

Tata Motors

BSE SENSEX

49,100

S&P CNX

14,529

TATA MOTORS

Stock Info

Bloomberg	TTMT IN
Equity Shares (m)	3,598
M.Cap.(INRb)/(USDb)	1137.7 / 16
52-Week Range (INR)	342 / 64
1, 6, 12 Rel. Per (%)	14/109/100
12M Avg Val (INR M)	13086
Free float (%)	53.6

Financials Snapshot (INR b)

Y/E March	2020	2021E	2022E
Net Sales	2,611	2,469	3,084
EBITDA	239.1	313.7	431.9
Adj. PAT	-90.9	-32.6	89.6
Adj. EPS (INR)	-25.3	-8.5	23.4
EPS Gr. (%)	480	-66.3	-374.5
BV/Sh. (INR)	175.3	123.4	146.7

Ratios

Net D/E (x)	1.6	2.1	1.8
RoE (%)	-14.8	-5.9	17.3
RoCE (%)	3.7	8.5	12.5
Payout (%)	0.0	0.0	0.0

Valuations

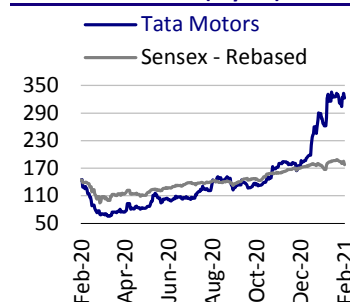
P/E (x)	-12.8	-37.9	13.8
P/BV (x)	1.8	2.6	2.2
EV/EBITDA (x)	6.9	6.0	4.2
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	-2.5	-2.7	3.3

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	42.4	42.4	42.4
DII	12.7	13.2	15.1
FII	15.6	15.8	18.3
Others	29.3	28.6	24.2

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR323

TP: INR400(+24%)

Buy

JLR going back to basics & simplifying business

Expects substantial reduction in net debt and FCF increase from FY23

JLR hosted its Investors Day to share its updated strategy 'Reimagine' to drive sustainable recovery and make business fit for future ([click here for the presentation](#)). JLR's 'Reimagine' strategy is not about catching up but taking a leap and right sizing, reorganizing and repurposing the organization. It plans to launch 6 Land Rover models in pure EV form in next 5 years with first launch in FY24. It is targeting >10% EBIT margins driven by 'Refocus' program (3pp by FY24) and architecture consolidation (>3% by FY26). This coupled with controlled capex at GBP2.5b p.a for next 3 years, it expects substantial reduction in net debt and FCF increase from FY23 (net debt zero by FY24). Key highlights from the meeting:

- 'Reimagine' strategy sets forth roadmap for the future by simplifying business, making it more agile and focusing on profits over volumes. This strategy revolves around a) making brands and products more exciting, aspirational and desirable, b) making architectures electrified as well as simple and flexible, c) collaborations with the Tata group and other partners, d) rightsize and repurposes its operational infrastructure and e) refocus on quality, sales, costs and digital transformation.
- Under 'Reimagine', JLR is targeting faster growing luxury segments. Its targeted 'Reimagine' segments are expected to grow 2.8% CAGR over FY19-27 as against estimated 2.2% CAGR for its current segments and 0.5% for the industry volumes. It is aspiring to increase share by 2x (to 18% by FY26) in segments with better profitability. This would be achieved through market share gains across geographies, but particularly in more profitable markets like China, UK and EU.
- JLR has laid down its roadmap to electrification, with a) first LR BEV launch in 2024, b) total 6 LR BEVs in next 5 years, c) pure BEV Jaguar from 2025 and d) full phase out of pure ICE by FY26. This product plan is expected to lead to pure BEV contribution to volume at 20% in FY26 and 60% in FY30 (v/s 3% in F20). This would enable it to more than meet future emission standards and achieve zero tailpipe emissions by 2036 (and net zero emission at business level by 2039).
- Further, it would be consolidating its architectures (platforms) from six to three, of which two would be flexi architecture for LR (MLA and EMA) and one would be exclusively for Jaguar (Pure BEV). These 3 architectures are expected to deliver ~80% of JLR volume by FY27.
- 'Refocus' program is expected to contribute 3pp to EBIT margin by FY24, driven by reduction in variable marketing expenditure (VME), material cost, warranty cost etc. Further, it expects consolidation of architectures to drive >3pp EBIT margin addition by FY26 (expect benefits to start reflecting from 2HFY23). With focus on profits over volume, it would reduce its manufacturing capacity by 25% over next 5 years. Also, GBP1b write-off of investments (due to discontinuation of two models under development) will result in lower depreciation by GBP150m p.a (or 50bp EBIT margin).
- It expects capex to sustain at GBP2.5b p.a till FY24 and increase gradually to GBP3b by FY26. Unlike in the past (where capex was based on aspiration of 1m unit volumes), it doesn't need to invest in creating capacities and physical infrastructure. Its guided capex estimates are after factoring in for the planned collaborations. It is also looking for a partner for Jaguar BEV.

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- This would require one-time non-cash write-down of GBP1b (for discontinuation of two product development) and reorganization cost of GBP0.5b. While these costs would be accounted in 4QFY21, cashflow impact of GBP0.5b would reflect in FY22E.
- It now expects FY21 to be near free cashflow breakeven. Also, FY22 would be near cash breakeven after factoring in for cashflow impact of GBP0.5b reorganization cost. It expects significant improvement in FCF and debt reduction from FY23, and expects net debt zero by FY24 and net cash balance sheet by FY25.
- In 4QFY21, it has lost 15% production in Jan-21 due to Brexit. Also, there is uncertainty due to semi-conductor supply issue. However, it still expects 10-15% QoQ growth in volumes in 4Q and 4%+ EBIT margins.
- We are upgrading our consol. EPS estimates by 15%/9% for FY22/23, as we factor in for the restructuring/reorganization cost of GBP1.5b in 4QFY21 (and impact of GBP0.5b on cashflows in FY22) and its subsequent benefit on lower depreciation and amortization.
- Maintain Buy with a TP of INR400/share (Mar'23E SOTP).

'Reimagine' focuses on making JLR business sustainable & ready for future

- 'Reimagine' strategy sets forth roadmap for the future by simplifying business, making it more agile and focusing on profits over volumes. 'Reimagine' strategy has been designed to address the key challenges facing the business (both macro and company specific).
- This strategy revolves around a) making brands and products more exciting, aspirational and desirable, b) making architectures electrified as well as simple and flexible, c) collaborations with the Tata group and other partners, d) rightsize and repurposes its operational infrastructure and e) refocus on quality, sales, costs and digital transformation.
- 'Reimagine' aspires to deliver a) modern luxury products/services by design, b) double digit EBIT by FY26, c) sustained lower capex at GBP2.5b p.a for next 3 years (rising to GBP3b by FY26), d) Positive cashflows from FY23, and e) net cash balance sheet by FY25. This would require one-time non-cash write-down of GBP1b (for discontinuation of two product development) and reorganization cost of GBP0.5b. While these costs would be accounted in 4QFY21, cashflow impact of GBP0.5b would reflect in FY22E.

Target to grow faster by share gains in more profitable segments/markets

- Under 'Reimagine', JLR is targeting faster growing luxury segments. Its targeted 'Reimagine' segments are expected to grow 2.8% CAGR over FY19-27 as against estimated 2.2% CAGR for its current segments and 0.5% for the industry volumes. This would be driven by strong product pipeline in its area of strength (Discover 130, new RR/RR Sports in next 12-18 months etc).
- It is aspiring to increase share by 2x (to 18% by FY26) in segments with better profitability. In its strongest profitability products (like RR/RR Sport), it is targeting to increase its global market share from 12% in FY21 to 18% in FY26. In its strong profitable products (like Velar), it wants to more than double market share to 15% (from 7%). In lower profitability segments (like Jaguar XE), it would let its market share fall to 1% (from 2%).

- This would be achieved through market share gains across geographies, but particularly in more profitable markets like China, UK and EU (refer Exhibit 4 for details).

Focus on EVs with volumes from BEV targeted at 20%/60% by FY26/30

- JLR has laid down its roadmap to electrification, with a) first LR BEV launch in 2024, b) total 6 LR BEVs in next 5 years, c) pure BEV Jaguar from 2025 and d) full phase out of pure ICE by FY26.
- This product plan is expected to lead to pure BEV contribution to volume at 20% in FY26 and 60% in FY30 (v/s 3% in F20). This would enable it to more than meet future emission standards and achieve zero tailpipe emissions by 2036 (and net zero emission at business level by 2039).
- It is also working on hydrogen based fuel-cell technology, with prototypes expected in 12 months. Fuel cell electric vehicles provide a lighter propulsion system, making them suitable for large SUVs.
- Further, it would be consolidating its architectures (platforms) from six to three, of which two would be flexi architecture for LR (MLA and EMA) and one would be exclusively for Jaguar (Pure BEV). These 3 architectures are expected to deliver ~80% of JLR volume by FY27.
- As part of 'Reimagine' strategy, it has stopped development of 2 models viz new XJ EV and LR BEV on mid-MLA platform, resulting in write-off GBP1b (non-cash).

'Refocus' program & architecture consolidation to deliver >10% EBIT margin

- 'Refocus' program builds on the success of Project Charge+ and is driven directly by the CEO. It consists of 6 pillars viz a) quality (reduce warranty cost further), b) program delivery & performance, c) reduction in delivered cost per car, d) supply chain (faster vehicle delivery time), e) improved customer & market performance and f) improve China performance (profitable market share gains).
- 'Refocus' program is expected to deliver GBP2b of value in 3 years and GBP4b of value in 5 years (cumulative) and contribute 3pp to EBIT margin by FY24. It is already making good progress on reducing variable marketing expenditure (VME), material cost, warranty cost etc. Both VME and Warranty cost combined is expected to be <10% of sales and improvement would be driven by focus on LR (its area of strength) as well as new products and model year 21 products.
- Further, it expects consolidation of architectures to drive >3pp EBIT margin addition by FY26 (expect benefits to start reflecting from 2HFY23).
- With focus on profits over volume, it would reduce its manufacturing capacity by 25% over next 5 years. Solihull plant (MLA platform and Jaguar BEV) and Halewood plant (EMA platform) would transit to manufacturing all three architectures. Castle Bromwich will make existing models till end of its product lifecycle, post which it would be repurposed (as office).
- Also, GBP1b write-off of investments (due to discontinuation of two models under development) will result in lower depreciation by GBP150m p.a (or 50bp EBIT margin).

Capex to sustain at GBP2.5b till FY24, turn net debt zero by FY24

- It expects capex to sustain at GBP2.5b p.a till FY24 and increase gradually to GBP3b by FY26. Unlike in the past (where capex was based on aspiration of 1m unit volumes), it doesn't need to invest in creating capacities and physical infrastructure. Also, platform consolidation is also aiding lower capex requirement per new models along with shifting of investments from ICE to EV models.
- Its guided capex estimates are after factoring in for the planned collaborations within Tata Group and others (with objective of enhancing competencies, optimize capital allocation and speed to market). Key targeted areas for collaborations are a) ADAS, b) Next-gen batteries, c) Energy systems, d) Vehicle architectures, e) Services and f) Connectivity.
- It is also looking for a partner for Jaguar BEV due to lack of scale as well as to improve speed to market.
- It now expects FY21 to be near free cashflow breakeven. Also, FY22 would be near cash breakeven after factoring in for cashflow impact of GBP0.5b reorganization cost.
- It expects significant improvement in FCF and debt reduction from FY23, and expects net debt zero by FY24 and net cash balance sheet by FY25.

Other highlights

- In 4QFY21, it has lost 15% production in Jan-21 due to Brexit. Also, there is uncertainty due to semi-conductor supply issue. However, it still expects 10-15% QoQ growth in volumes in 4Q and 4%+ EBIT margins.
- In China, it has reduced discounts (despite aging portfolio) driven by RR/RR Sport. It hopes to reduce discounts below 10% of sales (v/s 17% in FY20 and 11% in 9MFY21). It has reduced retailer stocks to 1.5 months (from 2.2 months in FY19 and 1.7 months in FY20) and sees scope to reduce it further by 10%.
- JLR is working with TCS for enabling technology including OTA updates as well as autonomous driving technology.
- Over last 2 years, it has reduced breakeven volumes to 400k units (from 600k in FY19) and expects to sustain it in 400-450k range in future despite expansion in product portfolio.

Valuation and view

- **Recovery in JLR volumes in FY21 to be driven by market recovery and ramp-up in newly launched Evoque and Defender:** JLR volumes have been under pressure since FY19 due to several headwinds. However, there were early signs of a recovery in 2HCY19, driven by the new Evoque, ramp-up in I-Pace, and course correction in China (reversed by the COVID-19 outbreak). With good support from the governments of China, the EU, and the US, demand recovery is expected from 2HFY21. JLR should also benefit from the upcoming Defender launch and PHEV Evoque/Discovery Sport. We expect JLR volumes (including JV) to decline at 2.6% CAGR over FY20-23E (after a 4.4% decline over FY17-20) as it de-focuses on less-profitable models. This, coupled with the possibility of an improvement in mix and reduced variable marketing spends, would drive further improvement in realizations.

- **JLR's profitability to improve driven by mix, cost-cutting, and operating leverage:** JLR has several levers, both cyclical and structural, in the form of: a) targeted GBP1.5-2b in cost cuts (including GBP300m savings in depreciation post impairment), b) mix improvement (growth in LR and China), c) operating leverage, d) cost savings from the modular platform (on a full rollout of the modular strategy), and e) the low-cost Slovakian plant. The convergence of multiple factors stated above could drive recovery in EBIT margin and leave scope for positive surprises on profitability. JLR's targeted transition from the 'push' to 'pull' strategy for volumes, particularly in China, would be a critical variable for margin expansion. We estimate JLR's EBIT margin at 1.7%/5.2%/6.2% in FY21E/FY22E/FY23E (v/s -0.1% in FY20).
- **India business outlook improving; PV breakeven in sight:** With a steadfast focus on reducing inventory over the last 3-4 quarters (due to a challenging demand environment), the management took substantial production cuts, resulting in a sharp drop in wholesale volumes in 2HFY20. It was further impacted by the COVID-19 outbreak in 1HFY21. Although TTMT's India CV business is on a strong footing, M&HCV volumes may see the slowest recovery in the Auto industry. Its refreshed product portfolio has helped its PV business recover rapidly, gain market share, and be on track to achieve FCF breakeven by FY23.
- **Valuation and view:** We are upgrading our consol. EPS estimates by 15%/9% for FY22/23, as we factor in for the restructuring/reorganization cost of GBP1.5b in 4QFY21 (and impact of GBP0.5b on cashflows in FY22) and its subsequent benefit on lower depreciation and amortization. Over the last three years, JLR had suffered from adverse product (growth led by Jaguar), market mix (decline in China contribution), and increased capex, resulting in negative FCFF over FY18-20. JLR has been focusing on cutting capex and cost, the benefits of which have now started to reflect. Despite the impact of the COVID-19 outbreak, we should see the mix normalizing, with a recovery in LR and China. India business recovery is very strong for PVs and LCVs, whereas M&HCVs are showing promising signs of a strong recovery in FY22E. Maintain **Buy** with a TP of INR400/share (Mar'23E SoTP).

Exhibit 1: Revised Estimates

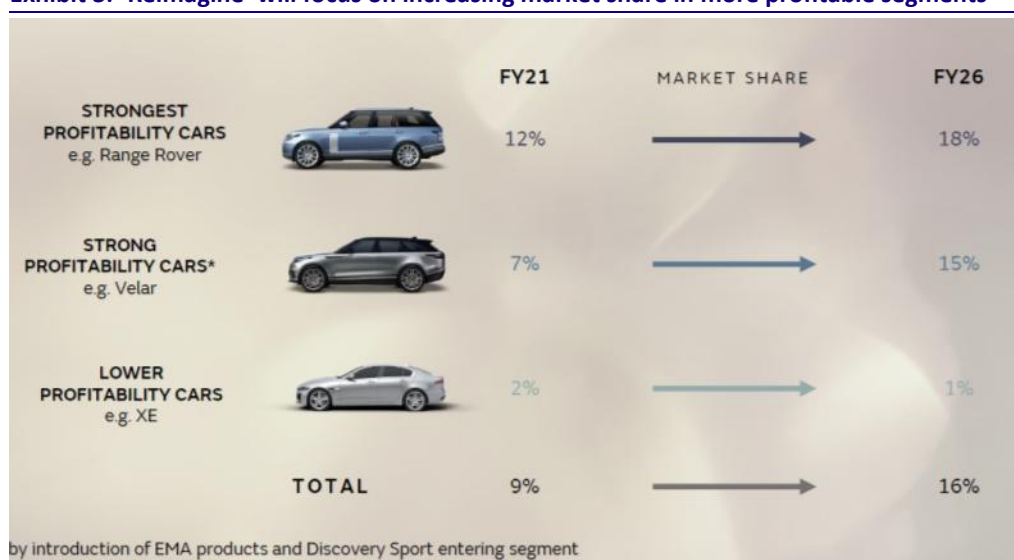
Key Assumptions	FY21E			FY22E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Consolidated						
Net Sales	2,469	2,469	0.0	3,084	3,084	0.0
EBITDA	314	314	0.0	432	432	0.0
EBITDA Margins (%)	12.7	12.7	0bp	14.0	14.0	0bp
Net Profit	-33	-29	10.9	90	78	14.7
Cons EPS	-8.5	-7.7	10.9	23.4	20.4	14.7
JLR (IFRS, GBP M)						
Volumes ('000 units) incl JV	401	401	0.0	463	463	0.0
EBITDA	2,382	2,382	0.0	3,200	3,200	0.0
EBITDA Margins (%)	12.1	12.1	0bp	13.9	13.9	0bp
Net Profit	77	77	0.5	995	879	13.2
Standalone						
Volumes ('000 units)	486	486	0.0	699	699	0.0
EBITDA	24	24	0.0	53	53	0.1
EBITDA Margins (%)	5.2	5.2	0bp	7.8	7.8	0bp
Net Profit	(38.1)	(38.1)	0.0	(3.7)	(3.7)	-1.3

Source: MOFSL

Exhibit 2: TTMT: Sum of the parts based target price

INR b	Valuation Parameter	Multiple (x)	FY22E	FY23E
SoTP Value				
Tata Motors – Standalone	EV/EBITDA	12	644	919
JLR (Adj. for R&D capitalization)	EV/EBITDA	2	586	692
JLR - Chery JV EBITDA Share	EV/EBITDA	2	18	25
Tata Motors Finance	P/BV	1.0	43	48
Total EV			1,292	1,684
Less: Net Debt (ex-TMFL)			469	301
Tata Sons	50% discount		147	147
Total Equity Value			969	1,530
Fair Value (INR/share) - ordinary share	Fully diluted		253	400
Upside (%)			-21.6	23.7

Source: Company, MOFSL

Exhibit 3: 'Reimagine' will focus on increasing market share in more profitable segments

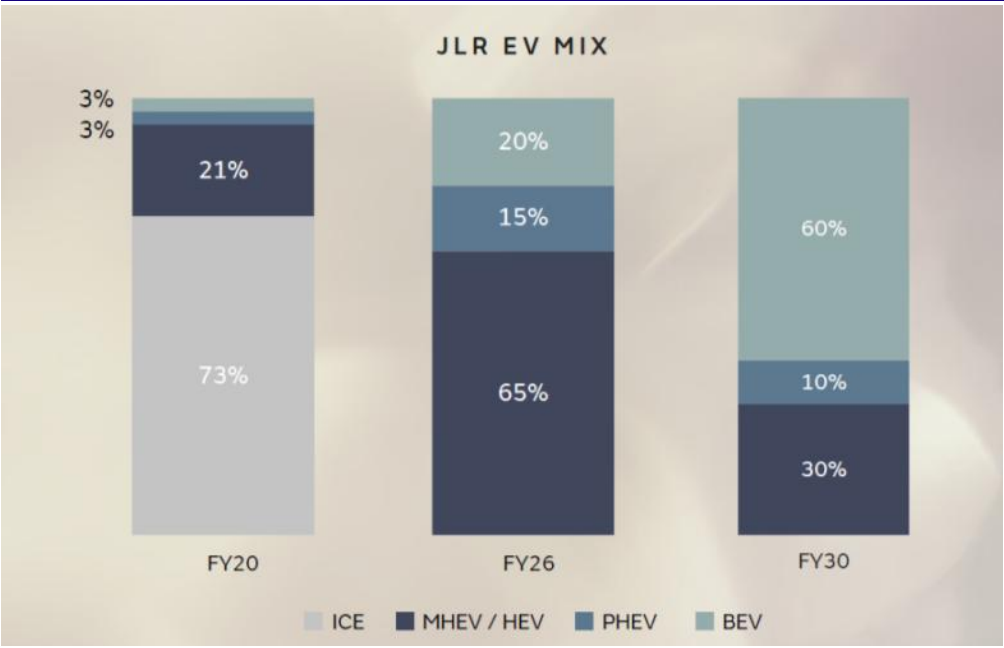
Source: Company

Exhibit 4: JLR is targeting to grow share in profitable products in China, UK & EU



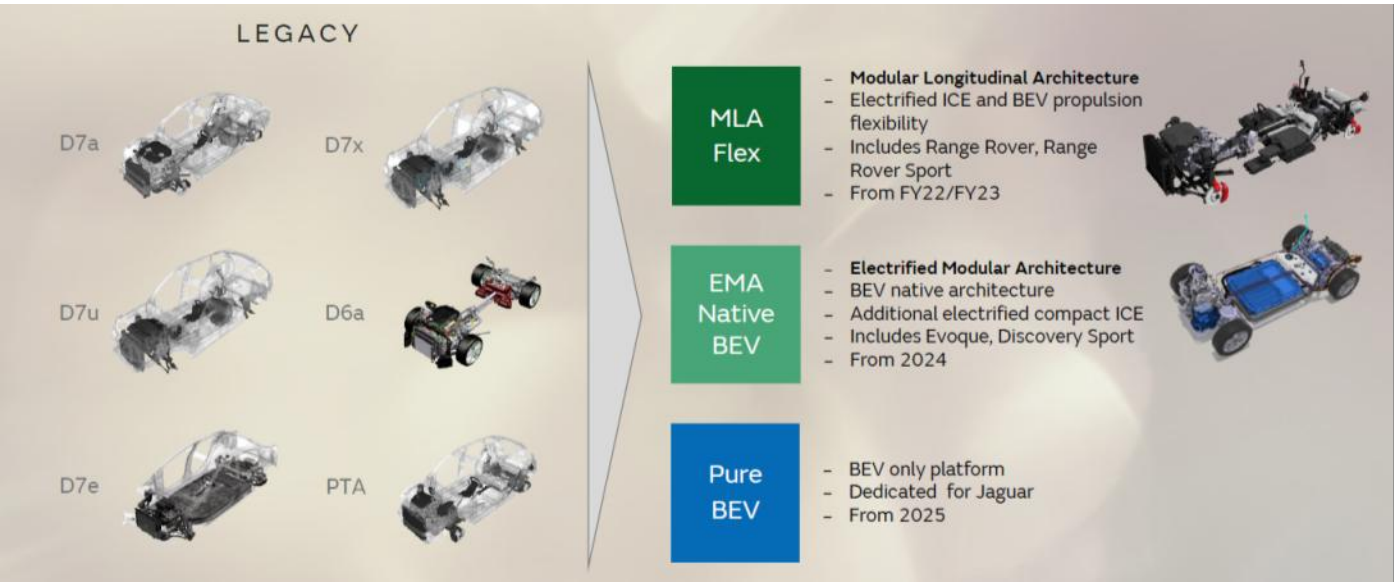
Source: Company

Exhibit 5: JLR would phase out pure ICEs by FY26 and is targeting share of BEVs at 20% in FY26 and 60% in FY30



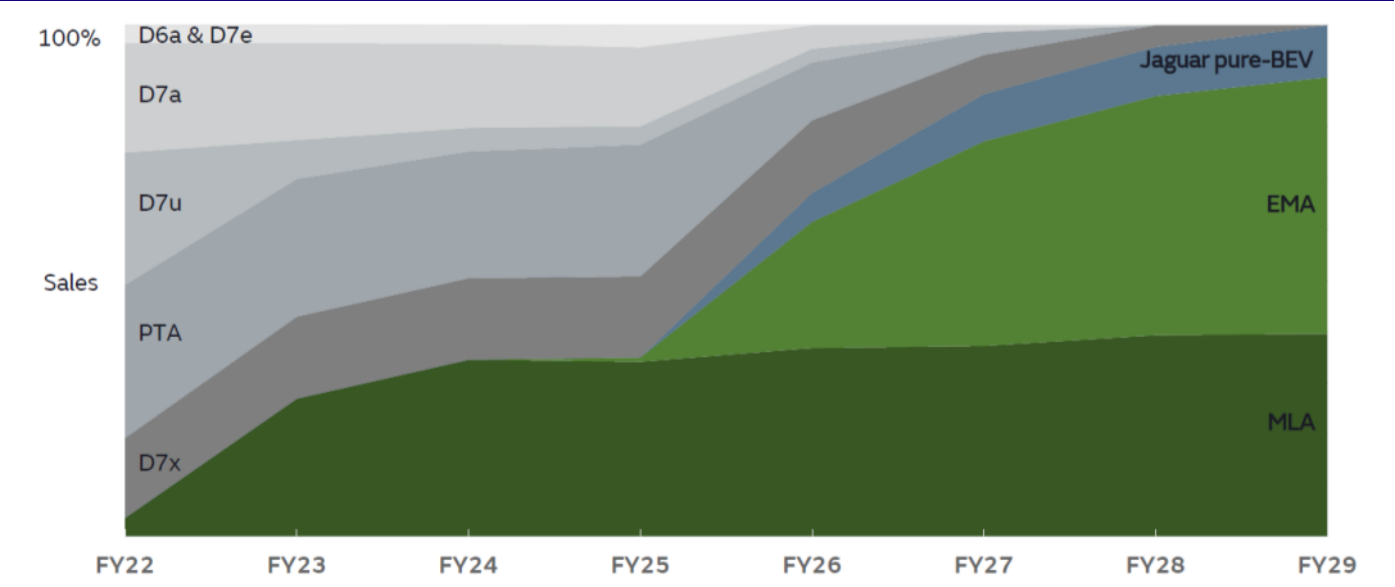
Source: Company

Exhibit 6: JLR is targeting to rationalize number of architectures from six to three architectures with flexi architectures for LR and pure BV for Jaguar (FY25 onwards)



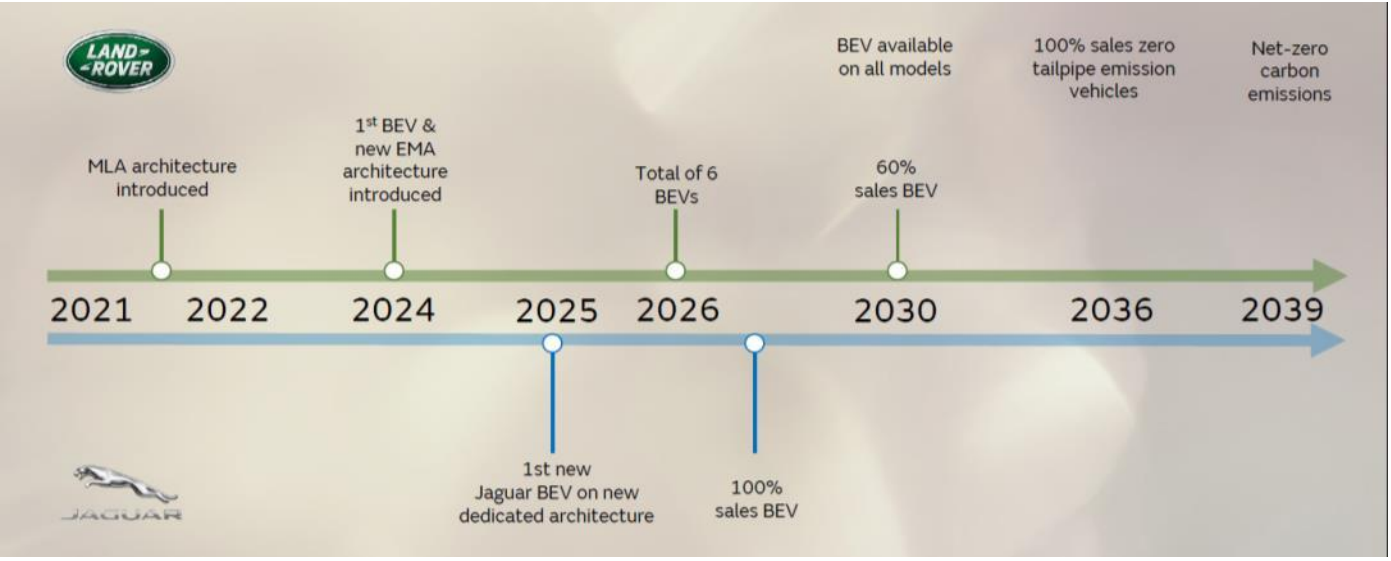
Source: Company

Exhibit 7: It expects 80% of FY27 volumes to come from these three new architectures



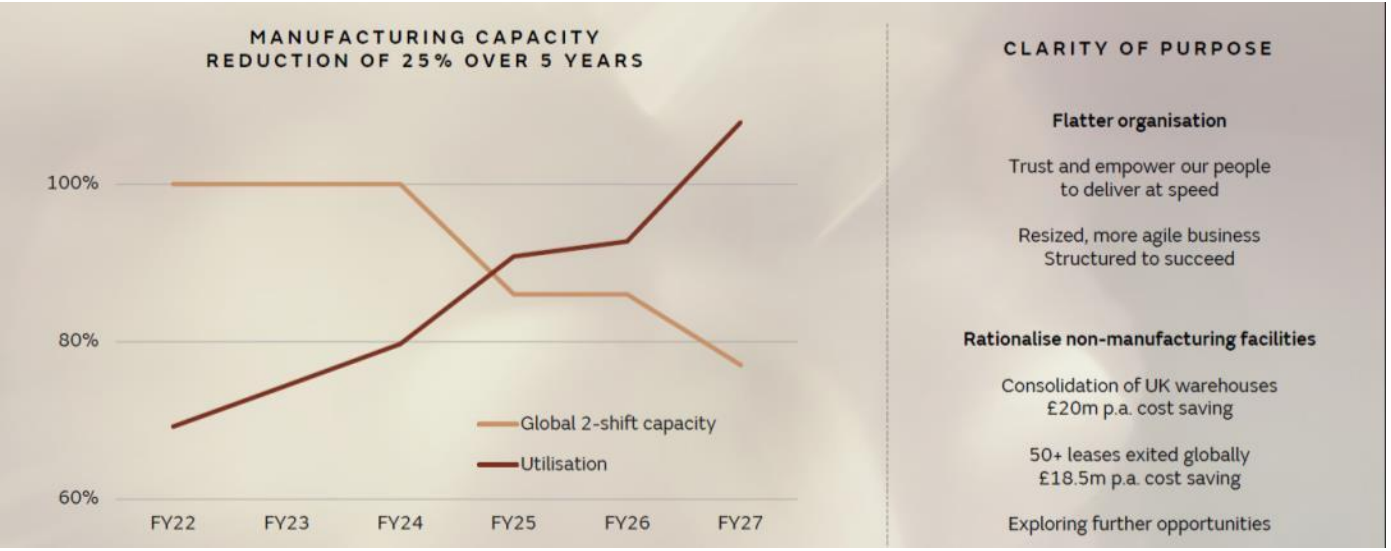
Source: Company

Exhibit 8: Timeline for electrification for JLR under ‘Reimagine’ strategy

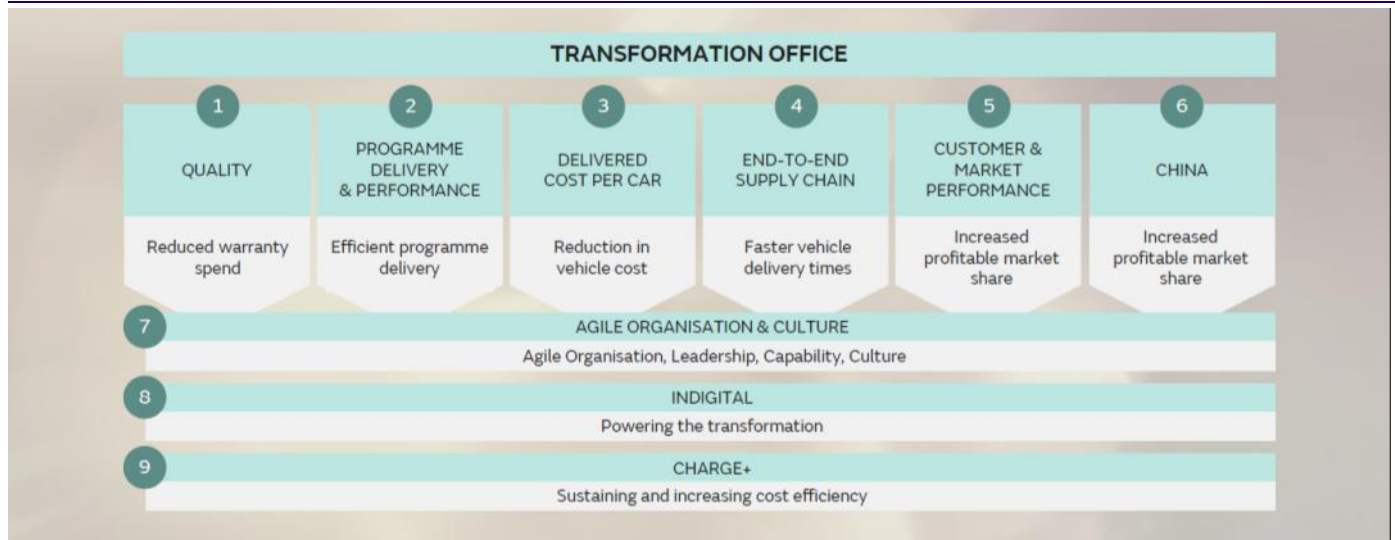


Source: Company

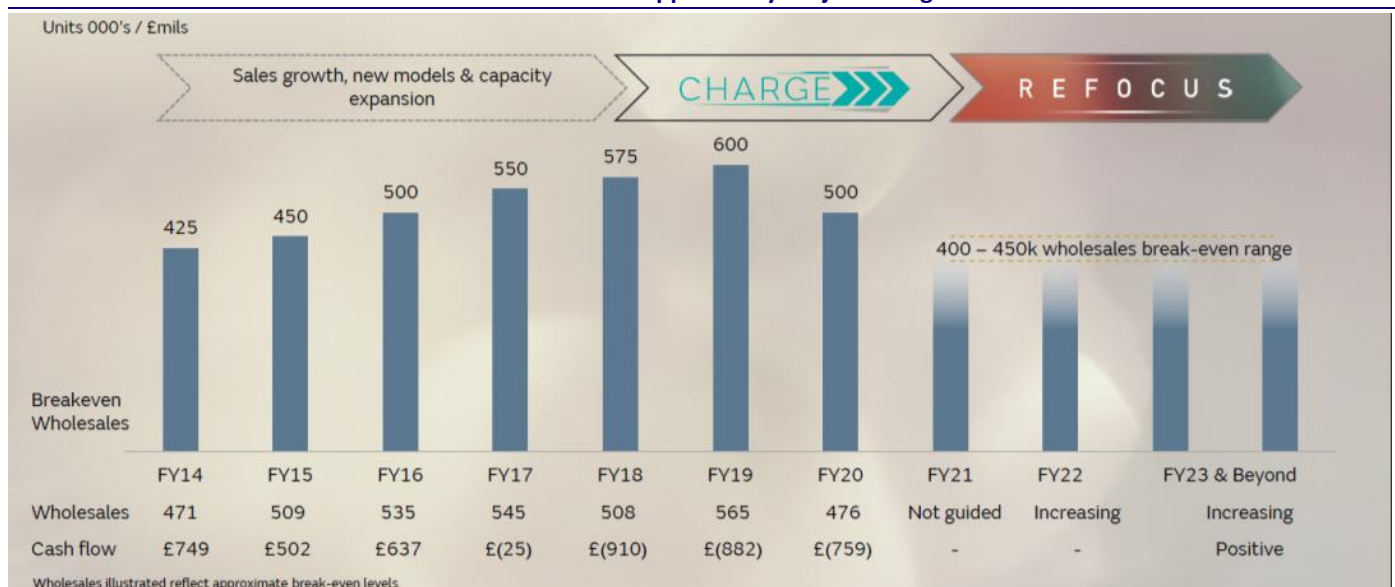
Exhibit 9: JLR is right-sizing its operational infrastructure keeping in mind focus on more profitable segment



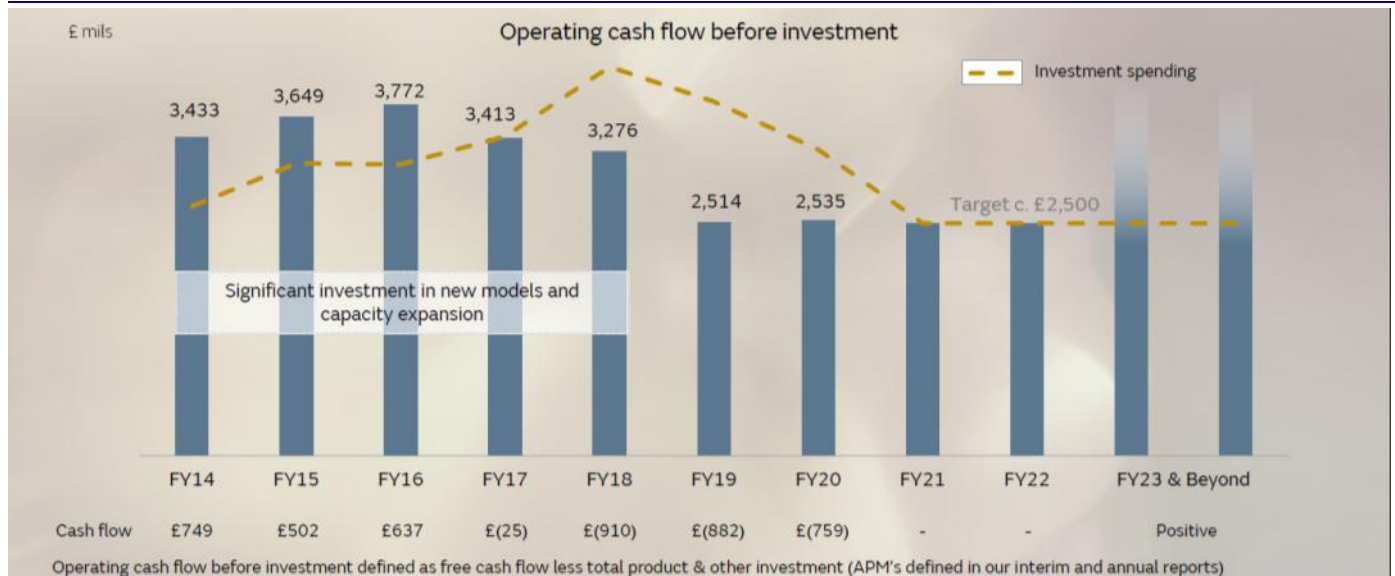
Source: Company

Exhibit 10: 'Refocus' program builds-up on success of Project Charge+ and is targeting 3pp EBIT contribution by FY24

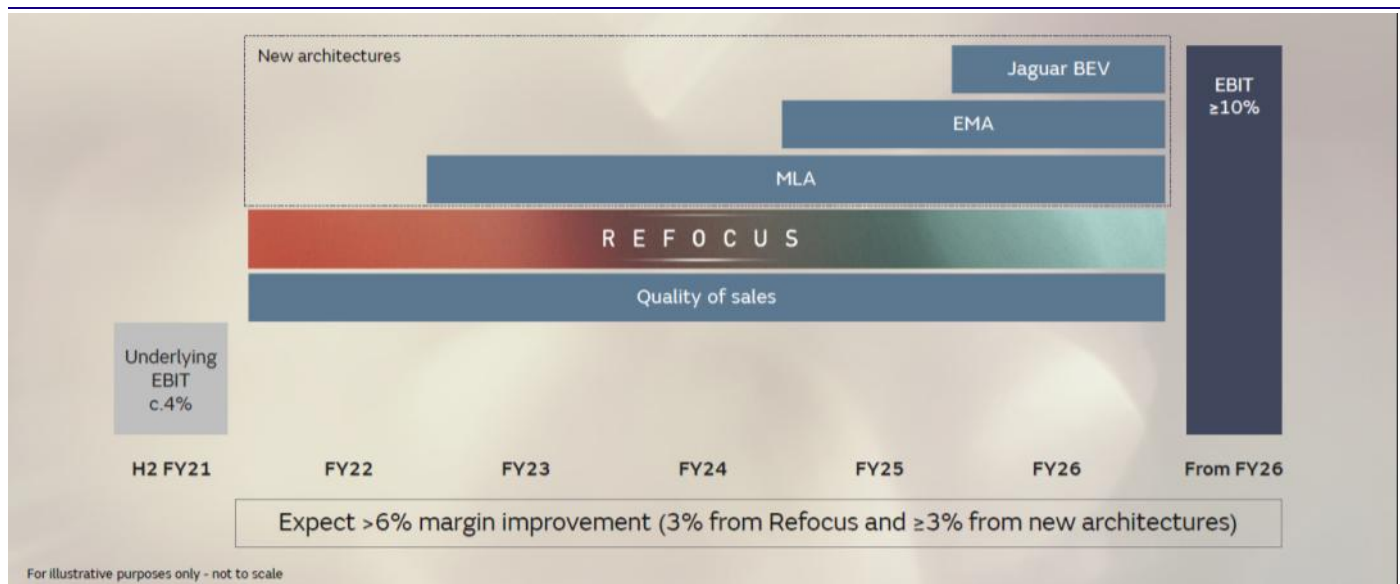
Source: Company

Exhibit 11: Cashflow break-even reduced to ~400k units supported by Project Charge and 'Refocus'

Source: Company

Exhibit 12: With benefit of 'Refocus', architecture consolidation and controlled capex, it expects to be net cash from FY25

Source: Company

Exhibit 13: Roadmap to over 10% EBIT margins by FY26 with 3pp contribution from 'Refocus' program and >3pp from architecture consolidation

Source: Company

Exhibit 14: Financial targets under 'Reimagine' – GBP30b revenues, 10% EBIT Margins & net cash positive by FY26

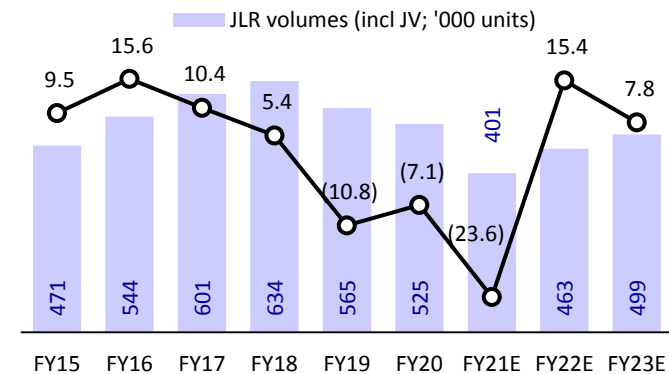
Key metrics	FY21	FY22	FY24	FY26
Revenue	Not guided	Increasing	Increasing	> £30b
EBIT margin <i>Positive PBT* throughout</i>	Positive	≥4%	≥7%	≥10%
Investment	< £2.5b	c. £2.5b	c. £2.5b	c. £3b
Free cash flow	Near break-even	Break-even After ~£500m restructuring costs	Positive	Positive
Net cash / (Net debt)	Negative	Negative	0	Positive

*Excluding exceptionals

Source: Company

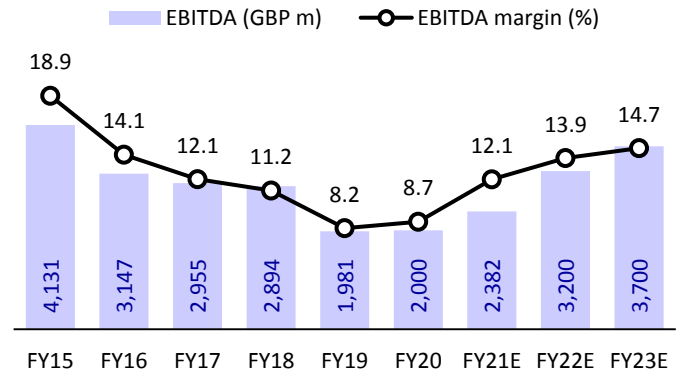
Story in charts

Exhibit 15: JLR volume growth trajectory



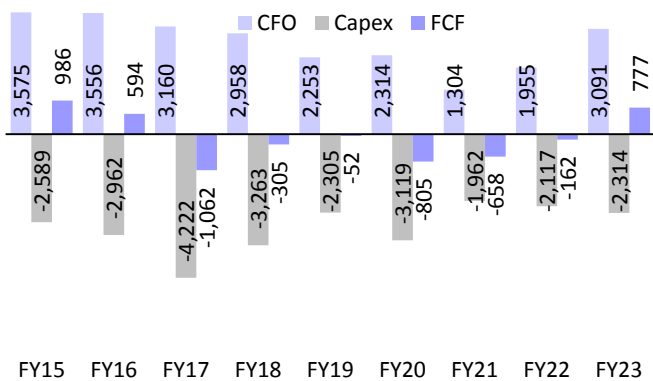
Source: Company, MOFSL

Exhibit 16: JLR EBITDA and EBITDA margin trend



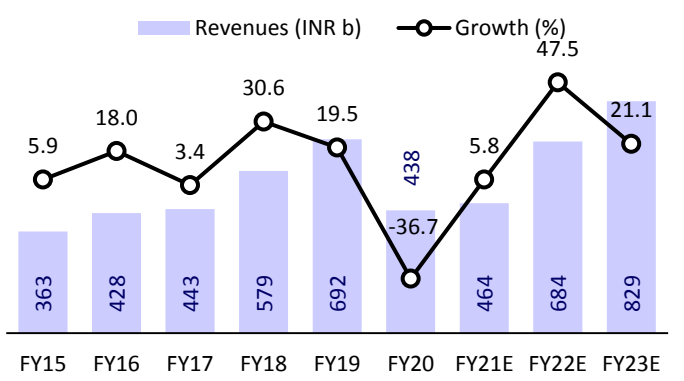
Source: Company, MOFSL

Exhibit 17: JLR's CFO/capex/FCF trend (GBP m)



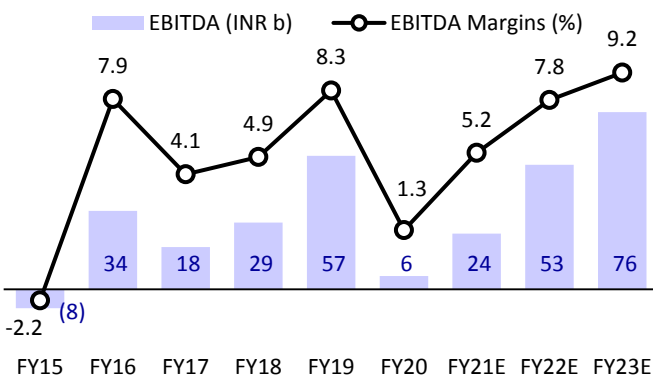
Source: Company, MOFSL

Exhibit 18: Standalone business growth path over FY20-22E



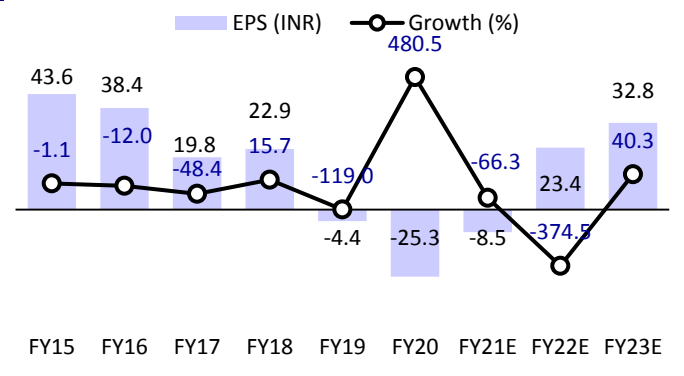
Source: Company, MOFSL

Exhibit 19: Standalone EBITDA and margin trend



Source: Company, MOFSL

Exhibit 20: Consolidated earnings trajectory



Source: Company, MOFSL

Key operating metrics

Snapshot of Revenue model

000 units	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
JLR										
Jaguar	79	76	102	179	176	177	144	86	93	99
Growth (%)	37.2	-3.5	33.5	75.1	-1.4	0.7	-18.7	-40.6	8.9	6.3
% of Total JLR Vols	18.4	16.1	18.8	29.8	27.8	31.4	27.5	21.3	20.2	19.9
Land Rover	351	394	442	422	457	388	381	316	370	400
Growth (%)	11.6	12.4	12.2	-4.5	8.3	-15.2	-1.7	-17.2	17.1	8.2
% of Total JLR Vols	81.6	83.0	81.2	70.2	72.2	68.6	72.5	78.7	79.8	80.1
Total JLR Volumes (incl JV)	430	475	544	601	634	565	525	401	463	499
Growth (%)	15.5	10.4	14.6	10.4	5.4	-10.8	-7.1	-23.6	15.4	7.8
ASP (GBP '000/unit)	45	46	44	46	47	48	48	58	59	60
Growth (%)	6.3	3.0	-5.8	4.0	3.9	0.8	1.3	21.0	1.0	1.5
Net JLR Sales (GBP b)	19	22	22	24	26	24	23	20	23	25
Growth (%)	22.8	12.8	1.9	9.2	5.9	-6.1	-5.1	-14.6	17.7	9.3
INDIA										
MH&CVs	122	143	176	176	192	225	124	92	143	182
Growth (%)	-19.7	16.5	23.6	-0.3	9.2	17.1	-44.7	-26.0	55.2	27.8
LCVs	299	222	205	209	257	295	216	180	225	268
Growth (%)	-30.3	-25.8	-7.7	2.1	22.7	14.9	-26.7	-16.6	25.0	19.0
Total CVs	421	365	381	385	449	520	341	272	368	451
Growth (%)	-27.5	-13.5	4.6	1.0	16.6	15.9	-34.5	-20.1	35.2	22.4
Total PVs	145	138	152	157	190	211	133	213	331	383
Growth (%)	-36.5	-5.3	10.1	3.9	20.8	11.2	-37.3	60.9	55.2	15.6
Total Volumes	567	502	533	542	639	731	473	486	699	834
Growth (%)	-30.1	-11.4	6.1	1.8	17.8	14.5	-35.3	2.6	44.0	19.2
ASP (INR 000/unit)	605	723	804	817	906	946	926	955	978	994
Net S/A Sales (INR b)	343	363	428	443	579	692	438	464	684	829
Growth (%)	-23.4	5.9	18.0	3.4	30.6	19.5	-36.7	5.8	47.5	21.1

Financials and valuations

Income Statement (Consolidated)							(INR m)	
Y/E March	2016	2017	2018	2019	2020	2021E	2022E	2023E
Total Income	27,30,456	26,96,925	29,15,505	30,19,384	26,10,680	2,469,281	3,084,100	3,520,048
Change (%)	3.8	-1.2	8.1	3.6	-13.5	-5.4	24.9	14.1
Expenditure	23,12,693	23,27,802	25,77,462	27,21,436	23,71,537	2,155,606	2,652,179	3,003,564
EBITDA	4,17,763	3,69,124	3,38,043	2,97,948	2,39,143	313,675	431,921	516,484
% of Net Sales	15.3	13.7	11.6	9.9	9.2	12.7	14.0	14.7
Depreciation	1,67,108	1,79,050	2,15,536	2,35,906	2,14,254	236,118	240,476	263,806
EBIT	2,50,655	1,90,074	1,22,507	62,042	24,889	77,557	191,445	252,678
Product Dev. Exp.	34,688	34,136	35,319	42,246	41,885	42,406	45,138	47,587
Interest	48,891	42,380	46,818	57,586	72,433	79,791	75,593	68,192
Other Income	8,854	7,545	39,576	29,653	29,732	26,825	25,200	21,571
EO Exp/(Inc)	18,504	-11,146	-19,751	2,96,516	28,714	152,710	0	0
Forex Gain/ (Loss)	-16,169	-39,101	11,853	-9,059	-17,387	26,828	9,951	10,150
PBT	1,41,258	93,148	1,11,550	-3,13,712	-1,05,800	-143,697	105,864	168,620
Tax	30,251	32,512	43,419	-24,375	3,953	34,660	14,779	43,735
Effective Rate (%)	21.4	34.9	38.9	7.8	-3.7	-24.1	14.0	25.9
Reported PAT	1,11,007	60,636	68,131	-2,89,337	-1,09,752	-178,357	91,085	124,885
Change (%)	-21.0	-45.4	12.4	-524.7	-62.1	62.5	-151.1	37.1
% of Net Sales	4.1	2.2	2.3	-9.6	-4.2	-7.2	3.0	3.5
Minority Interest	-989	-1,022	-1,025	-1,020	-956	-778	-274	-366
Share of profit of associate	5,775	14,930	22,783	2,095	-10,000	-5,266	-1,249	1,122
Net Profit	1,15,793	74,544	89,889	-2,88,262	-1,20,709	-184,400	89,563	125,641
Adj. PAT	1,30,334	67,288	77,826	-14,785	-90,921	-32,628	89,563	125,641
Change (%)	-7.2	-48.4	15.7	-119.0	515.0	-64.1	-374.5	40.3

Balance Sheet (Cons.)							(INR m)	
Y/E March	2016	2017	2018	2019	2020	2021E	2022E	2023E
Share Capital	6,792	6,792	6,792	6,792	7,195	7,659	7,659	7,659
Reserves	7,82,732	5,73,827	9,47,487	5,95,003	6,23,590	464,752	554,315	676,101
Net Worth	7,89,524	5,80,619	9,54,279	6,01,795	6,30,785	472,411	561,974	683,761
Loans	6,19,612	7,44,891	7,79,944	9,11,239	9,96,782	996,782	996,782	1,006,782
Deferred Tax	44,748	11,740	19,671	-36,601	-35,160	-35,160	-35,160	-35,160
Capital Employed	14,58,212	13,41,781	17,59,144	14,81,664	16,00,542	1,442,946	1,532,782	1,664,934
Gross Fixed Assets	19,76,068	16,28,389	21,56,778	22,58,724	26,01,413	2,857,326	3,104,864	3,379,255
Less: Depreciation	9,11,348	6,75,681	9,17,952	11,53,858	13,68,113	1,604,231	1,844,707	2,108,513
Net Fixed Assets	10,64,720	9,52,708	12,38,826	11,04,866	12,33,301	1,253,095	1,260,157	1,270,741
Capital WIP	2,59,189	3,36,988	4,00,335	3,18,838	3,56,223	250,000	250,000	250,000
Goodwill	7,598	6,733	1,165	7,478	7,771	7,771	7,771	7,771
Investments	2,37,670	2,03,379	2,08,128	1,57,707	1,63,085	46,079	44,830	45,952
Curr.Assets	11,02,234	12,37,735	14,23,465	14,31,544	14,06,255	1,233,688	1,459,071	1,778,164
Inventory	3,26,557	3,50,853	4,21,377	3,90,137	3,74,569	304,432	380,231	453,267
Sundry Debtors	1,35,709	1,40,756	1,98,933	1,89,962	1,11,727	135,303	168,992	212,167
Cash & Bank Bal.	3,04,604	3,60,779	3,46,139	3,26,488	3,37,270	311,264	389,159	557,041
Loans & Advances	2,54,033	2,91,474	4,45,929	5,12,867	5,69,741	469,741	502,741	532,741
Current Liab. & Prov.	12,13,200	13,95,762	15,12,775	15,38,770	15,66,092	1,347,688	1,489,047	1,687,694
Sundry Creditors	6,15,618	6,25,326	7,69,398	7,16,907	6,63,982	622,394	777,362	848,669
Other Liabilities	4,60,226	6,22,314	5,38,766	6,01,347	6,51,452	556,165	542,693	646,146
Net Current Assets	-1,10,965	-1,58,027	-89,309	-1,07,226	-1,59,837	-114,000	-29,976	90,470
Appl. of Funds	14,58,212	13,41,782	17,59,144	14,81,664	16,00,542	1,442,946	1,532,782	1,664,934

E: MOFSL Estimates

Financials and valuations

Ratios (Con.)

Y/E March	2016	2017	2018	2019	2020	2021E	2022E	2023E
Basic (INR)								
EPS	38.4	19.8	22.9	-4.4	-25.3	-8.5	23.4	32.8
EPS Fully Diluted	38.4	19.8	22.9	-4.4	-25.3	-8.5	23.4	32.8
EPS Growth (%)	-12.0	-48.4	15.7	-119.0	480.5	-66.3	-374.5	40.3
Cash EPS	87.6	72.5	86.4	65.1	34.3	53.1	86.2	101.7
Book Value (Rs/Share)	232.5	171.0	281.0	177.2	175.3	123.4	146.7	178.5
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Payout (Incl. Div. Tax) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1
Valuation (x)								
Consolidated P/E	7.9	15.3	13.3	-69.9	-12.0	-37.9	13.8	9.8
EV/EBITDA	2.7	3.3	3.7	4.9	6.7	6.0	4.2	3.2
EV/Sales	0.4	0.4	0.4	0.5	0.6	0.8	0.6	0.5
Price to Book Value	1.3	1.8	1.1	1.7	1.7	2.6	2.2	1.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Profitability Ratios (%)								
RoE	19.3	9.8	10.1	-1.9	-14.8	-5.9	17.3	20.2
RoCE	15.1	9.2	6.4	5.2	3.7	8.5	12.5	12.7
RoIC	34.5	22.6	12.0	7.7	3.6	12.2	19.6	22.5
Turnover Ratios								
Debtors (Days)	18	19	25	23	16	20	20	22
Inventory (Days)	44	47	53	47	52	45	45	47
Creditors (Days)	82	85	96	87	93	92	92	88
Asset Turnover (x)	1.9	2.0	1.7	2.0	1.6	1.7	2.0	2.1
Leverage Ratio								
Debt/Equity (x)	0.8	1.3	0.8	1.5	1.6	2.1	1.8	1.5

Cash Flow Statement

Y/E March	2016	2017	2018	2019	2020	2021E	2022E	2023E
OP/(Loss) before Tax	1,10,238	75,566	90,914	-2,87,242	-1,19,752	-184,400	89,563	125,641
Int/Div. Received	8,258	36,653	39,542	-4,413	-11,913	26,825	25,200	21,571
Depreciation	1,70,142	1,79,050	2,15,536	2,35,906	2,14,254	236,118	240,476	263,806
Direct Taxes Paid	-19,939	-18,951	-30,212	-26,594	-17,489	-34,660	-14,779	-43,735
(Inc)/Dec in WC	25,515	32,542	-64,337	-72,123	50,636	-71,843	-6,129	47,437
Other Items	96,855	8,954	23,333	64,994	1,25,105	778	274	366
CF from Op Activity	3,91,069	3,13,814	2,74,776	-89,472	2,40,841	-27,182	334,605	415,087
Extra-ordinary Items	8,857	-11,822	-36,202	2,78,379	25,488	146,334	-49,754	0
CF after EO Items	3,99,925	3,01,992	2,38,574	1,88,908	2,66,329	119,152	284,851	415,087
(Inc)/Dec in FA+CWIP	-3,26,232	-3,04,135	-3,50,486	-3,52,363	-2,95,306	-149,690	-247,538	-274,390
Free Cash Flow	73,693	-2,143	-1,11,912	-1,63,455	-28,976	-30,538	37,313	140,696
(Pur)/Sale of Invest.	-68,134	-76,664	86,031	1,57,691	-46,397	117,005	1,249	-1,122
CF from Inv Activity	-3,94,366	-3,80,799	-2,64,456	-1,94,672	-3,41,702	-32,685	-246,289	-275,513
Issue of Shares	74,332	46	0	0	38,888	26,026	0	0
Inc/(Dec) in Debt	-47,483	1,16,583	75,183	1,59,302	81,318	0	0	10,000
Interest Paid	-57,039	-53,363	-54,106	-70,051	-75,184	-79,791	-75,593	-68,192
Dividends Paid	-1,739	-1,212	-960	-947	-568	0	0	-3,855
CF from Fin Activity	-31,930	62,053	20,117	88,304	44,453	-53,764	-75,593	-62,047
Inc/(Dec) in Cash	-26,371	-16,754	-5,764	82,540	-30,920	32,703	-37,031	77,527
Add: Beginning Bal.	2,11,283	1,84,913	1,68,159	1,62,395	2,44,934	214,014	246,717	209,686
Closing Balance	1,84,913	1,68,159	1,62,395	2,44,934	2,14,014	246,717	209,686	287,213

E: MOFSL Estimates

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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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* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.