



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✓	✗	✗
+ Positive = Neutral - Negative			

What has changed in 3R MATRIX

	Old		New
RS	✓	↔	✓
RQ	✓	↔	✓
RV	✓	↔	✓

ESG Disclosure Score

NEW

ESG RISK RATING
 Updated Jul 08, 2022 **31.32**

High Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

Source: Morningstar

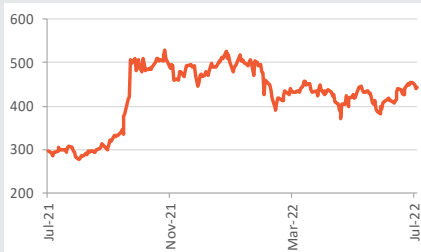
Company details

Market cap:	Rs. 1,46,773 cr
52-week high/low:	Rs. 537 / 269
NSE volume: (No of shares)	211.4 lakh
BSE code:	500570
NSE code:	TATAMOTORS
Free float: (No of shares)	285.7 cr

Shareholding (%)

Promoters	46.4
FII	13.7
DII	15.3
Others	24.6

Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	7.1	3.2	-13.1	50.2
Relative to Sensex	2.1	5.0	-5.0	44.8

Sharekhan Research, Bloomberg

Tata Motors Ltd

Disappointing Q1; Guidance stays strong

Automobiles

Sharekhan code: TATAMOTORS

Reco/View: Buy



CMP: Rs. 442

Price Target: Rs. 516



Upgrade



Maintain



Downgrade

Summary

- Tata Motors' (TAMO) Q1FY23 results lagged our expectations, largely due to poor performance of JLR business, marred by unfavourable volume mix. Performance of CV and PV businesses was broadly in-line with expectations.
- Overall performance and FCF are expected to improve gradually, driven by a positive business outlook, new launches, easing chips shortage situation, cooling commodity prices, and favourable macro-economic outlook. Management maintains its long-term targets with a caution on inflation and geopolitical situations.
- TAMO's focus on EVs continues to grow multifold in Q1FY23; electric CVs are getting ready for the next leg of growth.
- We maintain Buy with an unchanged PT of Rs. 516, driven by expected recovery in volumes and operational improvement across its business verticals and geographies.

Tata Motors' (TAMO's) Q1FY2023 results were disappointing, lagged by poor performance of JLR business. The company reported consolidated net loss of Rs. 6,500 crore in Q1FY2023, as against net loss expectation of Rs. 1,385 crore, largely driven by poor performance of JLR business. Consolidated revenue increased by 8.3% y-o-y in Q1FY2023 and consolidated EBITDA declined by 54% y-o-y. Consolidated EBITDA margin stood at 3.4%, contracting 720 bps q-o-q and 450 bps y-o-y, led by JLR's poor volume mix, negative operating leverage, and poor market mix. Volume mix contribution of high-margin products, Range Rover (RR) and Range Rover Sports (RRS), was mere 8% in Q1FY2023, as against normal 30-35% volume contribution, resulting in lower margins. Management expects JLR volumes to be more than 90,000, led by sales of RR, RRS and newly launched Defender 310. Performance of CV and PV business segments was broadly in-line with expectations. TAMO aims at reaching 10% EBITDA margin in domestic trucks and PV businesses, led by scale and commodity deflation turning favourable now. Management is cautiously positive on the growth path and expects to deliver strong improvement in EBIT and free cashflows from Q2. Management maintains its long-term goals, including zero net debt by FY2024. Domestic CV and PV segments are expected to remain healthy, led by new launches and strong product portfolio. Driven by an all-round strong performance, we expect TAMO to become earnings positive in FY2023E with PAT of Rs. 7,068 crore, driven by robust sales growth and improving margins. Management stays positive on product delivery, launches, and capex programmes as planned earlier. We reiterate Buy on the stock with a revised price target (PT) of Rs. 516.

Key positives

- JLR's order book hit a new record of 2,00,000 units in Q1, reflecting strong demand for the New Range Rover.
- JLR's refocus strategy continues to drive value generation of £250 mn in Q1FY2023, despite multiple challenges during the quarter.
- PV and CV business segments saw robust sales, with increased market share across segments.

Key negatives

- Supply-chain pressures in China due to rising COVID-19 cases are expected to limit improvement in Q1FY2023.
- Ukraine conflict has had limited impact on sales and supply chain. Historically, the company has less than 2.5% volume sales in the two warring countries. New vehicle sales in Russia have been paused since the end of February 2022.
- Significant inflationary headwinds, as key inflation-linked costs account for around 20% of material and other cost of sales.

Management Commentary

- Improved visibility of chip supply through senior vendor engagement combined with ramp-up of new RR and RRS to improve JLR's wholesales to 90,000 units from Q2FY2023.
- Refocus programme, including price increases, to save ₹1bn+ to offset cost inflation. Management aims to deliver EBIT margin of 5% and positive free cash flow (FCF) of ₹1bn in FY2023.
- Management expects significant improvement in sales, profit, and cash flow over FY2023 and maintains its EBIT target of double-digit growth by FY2026 and zero net debt by FY2024.
- Management has given a positive outlook for CV and PV volumes going forward, led by new launches and favourable macro outlook. The company would likely take price hikes to mitigate the impact of input cost inflation.

Our Call

Valuation – Maintain Buy with an unchanged PT of Rs. 516: TAMO is witnessing improvement in all business verticals – JLR, CVs, and PVs. The company is witnessing robust demand and is expected to deliver better operational efficiencies, aided by aggressive launches, market positioning, product differentiation, cost savings, and investments in research and development (R&D). We expect operational performance to improve strongly from Q2FY2023, as supply constraints are expected to ease gradually, while demand continues to remain strong for both JLR and domestic operations. Domestic CV and PV segments are expected to remain healthy because of new launches and operating leverage benefits. Driven by an all-round strong performance, we expect TAMO to become earnings positive in FY2023E with PAT of Rs. 7,068 crore, driven by robust sales growth and better margins. Management stays positive on product delivery, launches, and increased allocation to capex programmes. At the CMP, the stock is trading at attractive valuations of P/E of 13.9x and EV/EBITDA of 4.8x its FY2024E estimates. We reiterate our Buy rating on the stock with an unchanged price target (PT) of Rs. 516.

Key Risks

TAMO's business is dependent upon cyclical industries such as CVs and PVs. Moreover, the company operates across the globe. Any slowdown or cyclical downturn in any of the locations, where the company has a strong presence, can affect business and profitability. The company's operations can be further affected if ongoing global chips shortage worsens.

Valuation (Consolidated)

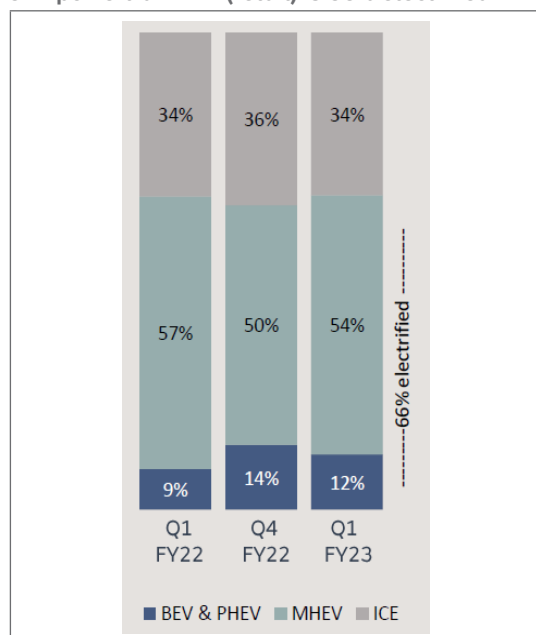
	Rs cr			
Particulars	FY21	FY22	FY23E	FY24E
Net Sales	2,49,795	2,78,454	3,07,587	3,45,759
Growth (%)	-4.3	11.5	10.5	12.4
EBITDA	30,555	24,799	35,140	43,754
OPM (%)	12.2	8.9	11.4	12.7
PAT	(1,366)	(10,706)	7,068	12,157
Growth (%)	NA	NA	NA	72.0
FD EPS (Rs)	-3.6	-28.0	18.5	31.7
P/E (x)	NA	NA	23.9	13.9
P/B (x)	3.1	2.7	2.4	2.1
EV/EBITDA (x)	7.3	8.8	6.1	4.8
RoE (%)	-2.4	-18.1	9.5	22.3
RoCE (%)	4.7	1.2	5.7	13.7

Source: Company; Sharekhan estimates

Key Highlights of the conference call

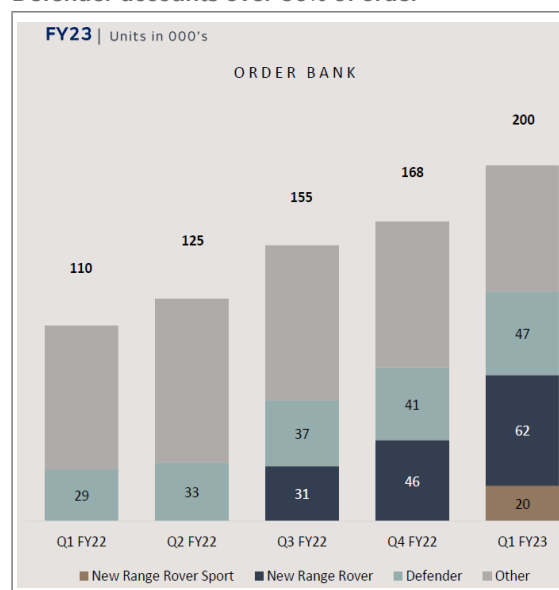
- ♦ **Q1FY2023 results disappoint:** TAMO reported a disappointing performance for Q1FY2023 due to poor performance of JLR business. The company reported consolidated net loss of Rs. 6,500 crore in Q1FY2023 as against net loss expectation of Rs. 1,385 crore, largely driven by poor performance of JLR business. Consolidated revenue increased by 8.3% y-o-y in Q1FY2023 and consolidated EBITDA declined by 54% y-o-y. Consolidated EBITDA margin stood at 3.4%, contracting 720 bps q-o-q and 450 bps y-o-y, led by JLR's poor volume mix, negative operating leverage, and poor market mix.
- ♦ **JLR performance marred by volume mix; Likely to recover strongly:** JLR's revenue stood at £4.4 billion in Q1FY2023, down 7.6% q-o-q, driven by supply constraints including semi-conductor shortages, slower-than-expected ramp-up of the New RR and New RR Sport production and China lockdowns. RR and RR Sport, which typically contribute 30-35% of volume mix, were at mere 8% of mix in Q1, as they were undergoing a run-out phase. Thus, a model with higher margin saw major cut in mix along with China market mix being lower by around 300bps q-o-q. Thus, the combination of lower scale, poor model mix, and poor market mix resulted in lower margin, in addition to adverse commodity prices and forex losses. As a result, JLR's Q1FY2023 EBITDA and EBIT margins stood at 6.3% and negative 4.4% versus expectations of 10.2% and negative 1%, respectively. Loss before tax in Q1 was £(524) million before a £155 million favourable exceptional pension item. FCF was negative during the quarter £(769) million, primarily reflecting £(616) million of unfavourable working capital movements.
- ♦ **Order book continues to expand:** Order book of JLR expanded to 2,00,000 units from 1,68,000 units in Q4FY2022 with bulk of incremental orders from RR and RR Sport and newly launched Defender 310 (8-seater model). Inventory remained around 30 days, while chip supply improved. Management is confident of making and retailing 90,000 plus units from Q2, despite macro issues in select markets. The company has guided for 90,000 ex. CJLR wholesales in 2Q with present weekly production at 8,000 units. RR and RR Sport weekly production is around 1,300 units and would ramp up further going ahead.

JLR powertrain mix (retail) is 66% electrified



Source: Company Investor PPT; Sharekhan Research

New Ranger Rover, New Range Rover Sport and Defender accounts over 60% of order

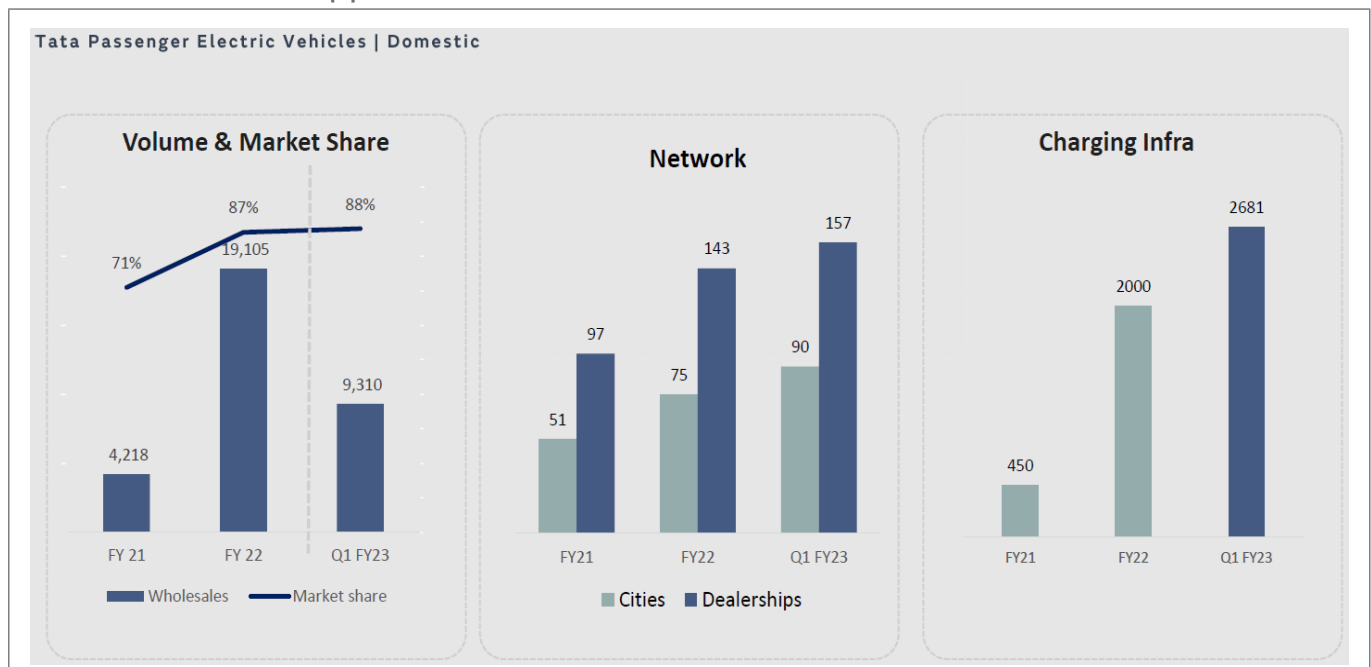


Source: Company Investor PPT; Sharekhan Research

- ♦ **Focus on electrification continues:** JLR's management maintained its EV plans and strategies for electrification of its iconic brands, Jaguar and Land Rover over the next decade. The Jaguar model is expected to be totally electrified by 2025 and the company should launch its first battery electric vehicle (BEV) in 2025 on a new dedicated architecture. Jaguar's ICE variants are expected to be phased out by FY26, with the total battery-operated vehicles' (BEVs') mix rising over 60% by FY30. In respect of Land Rover, the company plans to introduce six BEV variants in the next five years through a family of three models –Defender, Discovery and Range Rover. With the electrification to be the next motivation for the company over the next decade, JLR targets net zero carbon emissions by 2039.

- ◆ **Inline performance for domestic businesses:** TAMO's CV and PV business continues to perform in-line with expectations. CV business had an EBITDA margin of 5.5% (up 430 bps y-o-y) in Q1, while PV business had an EBITDA margin of 6.1% (up 200 bps y-o-y). The SUV portfolio contributed 68% of Q1FY23 sales. TAMO aims at reaching 10% EBITDA margin in domestic trucks and PV businesses, led by scale and commodity deflation turning favourable now.
- ◆ **EVs to form 20% of TAMO's PV sales over the next five years:** TAMO targets double-digit market share in the EV industry and expects ~20% of its sales from EVs in the next five years. Contribution margin of EVs is like that of its traditional PV (ICE technology). Management expects its EV business to be EBITDA breakeven by FY2023. The EV company will leverage all existing investments in technologies, brands, manufacturing capacities, and sales network of TAMO's PV company. TAMO has 87% market in electrified vehicles in the passenger segment, with EV penetration at ~7.4% of its PV portfolio. The Nexon EV is a leader in the segment. The company started its EV journey in FY2018, with a major focus on government sales and garnered 88% market share in Q1FY23 from 47.1% in FY20. The company has been building up an ecosystem for EV infrastructure through support from group companies, such as Tata Automotive Company, Tata Power, Tata Chemicals, and Tata Motor Finance.

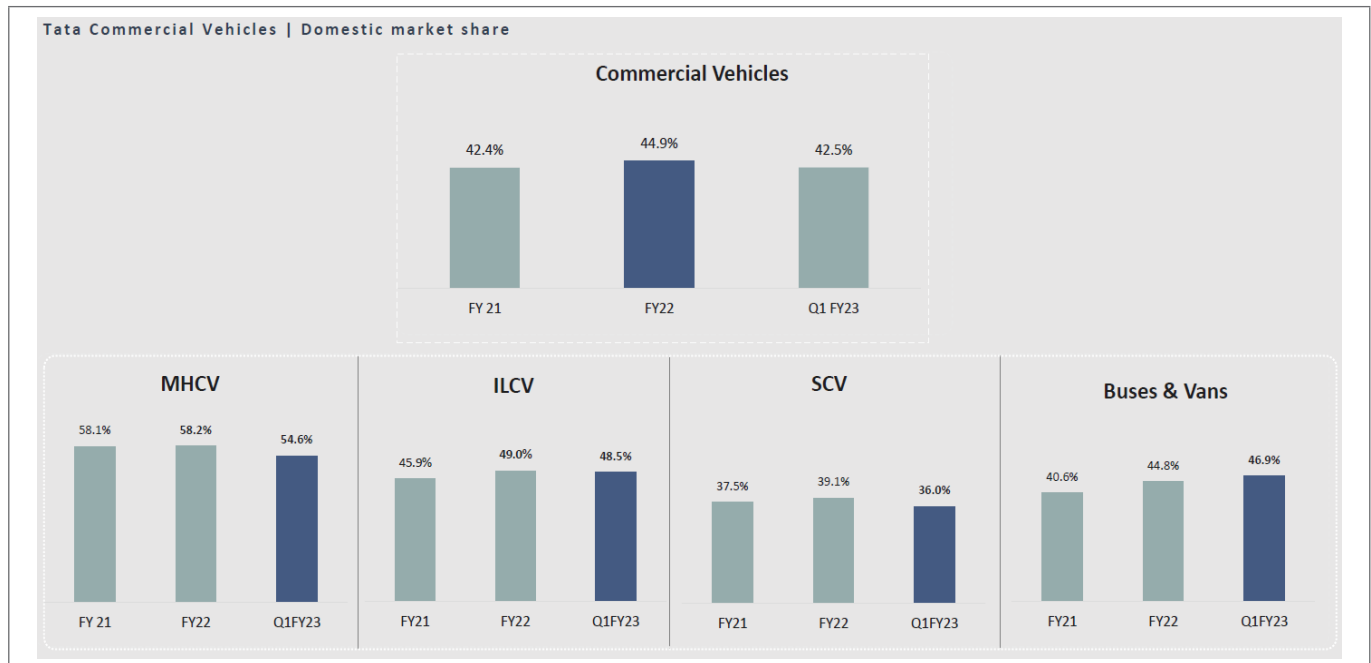
TAMO consolidates leadership position further in EV



Source: Company Investor PPT; Sharekhan Research

- ◆ **Strong volume momentum for CVs:** TAMO is optimistic about the CV business and is gaining market share across the CV segment. The company expects the CV industry to do well in FY2022 because of increased e-Commerce penetration, increased industrial activities, urban demand revival, rural stability, and infrastructure push by the government. In the SCV and pick-ups segment, the company plans to leverage Ace petrol at a price point equivalent to BS-IV; and reinforce Ace diesel brand equity. The CV passenger segment (buses) will be aided by opening of schools and corporate offices, as the impact of COVID-19 reduces over time. The company increased its market share across segments. Also, TAMO's management continues to focus on EVs for both segment, passenger as well as commercial vehicles. The company has operationalized over 250+ electric buses in FY22, cumulative 645+ e-buses running on Indian roads with cumulative Kms coverage of >35 million km. It has also forayed into cargo E-mobility with launch of ACE EV, where the company has received strong feedback from customers.

TAMO's CV market share sustains at over 40%



Source: Company Investor PPT; Sharekhan Research

- ♦ **Guidance maintained:** The management maintained its positive guidance for the JLR business, expecting positive cashflow by FY23, net debt to be zero by FY24, and EBIT margins of above 10% by FY26. The company maintains its capex guidance of GBP 2.5 billion per annum going forward, using which it expects to manage to shift from ICE to BEV models efficiently by deploying the GBP 2.5 billion capex annually. The company expect double-digit EBIT margin by FY26 to be driven by refocus and reimagine architecture strategy. Refocus program, including price increases, to save £1bn+ to offset cost inflation. The management aims to deliver EBIT margin of 5% and positive free cash flow of £1bn in FY23. Supply chain pressures in China to improve from Q2FY23 onwards. Russia -Ukraine conflict has had limited impact on sales and supply chain. Historically, the company has less than 2.5% volume sales in two countries.

Management outlook for FY23

Outlook (FY23) <ul style="list-style-type: none"> • Demand to remain strong despite worries on inflation, geo-political situation. • Chip supply to improve further from Q2; Cooling commodity prices to aid improvement in underlying margins. • Aim to deliver strong improvement in EBIT and free cash flows from Q2 onwards. 							
Jaguar Land Rover priorities <ul style="list-style-type: none"> • Debottleneck supply constraints to deliver volume led performance improvement with Q2 at c. 90k • Implement price increases and Refocus actions to recover cost inflation • Successful launch and deliveries of the New Range Rover and Range Rover Sport • Achieve 5% EBIT margin and £1bn positive free cash flows in FY23 	Tata Motors priorities <table> <tr> <td>CV</td><td> <ul style="list-style-type: none"> • Continue to grow market shares across segments • Restore double digit EBITDA margins • Successfully launch and drive penetration of new business models. </td></tr> <tr> <td>PV</td><td> <ul style="list-style-type: none"> • Continue to deliver market beating growth • Sustain profitability and cash flow improvement measures. </td></tr> <tr> <td>EV</td><td> <ul style="list-style-type: none"> • Invest proactively to step-up EV penetration with exciting new launches and accelerating the creation of the ecosystem. </td></tr> </table>	CV	<ul style="list-style-type: none"> • Continue to grow market shares across segments • Restore double digit EBITDA margins • Successfully launch and drive penetration of new business models. 	PV	<ul style="list-style-type: none"> • Continue to deliver market beating growth • Sustain profitability and cash flow improvement measures. 	EV	<ul style="list-style-type: none"> • Invest proactively to step-up EV penetration with exciting new launches and accelerating the creation of the ecosystem.
CV	<ul style="list-style-type: none"> • Continue to grow market shares across segments • Restore double digit EBITDA margins • Successfully launch and drive penetration of new business models. 						
PV	<ul style="list-style-type: none"> • Continue to deliver market beating growth • Sustain profitability and cash flow improvement measures. 						
EV	<ul style="list-style-type: none"> • Invest proactively to step-up EV penetration with exciting new launches and accelerating the creation of the ecosystem. 						

Source: Company Investor PPT; Sharekhan Research

- ♦ **Healthy financial growth model:** The company expects high single-digit EBITDA in the next three years for the PV business and FCF breakeven in FY2023. The long-term capex is expected to be at 5-6% of revenue.

- Debt-free status: The management is committed to make its automotive business division completely debt-free. The company had highlighted three key strategies for the same – FCF generation through higher sales and profitability, divestment of non-core businesses and equity top-up for remaining debt.

Results (Consolidated)

Particulars	Q1FY23	Q1FY22	Y-o-Y %	Q4FY22	Q-o-Q %
Revenue	71,935	66,406	8.3	78,439	(8.3)
Total Expenses	69,522	61,164	13.7	70,156	(0.9)
Operating Profit	2,413	5,243	(54.0)	8,283	(70.9)
PBT	(4,962)	(2,581)	NA	373	NA
Tax	1,519	1,742	(12.8)	758	100.3
Share Of profit from Associates	92	(129)	NA	148	(38.1)
Reported PAT	(5,007)	(4,451)	NA	(1,033)	NA
Adj Net Profit	(6,500)	(4,453)	NA	(319)	NA
Adjusted EPS (Rs)	(17.0)	(11.6)	NA	(0.8)	NA

Source: Company; Sharekhan Research

Key Ratios (Consolidated)

Particulars	Q1FY23	Q1FY22	YoY (bps)	Q4FY22	QoQ (bps)
Gross Margin (%)	33.0	35.9	(300)	34.7	(180)
EBITDA Margin (%)	3.4	7.9	(450)	10.6	(720)
EBIT Margin (%)	(4.8)	(1.4)	NA	2.4	NA
PAT Margin (%)	(9.0)	(6.7)	NA	(0.4)	NA
Effective Tax rate (%)	(30.6)	(67.5)	NA	203.4	NA

Source: Company; Sharekhan Research

Results (Standalone)

Particulars	Q1FY23	Q1FY22	Y-o-Y %	Q4FY22	Q-o-Q %
Revenue	14,874	6,577	126.2	17,338	(14.2)
Total Expenses	14,272	6,636	115.1	16,271	(12.3)
Operating Profit	603	(59)	NA	1,067	(43.5)
PBT	(138)	(916)	NA	313	NA
Tax	41	1	NA	41	1.5
Reported PAT	(181)	(944)	NA	413	NA
Adj Net Profit	(180)	(917)	NA	272	NA
Adjusted EPS (Rs)	(0.5)	(2.4)	NA	0.7	NA
Adjusted EPS (Rs)	(17.0)	(11.6)	NA	(0.8)	NA

Source: Company; Sharekhan Research

Key Ratios (Standalone)

Particulars	Q1FY23	Q1FY22	YoY (bps)	Q4FY22	QoQ (bps)
Gross Margin (%)	24.3	27.9	(370)	22.1	220
EBITDA Margin (%)	4.1	(0.9)	NA	6.2	(210)
EBIT Margin (%)	1.2	(7.2)	NA	3.5	NA
PAT Margin (%)	(1.2)	(13.9)	NA	1.6	NA
Effective Tax rate (%)	(29.9)	(0.1)	NA	13.0	NA

Source: Company; Sharekhan Research

Results (JLR)

Particulars	Q1FY23	Q1FY22	Y-o-Y %	Q4FY22	Q-o-Q %
Revenue	4,406	4,966	(11.3)	4,767	(7.6)
Total Expenses	4,127	4,566	(9.6)	4,196	(1.6)
Operating Profit	279	400	(30.3)	571	(51.1)
PBT	(305)	(110)	NA	(34)	NA
Tax	113	176	(35.8)	54	109.3
Reported PAT	(482)	(286)	NA	(88)	NA
Adjusted PAT	(416)	(286)	NA	(88)	NA
Adjusted EPS (Rs)	(0.5)	(2.4)	NA	0.7	NA
Adjusted EPS (Rs)	(17.0)	(11.6)	NA	(0.8)	NA

Source: Company; Sharekhan Research

Key Ratios (JLR)

Particulars	Q1FY23	Q1FY22	YoY (bps)	Q4FY22	QoQ (bps)
Gross Margin (%)	37.3	36.6	70	41.1	(380)
EBITDA Margin (%)	6.3	8.1	(170)	12.0	(560)
EBIT Margin (%)	(4.5)	(1.7)	NA	1.3	NA
PAT Margin (%)	(9.4)	(5.8)	NA	(1.8)	NA
Effective Tax rate (%)	(37.0)	(160.0)	NA	(158.8)	NA

Source: Company; Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Positive

COVID in China and geopolitical tension could impact PV sales globally, if the situation further worsens. However, demand remains strong, which can be reflected in improving order bank of the company. The medium-term outlook of the domestic CV business is strong, with notable demand arising from infrastructure, mining, and e-commerce activities. Domestic PV volumes recovered strongly, driven by rural and semi-urban demand. However, the near term remains challenging due to lockdowns and restrictions imposed by the government. We expect strong recovery in demand post the normalisation of the economy and speedy rollout of vaccination programmes in India. The concern of chips shortage remains a lag for global PV business. It is expected to gradually improve going forward.

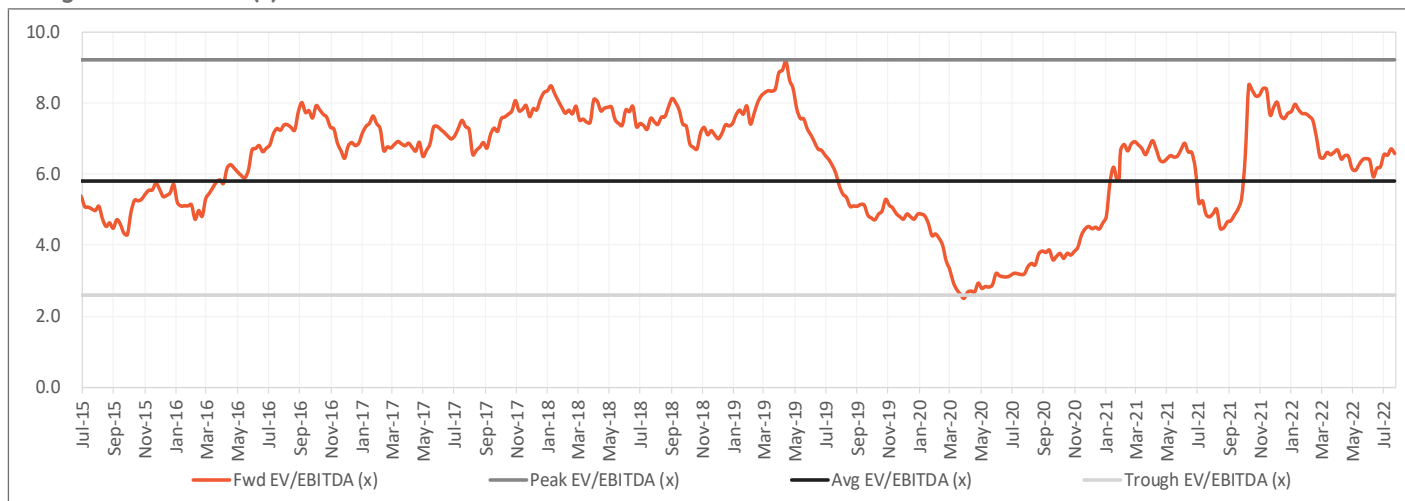
■ Company Outlook – On a strong growth path

We expect TAMO to benefit from all its business verticals – JLR, CVs, and PVs. H2FY2021 saw strong volume growth and better operational efficiencies aided by aggressive product launches, market positioning, product differentiation, cost savings, and investments in R&D. The JLR business is expected to have positive cashflow by FY2023; net debt is likely to be zero by FY2024; and EBIT margin is expected to be greater than 10% by FY2026. The company expects double-digit EBIT margins by FY2026 to be driven by the Refocus and Reimagine architecture strategy. Outlook of the domestic CV business is positive, with notable demand arising from infrastructure, mining, and e-commerce activities. TAMO's PV business has transformed significantly because of strong sales momentum with the 'New Forever' portfolio and gaining EV traction.

■ Valuation – Maintain Buy with an unchanged PT of Rs. 516:

TAMO is witnessing improvement in all business verticals – JLR, CVs, and PVs. The company is witnessing robust demand and is expected to deliver better operational efficiencies, aided by aggressive launches, market positioning, product differentiation, cost savings, and investments in research and development (R&D). We expect operational performance to improve strongly from Q2FY2023, as supply constraints are expected to ease gradually, while demand continues to remain strong for both JLR and domestic operations. Domestic CV and PV segments are expected to remain healthy because of new launches and operating leverage benefits. Driven by an all-round strong performance, we expect TAMO to become earnings positive in FY2023E with PAT of Rs. 7,068 crore, driven by robust sales growth and better margins. Management stays positive on product delivery, launches, and increased allocation to capex programmes. At the CMP, the stock is trading at attractive valuations of P/E of 13.9x and EV/EBITDA of 4.8x its FY2024E estimates. We reiterate our Buy rating on the stock with an unchanged price target (PT) of Rs. 516.

One-year forward P/E (x) band



Source: Company, Sharekhan Research

Peer Comparison

Particulars	CMP	P/E (x)			EV/EBITDA (x)			RoCE (%)		
	Rs/Share	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Tata Motors	442	NA	23.9	13.9	8.8	6.1	4.8	1.2	5.7	13.7
Ashok Leyland Limited	146	79.1	31.6	20.3	44.3	15.9	11.4	2.1	15.9	20.6
Maruti Suzuki India Limited	8,720	69.9	32.8	25.6	46.9	23.6	19.2	8.0	15.9	18.4

Source: Company, Sharekhan estimates

About company

TAMO manufactures cars and commercial automotive vehicles. The company designs, manufactures, and sells heavy, medium, and small CVs, including trucks, tankers, vans, buses, ambulances, and minibuses. TAMO also manufactures small cars and sports utility vehicles (SUVs). The company is a leading CV manufacturer in India. TAMO acquired Jaguar and Land Rover brands in 2008; and Jaguar and Land Rover brands merged to form one unified company in 2013.

Investment theme

We are positive on TAMO, considering its resilient operational performance lately, robust FCF for JLR, and standalone businesses led by the company's all-round strong performance, falling debt, and better earnings visibility. H2FY2021 results saw a strong turnaround in operational performance in all three key automotive businesses – JLR, PV, and CV. We expect the company's operational performance to continue in the medium term, with recovery in all verticals of automotive businesses. Outlook for JLR business is positive, aided by macro-environment improving in Europe, UK, America, and China. Outlook of the domestic CV business is at the cusp of a sharp cyclical rebound, with notable demand arising from infrastructure, mining, and e-commerce activities. TAMO's PV business has transformed significantly because of strong sales momentum with the 'New Forever' portfolio. TAMO's management is committed towards reaching zero debt for its automotive business division. Robust result turnaround in key businesses during H2FY2021 is a strong reason to believe that the company is on the right track towards achieving zero debt level. We expect all-round improvement in the company's business and, hence, recommend Buy on the stock.

Key Risks

TAMO's business is dependent upon cyclical industries – CV and PV. Moreover, the company's business is present across the globe. Any slowdown or cyclical downturn in any of the locations, where it has a strong presence, can impact its business and profitability.

Additional Data

Key management personnel

Girish Wagh	Executive Director
Thierry Bolloré	Non-Executive Director
P B Balaji	Group Chief Financial Officer
Shailesh Chandra	MD, Passenger Vehicle and Electric Mobility

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Tata Sons Private Limited	43.7
2	Tata Industries Limited	2.2
3	Tata Investment Corporation Limited	0.3
4	Citibank N.A. New York Nyadr Department	7.3
5	Life Insurance Corporation Of India	4.5
6	Jhunjhunwala Rakesh Radheshyam	1.2
7	SBI-ETF Nifty 50	1.4
8	HDFC Trustee Company Limited- HDFC Flexi Cap Fund	1.3
9	Ewart Investments Limited	0.1
10	Tata Chemicals Ltd	0.1

Source: Bloomberg

Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

Understanding the Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Sharekhan Research

Sharekhan

by BNP PARIBAS

Know more about our products and services

For Private Circulation only

Disclaimer: This document has been prepared by Sharekhan Ltd. (SHAREKHAN) and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This Document is subject to changes without prior notice. This document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable and SHAREKHAN has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Sharekhan may have issued other reports that are inconsistent with and reach different conclusions from the information presented in this report.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SHAREKHAN and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

The analyst certifies that the analyst has not dealt or traded directly or indirectly in securities of the company and that all of the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of SHAREKHAN. The analyst and SHAREKHAN further certifies that neither he or his relatives or Sharekhan associates has any direct or indirect financial interest nor have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report nor have any material conflict of interest nor has served as officer, director or employee or engaged in market making activity of the company. Further, the analyst has also not been a part of the team which has managed or co-managed the public offerings of the company and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Limited or its associates or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from third party in the past twelve months in connection with the research report.

Either, SHAREKHAN or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Compliance Officer: Ms. Priya Sonavane; Tel: 022-61150000; email id: compliance@sharekhan.com;

For any queries or grievances kindly email igc@sharekhan.com or contact: myaccount@sharekhan.com

Registered Office: Sharekhan Limited, The Ruby, 18th Floor, 29 Senapati Bapat Marg, Dadar (West), Mumbai-400028, Maharashtra, INDIA, Tel: 022-67502000 / Fax: 022-24327343. Sharekhan Ltd.: SEBI Regn. Nos.: BSE / NSE / MSEI (CASH / F&O / CD) / MCX - Commodity: INZ000171337; DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669; Research Analyst: INH000006183.

Disclaimer: Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com; Investment in securities market are subject to market risks, read all the related documents carefully before investing.