

Tata Motors

BSE SENSEX

34,299

S&P CNX

10,301

TATA MOTORS

Stock Info

Bloomberg	TTMT IN
Equity Shares (m)	3,397
M.Cap.(INRb)/(USDb)	583.9 / 7.9
52-Week Range (INR)	467 / 171
1, 6, 12 Rel. Per (%)	-23/-49/-64
12M Avg Val (INR M)	3811
Free float (%)	63.6

Financials Snapshot (INR b)

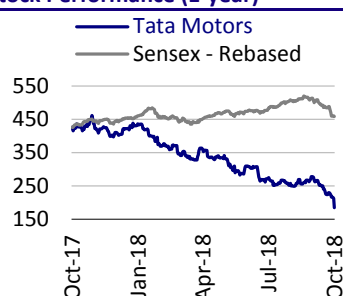
Y/E March	2018	2019E	2020E
Net Sales	2,946	3,196	3,509
EBITDA	369.7	390.4	479.6
NP	77.8	69.0	118.9
Adj. EPS (INR)	22.9	20.3	35.0
EPS Gr. (%)	15.7	-11.4	72.4
BV/Sh. (INR)	281.0	301.0	335.7
RoE (%)	10.1	7.0	11.0
RoCE (%)	6.4	5.1	6.5
P/E (x)	8.0	9.1	5.3
P/BV (x)	0.7	0.6	0.5

Shareholding pattern (%)

As On	Jun-18	Mar-18	Jun-17
Promoter	36.4	36.4	34.7
DII	18.7	17.7	16.1
FII	18.3	20.3	23.5
Others	26.7	25.7	25.7

FII Includes depository receipts

Stock Performance (1-year)


CMP: INR184 TP: INR335(+82%)
Buy

JLR's wholesale of 53k units (-8% YoY) exceeds estimate

Jaguar volumes up 9% YoY, but Land Rover volumes decline 19% YoY

- JLR's wholesale volumes declined 8% YoY (+24% MoM) to 53k units (est. of 45k units; includes China JV volumes of 4.8k units) in Sep-18.
- Jaguar volumes increased 9% YoY to 19k units (est. of 15k), while Land Rover volumes declined 15% YoY to 34k units (est. of 30k).
- JLR's retail volumes fell 12% YoY (down ~4% in 1HFY19) in the month due to a decline of 46% in China retails and ~7% in US retails.
- UK (-1%) and EU (-5%) witnessed substantial volumes pressure after the implementation of WLTP norms from Sep-18.
- Jaguar retail volumes grew 4% YoY, driven by new models like XE & I-Pace; volumes of other models declined substantially. LR volumes declined ~19% YoY, as strong growth in Velar (+26%) was more than diluted by a decline across other models.
- According to JLR, industry retails declined ~20.5% in the UK and ~31% in Germany. This can primarily be ascribed to the timing of new WLTP homologation rules and reduced diesel demand. Industry retails in the US declined ~5.5%.
- Mr Felix Brautigam, Jaguar Land Rover Chief Commercial Officer said,** "As a business we are continuing to experience challenging conditions in some of our key markets. Customer demand in China in particular has struggled to recover following changes in import tariffs in July and intensifying competition on price, while ongoing global negotiations on potential trade agreements have dampened purchase considerations. Despite this, we expect lower tariffs on UK imports to be beneficial over the full year. For Jaguar, we are continuing to see positive customer response to new products to market. The all-electric I-PACE and the sporty E-PACE compact SUV in particular, which have only recently joined our line-up in China, are driving demand globally. While sales of Land Rover models ahead of upcoming new and refreshed models are lower, we are encouraged to see strong customer demand for the new Range Rover Velar and Range Rover and Range Rover Sport Plug-in Hybrid variants as we head into the winter months."
- The stock trades at 9.1/5.3x FY19E/20E consolidated EPS. Maintain **Buy** with a target price of INR335 (Sep-20 SOTP-based).

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TATA MOTORS: JLR [Wholesales]

Company Sales	YoY			MoM							Residual Growth (%)	Residual Monthly Run rate
	Sep-18	Sep-17	YoY (%) chg	Aug-18	MoM (%) chg	FY19 YTD	FY18 YTD	(%) chg	FY19 estimate	Gr. (%)		
JLR	52,987	57,365	-7.6	42,658	24.2	262,212	291,686	-10.1	609,502	-3.8	1.6	57,882
Jaguar	18,876	17,284	9.2	14,209	32.8	86,060	80,437	7.0	189,278	7.4	7.7	17,203
Land rover	34,111	40,081	-14.9	28,449	19.9	176,152	211,249	-16.6	420,223	-8.1	-0.8	40,679

TATA MOTORS : JLR [Retails]

Company Sales	YoY			MoM				
	Sep-18	Sep-17	YoY (%) chg	Aug-18	MoM (%) chg	FY19 YTD	FY18 YTD	(%) chg
JLR	57,114	65,097	-12.3	36,629	55.9	275,397	287,153	-4.1
Jaguar	19,146	18,336	4.4	11,802	62.2	86,064	83,526	3.0
Land Rover	37,968	46,761	-18.8	24,827	52.9	189,333	203,627	-7.0

Region-wise Retail Sales

Region	Sep-18	Sep-17	YoY %	Aug-18	MoM %	FY19 YTD	FY18 YTD	YoY %
UK	20,052	20,207	-0.8	3,455	480.4	56,065	52,943	5.9
US	10,274	11,039	-6.9	10,804	-4.9	61,179	60,158	1.7
Europe	11,037	11,576	-4.7	7,029	57.0	56,589	62,464	-9.4
China	7,439	13,832	-46.2	7,484	-0.6	55,454	71,078	-22.0
RoW	8,312	8,443	-1.6	7,857	5.8	46,110	40,510	13.8
Total JLR	57,114	65,097	-12.3	36,629	55.9	275,397	287,153	-4.1

Brand-wise Retail Sales

Brands	Sep-18	Sep-17	YoY %	Aug-18	MoM %	FY19 YTD	FY18 YTD	YoY %
XF	3,469	4,501	-22.9	2,136	62.4	15,466	19,848	-22.1
XJ	369	961	-61.6	222	66.2	2,289	4,956	-53.8
F-Pace	5,179	7,692	-32.7	3,683	40.6	25,528	35,900	-28.9
E-Pace	5,036	0	NA	2,768	81.9	21,636	0	NA
XE	3,372	4,164	-19.0	2,246	50.1	15,774	17,689	-10.8
F-type	1,011	1,018	-0.7	607	66.6	4,103	5,133	-20.1
I-Pace	710	0	NA	140	407.1	1,268	0	NA
Total Jaguar	19,146	18,336	4.4	11,802	62.2	86,064	83,526	3.0
Discovery	4,618	4,625	-0.2	3,076	50.1	21,836	21,608	1.1
Freelander/Dis. Sport	9,060	13,301	-31.9	5,246	72.7	43,488	58,392	-25.5
Range Rover (incl. new)	4,477	4,919	-9.0	3,878	15.4	25,171	27,075	-7.0
RR Evoque	7,007	10,979	-36.2	3,601	94.6	31,505	49,237	-36.0
RR Sport (incl. new model)	6,002	7,560	-20.6	4,732	26.8	36,452	38,493	-5.3
RR Velar	6,804	5,377	26.5	4,294	58.5	30,881	8,821	
Total Land Rover	37,968	46,761	-18.8	24,827	52.9	189,333	203,627	-7.0

Financials and valuations

Income Statement (Consolidated)						(INR Million)	
Y/E March	2014	2015	2016	2017	2018	2019E	2020E
Total Income	2,328,337	2,631,590	2,730,456	2,696,925	2,946,192	3,195,739	3,509,182
Change (%)	23.3	13.0	3.8	-1.2	9.2	8.5	9.8
Expenditure	1,954,308	2,210,452	2,312,693	2,327,802	2,576,462	2,805,382	3,029,581
EBITDA	374,029	421,138	417,763	369,124	369,730	390,358	479,601
% of Net Sales	16.1	16.0	15.3	13.7	12.5	12.2	13.7
Depreciation	110,782	133,886	167,108	179,050	215,536	250,577	288,737
EBIT	263,248	287,252	250,655	190,074	154,194	139,781	190,864
Product Dev. Exp.	25,652	28,752	34,688	34,136	36,319	35,219	34,716
Interest	47,338	48,615	48,891	42,380	46,818	48,447	51,631
Other Income	8,286	8,987	8,854	7,545	8,889	14,789	11,895
EO Exp/(Inc)	2,777	930	18,504	-11,146	-19,751	0	0
Forex Gain/ (Loss)	-7,077	-917	-16,169	-39,101	11,853	-9,269	-14,306
PBT	188,690	217,026	141,258	93,148	111,550	61,634	102,106
Tax	47,648	76,429	30,251	32,512	43,419	25,651	41,656
Effective Rate (%)	25.3	35.2	21.4	34.9	38.9	41.6	40.8
Reported PAT	141,042	140,597	111,007	60,636	68,131	35,983	60,451
Change (%)	43.0	-0.3	-21.0	-45.4	12.4	-47.2	68.0
% of Net Sales	6.1	5.3	4.1	2.2	2.3	1.1	1.7
Minority Interest	-595	-868	-989	-1,022	-1,025	-1,230	-1,365
Share of profit of associate	-537	134	5,775	14,930	22,783	15,661	31,212
Net Profit	139,910	139,863	115,793	74,544	89,889	50,415	90,298
Adj. PAT	141,986	140,465	130,334	67,288	77,826	68,953	118,909
Change (%)	42.6	-1.1	-7.2	-48.4	15.7	-11.4	72.4

Balance Sheet (Cons.)						(INR Million)	
Y/E March	2014	2015	2016	2017	2018	2019E	2020E
Share Capital	6,438	6,438	6,792	6,792	6,792	6,792	6,792
Reserves	649,597	556,181	782,732	573,827	947,487	1,015,337	1,133,141
Net Worth	656,035	562,619	789,524	580,619	954,279	1,022,128	1,139,933
Loans	549,545	692,115	619,612	744,891	779,944	761,860	743,776
Deferred Tax	-7,748	-13,900	44,748	11,740	19,671	19,671	19,671
Capital Employed	1,202,038	1,245,167	1,458,212	1,341,781	1,759,144	1,810,139	1,911,225
Gross Fixed Assets	1,329,282	1,582,066	1,976,068	1,628,389	2,156,778	2,710,010	3,108,363
Less: Depreciation	688,154	744,241	911,348	675,681	917,952	1,168,529	1,457,266
Net Fixed Assets	641,128	837,825	1,064,720	952,708	1,238,826	1,541,481	1,651,097
Capital WIP	332,626	286,401	259,189	336,988	400,335	250,000	250,000
Goodwill	49,788	46,970	7,598	6,733	1,165	1,165	1,165
Investments	106,867	153,367	237,670	203,379	208,128	223,789	255,001
Curr.Assets	1,046,103	1,034,685	1,102,234	1,237,735	1,423,465	1,282,132	1,340,306
Inventory	272,709	292,723	326,557	350,853	421,377	437,773	456,674
Sundry Debtors	105,742	125,792	135,709	140,756	198,933	192,620	192,284
Cash & Bank Bal.	297,118	321,158	304,604	360,779	346,139	169,723	189,331
Loans & Advances	273,241	256,948	254,033	291,474	445,929	460,929	475,929
Current Liab. & Prov.	974,474	1,114,081	1,213,200	1,395,762	1,512,774	1,488,427	1,586,343
Sundry Creditors	573,157	574,073	615,618	625,326	769,398	744,213	817,207
Other Liabilities	199,707	328,305	460,226	622,314	538,766	569,104	576,852
Net Current Assets	71,629	-79,396	-110,965	-158,027	-89,309	-206,294	-246,037
Appl. of Funds	1,202,038	1,245,167	1,458,212	1,341,782	1,759,145	1,810,139	1,911,225

E: MOSL Estimates

Financials and valuations

Ratios (Con.)

Y/E March	2014	2015	2016	2017	2018	2019E	2020E
Basic (INR)							
EPS	44.1	43.6	38.4	19.8	22.9	20.3	35.0
EPS Fully Diluted	44.1	43.6	38.4	19.8	22.9	20.3	35.0
EPS Growth (%)	41.3	-1.1	-12.0	-48.4	15.7	-11.4	72.4
Cash EPS	78.5	85.2	87.6	72.5	86.4	94.1	120.0
Book Value (Rs/Share)	203.8	174.8	232.5	171.0	281.0	301.0	335.7
DPS	2.0	0.0	0.0	0.0	0.0	0.3	0.3
Payout (Incl. Div. Tax) %	4.6	0.0	0.0	0.0	0.0	1.6	0.9
Valuation (x)							
Consolidated P/E	4.2	4.2	4.8	9.3	8.0	9.1	5.3
Normalized P/E	6.3	7.1	9.6	127.0	49.8	-40.6	14.7
EV/EBITDA	2.0	1.9	1.7	2.2	2.3	2.5	1.9
EV/Sales	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Price to Book Value	0.9	1.1	0.8	1.1	0.7	0.6	0.5
Dividend Yield (%)	1.1	0.0	0.0	0.0	0.0	0.2	0.2
Profitability Ratios (%)							
RoE	27.5	23.1	19.3	9.8	10.1	7.0	11.0
RoCE	19.2	15.7	15.1	9.2	6.4	5.1	6.5
RoIC	38.7	39.2	34.5	22.6	15.1	8.3	9.5
Turnover Ratios							
Debtors (Days)	17	17	18	19	25	22	20
Inventory (Days)	43	41	44	47	52	50	48
Creditors (Days)	90	80	82	85	95	85	85
Asset Turnover (x)	1.9	2.1	1.9	2.0	1.7	1.8	1.8
Leverage Ratio							
Debt/Equity (x)	0.8	1.2	0.8	1.3	0.8	0.7	0.7

Cash Flow Statement

Y/E March	2014	2015	2016	2017	2018	2019E	2020E
OP/(Loss) before Tax	139,910	139,863	110,238	75,566	90,914	68,953	118,909
Int/Div. Received	6,933	7,777	8,258	36,653	39,542	14,789	11,895
Depreciation	110,736	133,864	170,142	179,050	215,536	250,577	288,737
Direct Taxes Paid	-43,083	-41,940	-19,939	-18,951	-30,212	-25,651	-41,656
(Inc)/Dec in WC	57,744	-36,718	25,515	32,542	-64,337	-59,430	59,350
Other Items	88,983	136,570	96,855	8,954	23,333	1,230	1,365
CF from Op Activity	361,223	339,415	391,069	313,814	274,776	250,469	438,599
Extra-ordinary Items	7,221	20,191	8,857	-11,822	-36,202	0	0
CF after EO Items	368,444	359,606	399,925	301,992	238,574	250,469	438,599
(Inc)/Dec in FA+CWIP	-269,252	-315,396	-326,232	-304,135	-350,486	-402,897	-398,353
Free Cash Flow	99,192	44,210	73,693	-2,143	-111,912	-152,428	40,246
(Pur)/Sale of Invest.	-36,611	-37,570	-68,134	-76,664	88,470	-15,661	-31,212
CF from Inv Activity	-305,863	-352,966	-394,366	-380,799	-262,016	-418,558	-429,565
Issue of Shares	1	0	74,332	46	0	0	0
Inc/(Dec) in Debt	30,092	122,288	-47,483	116,583	75,183	-18,084	-18,084
Interest Paid	-61,706	-63,070	-57,039	-53,363	-54,106	-48,447	-51,631
Dividends Paid	-7,220	-7,204	-1,739	-1,212	-960	-1,104	-1,104
CF from Fin Activity	-38,832	52,014	-31,930	62,053	20,117	-67,635	-70,819
Inc/(Dec) in Cash	23,749	58,655	-26,371	-16,754	-3,325	-235,724	-61,784
Add: Beginning Bal.	142,531	152,629	211,283	171,536	139,868	136,543	-99,181
Closing Balance	166,280	211,283	184,913	154,782	136,543	-99,181	-160,966

E: MOSL Estimates

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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