.3)*
Margin (%)	*3.4*	*1.5*	*3.7*	*(1.3)*
Extra Ord. Income / (Exp)	715	1,220	(12,845)	(10,073)
Reported PAT	**24,828**	**11,986**	**21,252**	**(19,024)**
YoY gr. (%)	*34.4*	*1,178.3*	*(50.2)*	*(159.8)*
Margin (%)	*3.5*	*1.6*	*2.3*	*(2.8)*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**24,828**	**11,986**	**21,252**	**(19,024)**
Avg. Shares O/s (m)	3,396	3,396	3,396	3,396
EPS (Rs)	**7.1**	**3.2**	**10.0**	**(2.6)**

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	9-Aug-17	Accumulate	474	417
2	9-Oct-17	Accumulate	474	424
3	9-Nov-17	Accumulate	474	440
4	10-Jan-18	Accumulate	474	437
5	6-Feb-18	Accumulate	438	374
6	13-Apr-18	Accumulate	438	357
7	24-May-18	BUY	378	309
8	6-Jun-18	BUY	378	296
9	11-Jun-18	BUY	378	296
10	26-Jun-18	BUY	289	378

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	BUY	146	111
2	Atul Auto	Accumulate	397	394
3	Bajaj Auto	Reduce	2,573	2,684
4	Bharat Forge	Accumulate	760	620
5	CEAT	Accumulate	1,451	1,324
6	Eicher Motors	Accumulate	33,516	28,079
7	Exide Industries	Accumulate	281	262
8	Hero Motocorp	Accumulate	3,824	3,110
9	Mahindra & Mahindra	BUY	1,041	894
10	Maruti Suzuki	BUY	10,705	9,396
11	Motherson Sumi Systems	Accumulate	373	293
12	Tata Motors	BUY	378	269
13	TVS Motors	Accumulate	678	561
14	Wabco India	Accumulate	7,111	6,698

PL’s Recommendation Nomenclature (Absolute Performance)

Buy : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Saksham Kaushal- BSc Accounting & Finance (Hons.), Ms. Poorvi Banka- MSc. Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Saksham Kaushal- BSc Accounting & Finance (Hons.), Ms. Poorvi Banka- MSc. Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all o the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com | Bloomberg Research Page: PRLD <GO>