

February 11, 2019

Tata Motors (TATMOT)

₹ 151

Disappointing Q3, impairment hit...

- Tata Motors (TML) reported a disappointing Q3FY19 performance
- At JLR, sensing the current muted demand prospects and profitability challenges, the company undertook a one-time impairment charge to the tune of ₹ 27,838 crore
- On a standalone basis, net revenues came in at ₹ 16,208 crore (up 0.7% YoY), with volumes at 171,354 units, down 0.5% YoY. EBITDA was at ₹ 1,430 crore with corresponding EBITDA margins at 8.8%. Consequent PAT was at ₹ 618 crore
- JLR wholesale sales volume were at 1.41 lakh units, down 11.0% YoY, amid continued adverse market conditions in China. Consequent net sales were at ₹ 6.2 billion, down 1.0% YoY. EBITDA margins were at 7.3%. JLR reported loss at PAT level amounting to ₹ 3.1 billion. It includes one-time impairment charge of ₹ 3.1 billion
- Consolidated net sales were at ₹ 77,001 crore, up 3.8% YoY with EBITDA margins of 9.3%, down 154 bps QoQ. Consequent to the large write-off, TML reported an after-tax loss to the tune of ₹ 26,961 crore at the consolidated level

JLR continues to face substantial headwinds in key markets!

China - the world's largest auto market - is in the midst of a slowdown, with total industry volumes down 2.8% YoY to 2.8 crore units in CY18, marking the first market contraction in more than two decades. It is largely following muted growth prospects domestically amid a government clampdown on pollution impacting business sentiment as well as trade restrictions with its largest trading partner i.e. US. China is one of JLR's largest market, driving ~23% of volumes (FY18). Elsewhere, the UK market is still besieged by Brexit related uncertainty while there is waning demand for diesel vehicles in the ex-UK Europe market amid pollution concerns. This leaves US as sole bright spot among JLR's key geographies. With JLR forming ~70%+ of consolidated financials, muted global demand drivers stay a substantial overhang on TML. Going forward, at JLR, we expect volumes to decline by 8.9% in FY19E to 5.7 lakh units and thereafter rebound by 6.9% to ~6.1 lakh units in FY20E.

Regulatory changes weigh on domestic CV industry; PV business stable!

On the domestic front, TML's core CV business has slowed down in recent months on the back of revised axle load norms that have increased capacity and, thus, cooled incremental truck demand along with credit crunch leading to lack of liquidity. However, despite the recent blip, we believe the M&HCV space will rebound in FY20E primarily driven by pre buying ahead of implementation of BS-VI norms. In the PV space, the company witnessed a steady uptick in market share in the last few years, improving from 5.4% as of FY16 to 6.4% as of FY18. For 9MFY19, the market share has further improved to 6.8%. Going forward, the newly launched premium UV 'Harrier' is expected to boost volumes. Over FY19E-20E, we expect volumes at standalone operations to grow at a CAGR of 15.1% to 8.5 lakh units in FY20E (6.4 lakh units in FY18).

Global commentary weak, project charge under way, maintain HOLD

Going forward, challenging times may persist for TML and we would await the commentary of global OEM as well as closely watch Brexit developments before any meaningful upgrade in our estimates. We value TML on SOTP basis with domestic operations contributing ₹ 108 (6x EV/EBITDA), JLR contributing ₹ 13/share (2.2x EV/EBITDA) and others at ₹ 24. We arrive at a target price of ₹ 145 and maintain our **HOLD** rating.

Rating matrix		
Rating	:	Hold
Target	:	₹ 145
Target Period	:	12 months
Potential Upside	:	-4%

What's Changed?	
Target	Changed from ₹ 200 to ₹ 145
EPS FY19E	Changed from ₹ 2.3 to ₹ (83.4)
EPS FY20E	Changed from ₹ 17.0 to ₹ 16.6
Rating	Unchanged

Quarterly Performance					
	Q3Y19	Q3FY18	YoY (%)	Q2FY19	QoQ (%)
Revenue	77,000.9	74,156.1	3.8	72,112.1	6.8
EBITDA	7,173.3	9,467.1	-24.2	7,826.1	-8.3
EBITDA (%)	9.3	12.8	-345 bps	10.9	-154 bps
PAT	-26,960.8	1,214.6	NA	-1,009.5	NA

Key Financials				
₹ Crore	FY17	FY18	FY19E	FY20E
Net Sales	269,693	294,619	306,567	342,783
EBITDA	33,002	38,058	31,589	40,847
Net Profit	7,557	9,091	(28,319)	5,645
EPS (₹)	22.3	26.8	(83.4)	16.6

Valuation summary				
	FY17	FY18	FY19E	FY20E
P/E (x)	6.8	5.6	NA	9.1
Target P/E (x)	6.6	5.5	NA	8.8
EV/EBITDA (x)	2.4	2.4	3.3	2.6
P/BV (x)	0.9	0.5	0.8	0.7
RoNW (%)	15.3	10.3	5.9	12.6
RoCE (%)	11.5	9.1	5.1	9.9

Stock data	
Particular	Amount
Market Capitalization	₹ 51273.6 Crore
Total Debt (FY18)	88,950.4
Cash and Investments (FY18)	49,775.0
EV (FY18)	90,448.9
52 week H/L (₹)	382 / 142
Equity capital (₹ crore)	₹ 679.2 Crore
Face value (₹)	₹ 2

Price performance (%)				
	1M	3M	6M	12M
Tata Motors	-16.3	-22.7	-40.9	-59.8
M&M Ltd	-5.7	-14.0	-26.5	-9.3
Maruti Suzuki India	-4.1	0.1	-22.5	-21.0

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Variance analysis- Consolidated

	Q3Y19	Q3FY19E	Q3FY18	YoY (%)	Q2FY19	QoQ (%)	Comments
Total Operating Income	77,001	79,131	74,156	3.8	72,112	6.8	Consolidated revenues below estimates due to miss on JLR sales
Raw Material Expenses	50,189	50,126	47,282	6.1	45,959	9.2	
Employee Expenses	8,509	8,675	7,576	12.3	8,212	3.6	
Other expenses	16084	16860	14371	11.9	15263	5.4	
Operating Profit (EBITDA)	7,173.3	8,614.0	9,467.1	-24.2	7,826.1	-8.3	Benefits of operating leverage accrue to a lesser degree than anticipated owing to miss on the revenue front, impacting gross margin profile
EBITDA Margin (%)	9.3	10.9	12.8	-345 bps	10.9	-154 bps	Higher raw materials costs as a percentage of sales hit margins, though lower-than-expected other expenses helped mitigate some impact
Depreciation	6439.3	5725.2	5570.8	15.6	5941.2	8.4	
Interest	1568	1301	1247	25.7	1227	27.8	
Product Development expenditure	1132.6	1193.4	923.6	22.6	1068.5	6.0	
Tax	-2405	122	1068	-325.3	272	-984.6	
PAT	-26960.8	486.1	1214.6	-2,319.7	-1009.5	2,570.8	Large one off impairment charge to the tune of ₹ 27,838 crore
EPS	-79.4	1.4	3.6	-2,319.7	-3.0	2,570.8	
Key Metrics							
JLR sales (mn GBP)	6223	6452	6310	-1.4	5635	12.0	Wholesale volumes were ~4% lower than expected
JLR margins (%)	7.3	9.5	10.9	-354 bps	9.1	-176 bps	Lack of operating leverage pulls down margins
JLR PAT (mn GBP)	-3129	95.3	115	-2,820.9	-101	-213.9	One off impairment charge to the tune of £ 3.1 billion
Domestic revenues (₹ crore)	16207.7	15951.4	16101.6	0.7	17758.7	-8.7	
Domestic margins (%)	8.8	8.0	8.5	27 bps	8.5	37 bps	Lower-than-expected other expenses help push margins
Domestic PAT (₹ crore)	617.5	238.8	183.7	-236.2	109.1	466.3	Positive surprise on margins front led to beat at PAT level

Source: Company, ICICI Direct Research

Change in estimates

(₹ Crore)	FY19E			FY20E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	321,625	306,567	-4.7	349,856	342,783	-2.0	Moderating our JLR volume growth assumptions reduces expected revenue
EBITDA	34,711	31,589	-9.0	41,870	40,847	-2.4	
EBITDA Margin (%)	10.8	10.3	-49 bps	12.0	11.9	-5 bps	We largely maintain our EBITDA margin profile for FY20E
PAT	796	-28,319	-3,657.7	5,756	5,645	-1.9	
EPS (₹)	2.3	-83.4	-3,657.7	17.0	16.6	-1.9	

Source: Company, ICICI Direct Research

Assumptions

Units	FY17	FY18	FY19E	FY20E	Comments
JLR					
Jaguar Sales Volume	176,560	176,246	176,162	187,633	
Land Rover Sales Volume	424,246	457,264	390,256	417,953	
Total JLR Sales Volume	600,806	633,510	566,418	605,586	We moderate our volume growth expectations due to continuing weak demand scenario
Avg ASP/vehicle (£)	41,975	40,676	42,974	44,432	Product mix tilted in favour of Land Rover results in higher ASPs
RM/Unit (GBP)	25,183	25,774	27,742	28,252	
Capitalised expenses (mn £)	1,426	1,610	1,675	1,854	
India					
M&HCV	175,808	190,367	231,532	263,830	
LCV	207,934	259,072	295,409	336,648	
PV	158,884	189,619	219,372	245,958	
Total India Sales Volume	542,626	639,058	746,313	846,437	We build in healthy volume growth factoring in BS VI related pre-buy in FY20E.

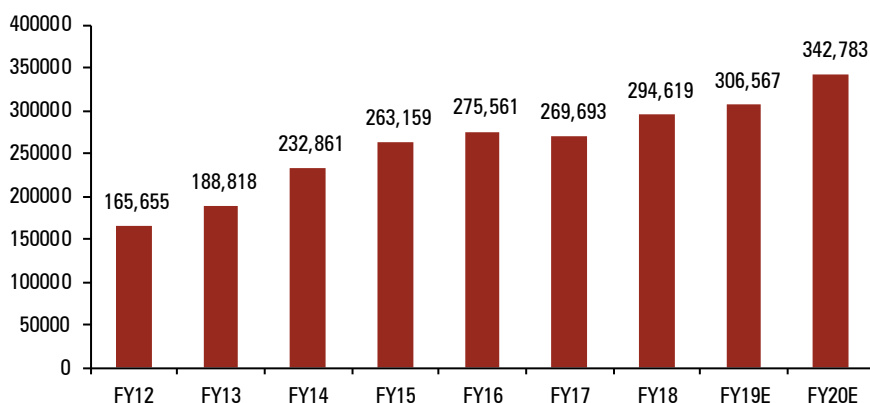
Source: Company, ICICI Direct Research

Company Analysis

Revenues to grow at 6% CAGR in FY19E-20E!

We expect consolidated revenues to grow at 5.7% CAGR in FY19E-20E to ₹ 3.3 lakh crore. In the aforesaid period, JLR's revenue is expected to grow at a CAGR of 5.8 % to £ 26.9 billion (₹ 2.5 lakh crore) in FY20E vs. £25.8 billion (₹ 2.2 lakh crore) in FY18. On the standalone front, we expect revenues to grow at a CAGR of 16.2% in FY19E-20E to ₹ 0.8 lakh crore in FY20E (₹ 0.6 lakh crore in FY18).

Exhibit 1: We build revenue growth at 5.7% CAGR in FY19E-20E

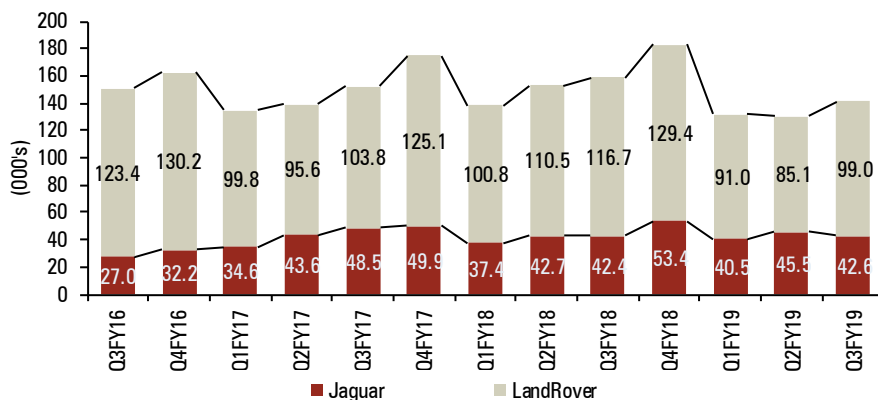


Source: Company, ICICI Direct Research

JLR: One-time impairment charge hits profitability

On the JLR front, the company has taken an exceptional one-time, non-cash charge on the capitalised value of investments to the tune of £3.1 billion, to reflect weak demand conditions and the pace of regulatory and technological change. Separately, the company is progressing well on the cost & cash control measures i.e. *Project Charge* that target cash savings of £2.5 billion in FY19E-20E. It involves lower annual capex spend by 0.5 billion each to £4 billion, £1 billion of cost control measures and £0.5 billion out of efficient working capital management. Going forward, the capex spends will be towards new product development, new powertrain, capex in the EV space, etc, among others.

Exhibit 2: JLR volumes trend

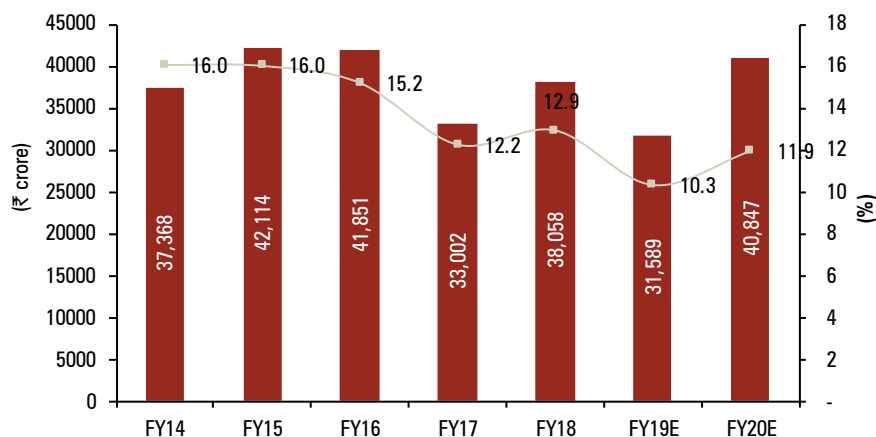


Source: Company, ICICI Direct Research

EBITDA margins to decline 90 bps in FY19E-20E

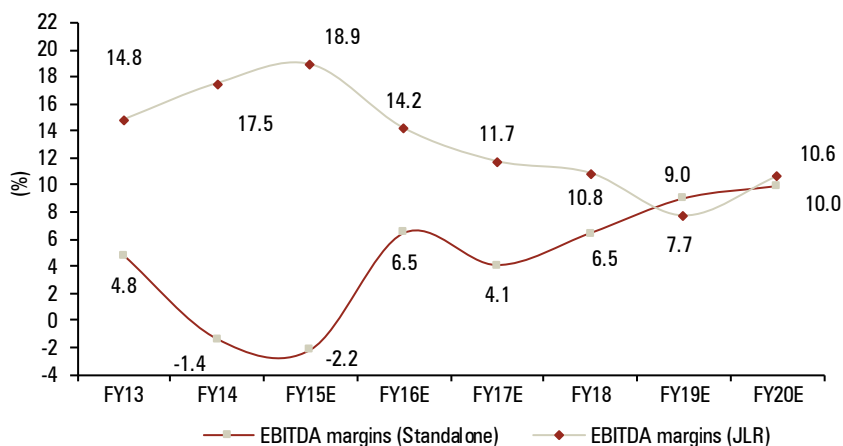
On a standalone basis, TML is realising operating leverage benefits with margins expected to gradually improve to 10.0% in FY20E vs. 6.5% in FY18. The company's PV segment has turned EBITDA positive this year in Q2FY19. On the JLR front, EBIT margin was negative in Q3FY19 with the management further lowering EBIT margin guidance to 3-6% for FY20E-FY22E from 4-7% earlier. We build in EBITDA margins at JLR at 7.7% in FY19E and 10.5% in FY20E. Henceforth, on a consolidated basis, we moderate EBITDA margin expectation to 10.3% in FY19E (down 260 bps YoY) and 11.9% in FY20E (up 160 bps YoY) vs. 12.9% realised in FY18.

Exhibit 3: Consolidated EBITDA margins to increase



Source: Company, ICICI Direct Research

Exhibit 4: Margins trend on standalone and JLR

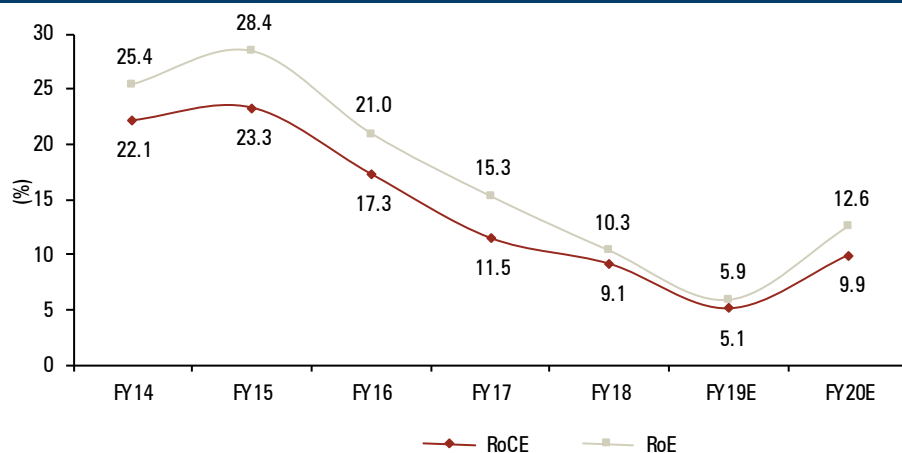


Source: Company, ICICI Direct Research

Return ratios to remain muted; given high capital base and capex spend

Return ratios have been continuously declining amid a decline in profitability as well as bloated capital structure following high capex spend. This resulted in RoE & RoCE dropping to ~10% in FY18. However, going forward, we expect RoE and RoCE to rebound to 12.6% and 9.9% in FY20E, respectively.

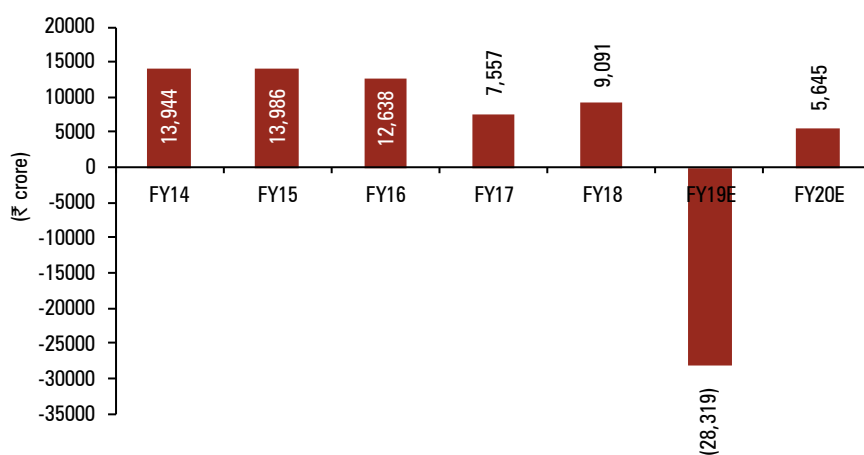
Exhibit 5: Return ratios trend



Source: Company, ICICI Direct Research

PAT volatile; marred by many one-offs

Exhibit 6: Trend in net profit



Source: Company press release, ICICI Direct Research

Outlook and valuation

China - the world's largest auto market - is in the midst of a slowdown, with total industry volumes down 2.8% YoY to 2.8 crore units in CY18, marking the first market contraction in more than two decades. It is largely following muted growth prospects domestically amid government clampdown on pollution impacting business sentiment as well as trade restrictions with its largest trading partner i.e. US. China is one of JLR's largest market, driving ~23% of volumes (FY18). The company has expectedly not been left untouched by the macroeconomic headwinds in that geography. Elsewhere, the UK market is still besieged by Brexit related uncertainty while there is waning demand for diesel vehicles in the ex-UK Europe market amid pollution concerns. This leaves the US as the sole bright spot among JLR's key geographies. With JLR forming ~70%+ of TML's consolidated financials, muted global demand drivers remain a substantial overhang on the company. Going forward, at JLR, we expect volumes to decline by 8.9% in FY19E to 5.7 lakh units and thereafter rebound by 6.9% to ~6.1 lakh units in FY20E.

Going forward, challenging times may persist for TML and we would await the commentary of global OEM as well as closely watch Brexit developments before any meaningful upgrade in our estimates. We value TML on SOTP basis with domestic operations contributing ₹ 108 (6x EV/EBITDA), JLR contributing ₹ 13/share (2.2x EV/EBITDA) and others at ₹ 24. We arrive at a target price of ₹ 145 and maintain our **HOLD** rating.

Exhibit 7: Valuation on SOTP method

	Parameters	Basis	Multiple	Per Share
Tata Motors Core business	FY20E EBITDA	7,984	6.0	108
JLR	FY20E Adj EV/EBITDA	22,427	2.2	13
Other Subsidiaries + Investments				24
Total value per share				145
TML DVR inferred target value @ 35% discount				94

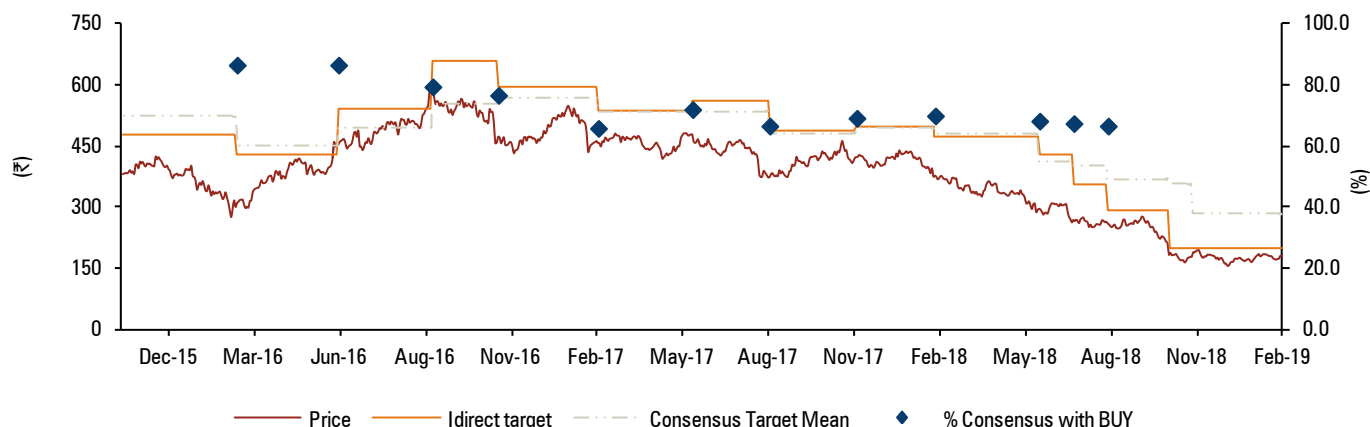
Source: Company, ICICI Direct Research

Exhibit 8: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY17	269,693	-2.1	22.3	-40.2	6.8	2.4	15.3	11.5
FY18	294,619	9.2	26.8	20.3	5.6	2.4	10.3	9.1
FY19E	306,567	4.1	-83.4	NA	NA	3.3	5.9	5.1
FY20E	342,783	11.8	16.6	NA	9.1	2.6	12.6	9.9

Source: Company, ICICI Direct Research

Recommended History vs. consensus



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Jan-08	Much touted "Nano" is unveiled at Auto Expo along with new 1 tonne LCV's "ACE".
Jun-08	Acquisition of Jaguar & Land Rover for \$2.3 billion
Jan-09	Tata Motors posts losses as domestic economy sales weaken and global foray causes drag
Jul-09	Tata Motors' Q1FY10 results rise 58% YoY beat estimates ,early signs of recovery of economy. Nano dispathces rise to 9,000 units
May-10	JLR turns profitable for Tata Motors with FY10 PAT of £32 million, big earnings beat
Dec-10	Nano sales fall 85% to 509 units on unavailability of vehicle financing options amid fire incidents
Jun-11	JLR announces £1.5 billion capex spends, Tatat Motors CDS rises as European region problems flare up
Oct-11	JLR launches its path breaking mini-SUV "Evoque"
Aug-12	Karl Slym becomes MD of Tata Motor's domestic business
Jan-12	JLR reports highest rise in sales since June 2010 on the back of "Evoque"
May-12	JLR reports tax credits to boost profit amid weaker than estimated JLR margins
Oct-12	Siam cuts India auto sales forecast second time in a year
Aug-13	JLR reports stronger than estimated margins in Q1FY14 even as domestic business struggles in losses
Feb-14	JLR outlines timelines for new engine plant, new launches, China JV

Source: Company, ICICI Direct Research

Top 10 Shareholders

Top 10 Shareholders						Shareholding Pattern					
Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)	(in %)	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
1	Tata Group of Companies	31-Dec-18	37.2	1,072.8	0.00	Promoter	36.4	36.4	36.4	37.3	37.3
2	Life Insurance Corporation of India	31-Dec-18	5.2	149.3	0.00	Fil	21.4	20.3	18.3	18.8	19.0
3	Reliance Nippon Life Asset Management Limited	31-Dec-18	3.5	100.2	2.32	DII	17.0	17.5	18.5	17.3	17.3
4	GIC Private Limited	31-Dec-18	2.5	72.9	4.97	Others	25.3	25.9	26.8	26.7	26.4
5	BlackRock Institutional Trust Company, N.A.	31-Dec-18	1.6	46.6	0.36						
6	The Vanguard Group, Inc.	31-Dec-18	1.2	36.0	0.09						
7	SBI Funds Management Pvt. Ltd.	31-Dec-18	1.2	35.6	-0.23						
8	Dimensional Fund Advisors, L.P.	31-Dec-18	1.2	35.6	2.98						
9	ICICI Prudential Asset Management Co. Ltd.	31-Dec-18	1.1	32.1	0.01						
10	Norges Bank Investment Management (NBIM)	31-Dec-17	0.9	25.2	7.46						

Source: Reuters, ICICI Direct Research

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Capital World Investors	+48.4M	+19.5M	APG Asset Management	-34.3M	-8.7M
GIC Private Limited	+12.3M	+5.0M	FIL Investment Management (Singapore) Ltd.	-8.8M	-3.6M
Dimensional Fund Advisors, L.P.	+7.4M	+3.0M	J.P. Morgan Asset Management (Hong Kong) Ltd.	-12.2M	-3.1M
Reliance Nippon Life Asset Management Limited	+5.8M	+2.3M	Kotak Mahindra Asset Management Company Ltd.	-6.0M	-2.4M
Mirabaud Asset Management Limited	+5.9M	+1.9M	Aditya Birla Sun Life AMC Limited	-3.1M	-1.3M

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement					₹ Crore				
(Year-end March)	FY17	FY18	FY19E	FY20E					
Total operating Income	269,693	294,619	306,567	342,783					
Growth (%)	-2.1	9.2	4.1	11.8					
Raw Material Expenses	165,894	185,850	197,423	218,135					
Employee Expenses	28,333	30,300	34,991	35,852					
Marketing Expenses	59,340	58,999	64,232	72,420					
Capitalised Expenses	-16,877	-18,588	-21,668	-24,471					
Total Operating Expenditure	236,690	256,561	274,978	301,936					
EBITDA	33,002	38,058	31,589	40,847					
Growth (%)	-21.1	15.3	-17.0	29.3					
Product development Expenses	3414	3532	4251	4573					
Depreciation	17905	21554	24525	23995					
Interest	4238	4682	5349	5539					
Other Income	755	889	1672	889					
PBT	11614	12712	2051	12202					
Minority Interest	0	0	0	0					
Total Tax	3251	4342	-2170	1983					
Reported PAT	7,557	9,091	(28,319)	5,645					
Growth (%)	-40.2	20.3	-411.5	-119.9					
Adjusted PAT	8,944	9,912	3,937	9,029					
Growth (%)	-48.4	10.8	-60.3	129.4					
EPS (₹)	22.3	26.8	(83.4)	16.6					

Source: Company, ICICI Direct Research

Cash flow statement					₹ Crore				
(Year-end March)	FY17	FY18	FY19E	FY20E					
Profit after Tax	8,944.1	9,911.8	(28,318.9)	5,645.2					
Add: Depreciation	17,905	21,554	24,525	23,995					
(Inc)/dec in Current Assets	-1,779	-21,197	196	-3,880					
Inc/(dec) in CL and Provisions	-1,942	17,814	1,969	11,775					
Others	0	0	27,838	0					
CF from operating activities	23,128	28,082	26,210	37,535					
(Inc)/dec in Investments	0	0	0	0					
(Inc)/dec in Fixed Assets	-18,024	-53,915	-40,000	-40,000					
Others	14,076	-13,504	-763	735					
CF from investing activities	(3,948)	(67,419)	(40,763)	(39,265)					
Issue/(Buy back) of Equity	0	0	0	0					
Inc/(dec) in loan funds	15,504	10,346	10,000	1,000					
Dividend paid & dividend tax	0	0	0	0					
Inc/(dec) in Sec. premium	0	0	0	0					
Others	-33,101	27,526	-934	-409					
CF from financing activities	(17,597)	37,872	9,066	591					
Net Cash flow	1,583	-1,464	-5,487	-1,139					
Opening Cash	34,495	36,078	34,614	29,127					
Closing Cash	36,078	34,614	29,127	27,987					

Source: Company, ICICI Direct Research

Balance sheet					₹ Crore				
(Year-end March)	FY17	FY18	FY19E	FY20E					
Liabilities									
Equity Capital	679	679	679	679					
Reserve and Surplus	57,383	94,749	66,021	71,257					
Total Shareholders funds	58,062	95,428	66,700	71,937					
Total Debt	78,604	88,950	98,950	99,950					
Deferred Tax Liability	1,174	6,126	6,374	7,127					
Long term provisions	9004	10948	11392	12738					
Minority Interest / Others	29,255	14,429	14,468	16,177					
Total Liabilities	176,100	215,882	197,885	207,930					
Assets									
Gross Block	213,954	261,534	273,729	313,729					
Less: Acc Depreciation	118,683	140,236	164,762	188,757					
Net Block	95,271	121,297	108,968	124,973					
Capital WIP	33,699	40,034	40,000	40,000					
Total Fixed Assets	128,970	161,331	148,968	164,973					
Investments	20,338	20,813	21,313	21,813					
Inventory	35,085	42,138	43,675	46,957					
Debtors	14,076	19,893	20,158	20,661					
Loans and Advances	14,757	710	2,280	2,066					
Other Current Assets	101,079	120,812	115,129	117,870					
Cash	36,078	34,614	29,127	27,987					
Total Current Assets	101,079	120,812	115,129	117,870					
Creditors	57,698	72,038	75,592	86,400					
Provisions	5,808	7,954	8,195	9,194					
Total Current Liabilities	97,655	115,469	117,438	129,213					
Net Current Assets	3,424	5,343	-2,309	-11,343					
Deferred Tax Asset	4,457	4,159	4,327	4,839					
Application of Funds	176,100	215,882	197,885	207,930					

Source: Company, ICICI Direct Research

Key ratios									
(Year-end March)	FY17	FY18	FY19E	FY20E					
Per share data (₹)									
EPS	22.3	26.8	-83.4	16.6					
Cash EPS	75.0	90.2	-11.2	87.3					
BV	172.3	282.6	196.4	211.9					
DPS	0.0	0.0	0.0	0.0					
Cash Per Share	106.2	101.9	85.8	82.4					
Operating Ratios									
EBITDA Margin (%)	12.2	12.9	10.3	11.9					
PBT / Net sales (%)	5.6	5.6	2.3	4.9					
PAT Margin (%)	2.8	7.6	8.2	5.2					
Inventory days	47.5	52.2	52.0	50.0					
Debtor days	19.0	24.6	24.0	22.0					
Creditor days	78.1	89.2	90.0	92.0					
Return Ratios (%)									
RoE	15.3	10.3	5.9	12.6					
RoCE	11.5	9.1	5.1	9.9					
RoIC	24.9	19.2	9.8	20.7					
Valuation Ratios (x)									
P/E	6.8	5.6	NA	9.1					
EV / EBITDA	2.4	2.4	3.3	2.6					
EV / Net Sales	0.3	0.3	0.3	0.3					
Market Cap / Sales	0.2	0.2	0.2	0.1					
Price to Book Value	0.9	0.5	0.8	0.7					
Solvency Ratios									
Debt/EBITDA	2.4	2.3	3.1	2.4					
Debt / Equity	1.3	0.9	1.5	1.4					
Current Ratio	0.6	0.7	0.7	0.7					
Quick Ratio	0.2	0.3	0.3	0.3					

Source: Company, ICICI Direct Research

ICICI Direct coverage universe (Auto & Auto Ancillary)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Amara Raja (AMARAJ)	783	835	Hold	13374	27.6	30.2	39.8	28.4	25.9	19.7	14.8	13.1	10.2	23.3	22.0	24.7	16.0	15.2	17.1
Apollo Tyre (APOTYR)	200	225	Buy	11621	12.7	14.2	22.5	16.1	14.3	9.0	6.7	6.7	5.7	7.8	9.1	11.0	7.4	9.1	11.1
Ashok Leyland (ASHLEY)	87	115	Hold	24592	5.3	7.1	8.9	16.3	12.3	9.8	10.2	8.3	6.2	28.1	32.1	34.6	21.9	25.1	26.2
Bajaj Auto (BAAUTO)	2851	2380	Hold	82511	140.6	149.7	167.2	17.8	16.7	14.9	11.9	11.3	9.3	22.9	21.1	21.7	21.5	20.3	20.2
Balkrishna Ind. (BALIND)	762	978	Hold	15468	38.2	44.2	60.8	20.9	18.1	13.2	13.4	10.8	8.6	22.4	21.5	26.4	18.1	21.5	26.4
Bharat Forge (BHAFOR)	485	700	Buy	22559	16.2	23.3	28.0	29.9	20.8	17.3	17.6	14.5	12.2	18.2	22.9	25.7	17.3	23.3	23.9
Bosch (MICO)	18920	20500	Hold	59410	449.1	593.7	661.5	42.1	31.9	28.6	27.0	21.9	19.2	14.4	16.4	16.3	21.4	24.4	24.3
Eicher Motors (EICMOT)	20847	25500	Buy	56830	718.9	926.0	1162.1	29.0	22.5	17.9	20.0	17.0	13.2	39.1	35.9	35.0	29.9	27.9	26.9
Escorts (ESCORT)	660	700	Hold	8089	28.1	40.7	44.1	23.8	16.5	15.2	14.2	10.6	9.3	18.8	20.9	20.8	13.5	16.5	15.3
Exide Industries (EXIIND)	211	235	Hold	17956	8.2	8.4	9.8	25.6	25.3	21.6	15.2	14.1	12.0	19.1	17.6	19.1	13.0	12.2	13.1
Hero Moto (HERHON)	2939	3000	Buy	58689	185.1	174.5	199.9	15.9	16.8	14.7	8.7	9.0	7.7	42.4	38.0	39.0	31.4	26.9	27.4
JK Tyre & Ind (JKIND)	90	100	Hold	2040	2.9	12.9	21.9	30.9	6.9	4.1	9.8	6.0	4.6	7.7	12.6	15.4	3.6	15.0	18.6
Mahindra CIE (MAHAUT)	234	280	Buy	8837	9.5	14.5	17.7	24.7	16.1	13.2	13.7	9.9	8.2	9.8	12.9	13.7	11.2	15.0	17.1
Maruti Suzuki (MARUTI)	7134	6000	Hold	214598	255.6	250.3	284.4	25.5	26.0	22.9	13.5	13.8	11.8	21.1	17.8	18.8	18.5	16.3	16.6
Motherson (MOTSUM)	135	165	Hold	42727	5.1	6.2	9.0	26.8	21.7	15.0	10.8	9.0	6.7	16.3	19.6	26.1	17.4	19.4	23.5
Tata Motors (TELCO)	151	145	Hold	45144	26.8	-83.4	16.6	5.6	NA	9.1	2.4	3.3	2.6	9.1	5.1	9.9	10.3	5.9	12.6
Wabco India (WABTVS)	6211	6800	Hold	11801	143.8	172.2	212.3	43.2	36.1	29.3	28.0	24.1	19.1	17.9	17.8	18.2	25.1	25.7	26.0

Source: Company, ICICI Direct Research

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