

Lower JLR wholesales to weigh on FY23 financials...

About the stock: Tata Motors (TML) is an auto OEM from the house of Tatas, operating in domestic (PV, CV) as well as global markets (Jaguar Land Rover i.e. JLR).

- JLR is a luxury car brand that includes two prominent names i.e. Jaguar (models like I-pace, etc.) & Land Rover (models like Defender, Evoque, etc)
- FY22 consolidated sales mix– JLR ~67%, India CV ~19%, India PV ~11%

Q2FY23 Results: TML reported muted Q2FY23 results.

- Consolidated total operating income was up 10.7% QoQ at ₹ 79,611 crore
- EBITDA margins were at 11%, up 280 bps QoQ
- Consolidated loss after tax was at ₹ 945 crore
- EBITDA margins in Q2FY23: JLR: 10.3%, Indian CV: 5% & India PV: 5.4%

What should investors do? TML's stock price has been flattish over past five years (~₹ 422 levels in November 2017), underperforming the broader Nifty Auto index.

- We downgrade the stock from BUY to **HOLD** on back of muted volume, EBIT margin and FCF guidance at JLR for FY23E with fundamental levers in place for healthy growth in domestic operations (CV, PV as well as EV space)

Target Price and Valuation: We now value TML at ₹ 465 on SOTP basis (10x, 2.5x FY24E EV/EBITDA on India, JLR; ₹ 158 value to Indian EV business; earlier TP ₹ 530).

Key triggers for future price performance:

- We expect healthy 15.6% revenue CAGR over FY22-24E backed by 17.7% total volume CAGR amid healthy order book at JLR (2.05 lakh units)
- Healthy volumes and profitability at JLR resulting in positive FCF generation and consequent reduction in net automotive debt, which as of H1FY23 were at ~₹ 60,000 crore vs. ~₹ 48,700 crore as of FY22 end
- Dominant position in domestic electric-PV space (market share > 80%) with Nexon EV as its most popular product, launch of most affordable offering i.e. Tiago. JLR also set to embrace the EV trend with Jaguar going all-electric by 2025 and six BEVs to be launched by Land Rover in next five years
- Outpacing peers by emerging as most awarded player in CESL tenders for electric bus vertical domestically

Alternate Stock Idea: Apart from TML, in our OEM coverage we also like M&M.

- Focused on prudent capital allocation, UV differentiation & EV proactiveness
- BUY with target price of ₹ 1,590

Key Financial Summary

Key Financials	FY19	FY20	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Net Sales	3,01,938.4	2,61,068.0	2,49,794.8	2,78,453.6	0.6%	3,19,553.6	3,72,383.7	15.6%
EBITDA	29,794.8	23,914.1	35,782.0	34,022.7	0.6%	32,790.0	47,324.7	17.9%
EBITDA Margins (%)	9.9	9.2	14.3	12.2		10.3	12.7	
Net Profit	(28,724.2)	(11,975.4)	(13,451.3)	(11,441.5)	PL	(8,554.1)	3,137.5	LP
EPS (₹)	(79.8)	(33.3)	(35.1)	(29.9)		(22.3)	8.2	
P/E	(5.2)	(12.5)	(11.8)	(13.9)		(18.6)	50.6	
RoNW (%)	(47.3)	(18.7)	(23.8)	(23.5)		(21.3)	7.2	
RoCE (%)	3.7	1.3	6.3	4.8		4.4	11.9	

Source: Company, ICICI Direct Research

TATA MOTORS Connecting Aspirations

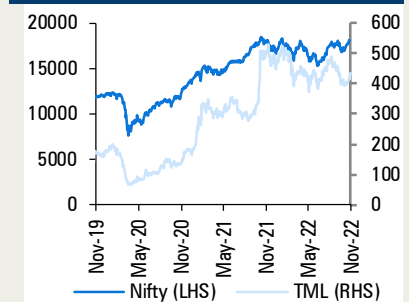
Particulars

Particular	₹ crore
Market Capitalization	1,58,904
Total Debt (FY22)	1,39,677
Cash and Invt (FY22)	63,378
EV	2,35,202
52 week H/L (₹)	537 / 366
Equity capital (₹ crore)	765.9
Face value (₹)	2.0

Shareholding pattern

	Dec-21	Mar-22	Jun-22	Sep-22
Promoter	46.4	46.4	46.4	46.4
FII	14.6	14.5	13.7	14.1
DII	13.6	14.4	15.2	14.8
Other	25.4	24.8	24.7	24.7

Price Chart



Recent event & key risks

- Reports muted performance in Q2FY23. JLR margins at 10.3%
- Key Risk:** (i) Higher than expected uptick in JLR volumes, (ii) Slower than expected margin recovery on JLR front

Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Raghendra Goyal
raghvendra.goyal@icicisecurities.com

Key takeaways of recent quarter & conference call highlights

Q2FY23 Results

- Consolidated total operating income for the quarter came in at ₹ 79,611 crore, up 10.7% QoQ. Reported EBITDA for Q2FY23 was at ₹ 8,718 crore with corresponding EBITDA margins at 11%, up 280 bps QoQ
- JLR wholesales at 89,899 units were up 8.9% QoQ with revenues up 19.4% QoQ at ₹5.3 billion. Margins were at 10.3%. The performance in Q2FY23 was impacted by semi-conductor (chip), which could not be sourced from another supplier

Net revenues for Indian operations (CV+PV) came in at ₹ 28,967 crore amid ~5% sequential rise in total volumes to ~2.4 lakh units

CV business reported EBITDA margins of 5% (down 50 bps QoQ) while the same in PV business was at 5.4%

Q2FY23 Earnings Conference Call highlights

- The company's commentary on demand outlook remained strong despite semiconductor shortages affecting JLR wholesales, inflationary scenario impacting foreign economy, and lockdown in China with order book of 2.05 lakh units for JLR as of Q2FY23 end vs. 2 lakh units as of Q1FY23. TML received 92,000 new orders in Q2FY23
- The management said the muted JLR performance in Q2FY23 was largely tracking shortage of one particular chip sourced from one supplier only. To tackle this the company has now appointed new suppliers and entered into long term agreement for the same to secure CY23 supply
- JLR had 65% electrified powertrain mix in Q2FY23 (BEV & PHEV 11%, 54% MHEV) vs. 66% in Q1FY23
- Refocus programme has achieved ₹300 mn cash and cost improvements for Q2FY23 vs. ₹250 mn in Q1FY23 and remains on track to achieve ₹1 billion+ for FY23
- JLR quarterly cash flow breakeven wholesales levels have reached 70,000 units in Q2FY23 vs. ~80,000 in Q1FY23. Going forward, breakeven is expected at 300,000 units for FY23
- The management remains committed towards achieving >160,000 wholesales (excluding- China JV) for JLR & deliver positive EBIT margin and positive free cash flow in H2FY23 despite muted H1FY23. For full year FY23, however, it has downward revised EBIT margins as well as FCF targets
- In the India CV space, retail market share was at 43.2% in H1FY23 vs. ~43.9% in Q1FY23. Dip was largely attributable to LCV
- CNG penetration in I&LCV was at ~22% for H1FY23 vs. ~40% in FY22. Muted CNG sales is attributable to unprecedented rise in CNG prices
- The management added that BS VI Phase 2 norms have negligible effect on cost compared to first time transition to BS VI
- Margins are expected to improve, going forward, amid a cool off in commodity prices to affect from Q3FY23 onwards

Muted margins in CV & PV space due to residual impact of commodity prices booked during this quarter. Also, in PV business, there was onetime cost booked impacting margins by ~50 bps

The company informed about high fleet rates & higher utilisation resulting in higher fleet profitability to act as trigger for CV growth

TML has grown spares business by 50% in H1FY23 vs. H1FY22

The company has received LoA for 3,600 buses from Delhi, Kolkata & Bangalore as part of CESL tender

Revenue attributable to TML Smart City Mobility Solutions Ltd in Q2FY23 was ₹ 200 crore vs. ₹ 145 crore in Q1FY23

E-dukaan, online spare parts marketplace, continues to grow revenue, 3x in H1FY23 YoY

Powertrain mix for PV was 65% petrol, 17% diesel, 8% EV, 10% CNG. EV market share at ~88% for H1FY23 with total market share at 14.1% for H1FY23

Peer comparison

Exhibit 1: ICICI Direct coverage universe (4-W/CV OEMs)

Company	CMP	TP	Rating	Mcap	Total lakh volumes			EBITDA margin (%)			RoCE (%)			P/E		
	₹	₹		₹ crore	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Tata Motors (TATMOT)	415	465	Hold	1,58,904	10.8	13.3	14.9	12.2	10.3	12.7	4.8	4.4	11.9	(13.9)	(18.6)	50.6
Maruti Suzuki (MARUTI)	9,231	11,200	Buy	2,78,850	16.5	20.0	22.5	6.4	9.0	10.5	5.1	12.5	16.7	74.0	39.3	26.4
Ashok Leyland (ASHLEY)	147	180	Buy	43,028	1.3	1.6	1.9	4.6	5.6	8.0	2.1	7.6	17.7	79.6	86.0	30.8

Source: Company, ICICI Direct Research

(Note – We have compared TML with Maruti Suzuki and Ashok Leyland as proxies for the India PV and India CV businesses, respectively. JLR does not have a comparable player in the Indian listed space).

Exhibit 2: Variance Analysis

	Q2FY23	Q1FY23E	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	Comments
Total Operating Income	79,611	83,571	61,379	29.7	71,935	10.7	Topline came in lower than our estimates tracking miss on volumes on the JLR front
Raw Material Expenses	52,595	55,622	41,091	28.0	48,222	9.1	RM sales came in lower at 66.1% of sales, down 90 bps QoQ
Employee Expenses	7,898	7,886	7,133	10.7	7,786	1.4	
Other expenses	14,542	14,204	10,465	39.0	13,834	5.1	Other expenses came in lower at 18.3% of sales, down 90 bps QoQ
Operating Profit (EBITDA)	8,718	10,037	6,171	41.3	5,872	48.5	
EBITDA Margin (%)	11.0	12.0	10.1	90 bps	8.2	279 bps	EBITDA margins came in at 11% amid savings realised under all costs head but still lower than our estimates due to lower volumes at JLR
Depreciation	5,897	6,460	6,123	-3.7	5,841	1.0	
Interest	2,487	2,382	2,327	6.9	2,421	2.7	Interest costs came in higher than our estimates
Product develop. Exp.	2,522	2,232	2,121	18.9	2,692	-6.3	
Tax	(457)	(31)	1,005	-145.5	1,519	-130.1	
PAT	(945)	852	(4,442)	-78.7	(5,007)	81.1	TML reported loss at PAT level
EPS	(2.5)	2.2	(11.6)	-78.7	(13.1)	NA	
Key Metrics							
JLR sales (mn GBP)	5,260	5,582	3,871	35.9	4,406	19.4	JLR sales came in lower tracking lower volumes partly aided by increase in ASPs due to better product mix
JLR margins (%)	10.3	14.0	7.3	300 bps	6.3	400 bps	
JLR PAT (mn GBP)	(98.0)	171.5	(381.0)	(74.3)	(482.0)	79.7	JLR reported loss at PAT level

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

(\$ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	327,250	319,554	-2.4	363,817.7	372,383.7	2.4	Tweaking volume, ASP estimates leads to tweak in our topline estimates for the company. We expect topline at Tata Motors to grow at a CAGR of 15.6% over FY22-24E
EBITDA	40,253	32,790	-18.5	51,403.1	47,324.7	-7.9	
EBITDA Margin (%)	12.3	10.3	-204 bps	14.1	12.7	-142 bps	Revise downward our margin estimates tracking muted show in H1FY23
PAT	-3,655	-8,554	-134.1	6,859.6	3,137.5	-54.3	
EPS (₹)	-9.5	(22.3)	-134.1	17.9	8.2	-54.3	Earnings stage a decline tracking decline in margin estimates as well as exceptional losses booked in H1FY23

Source: ICICI Direct Research

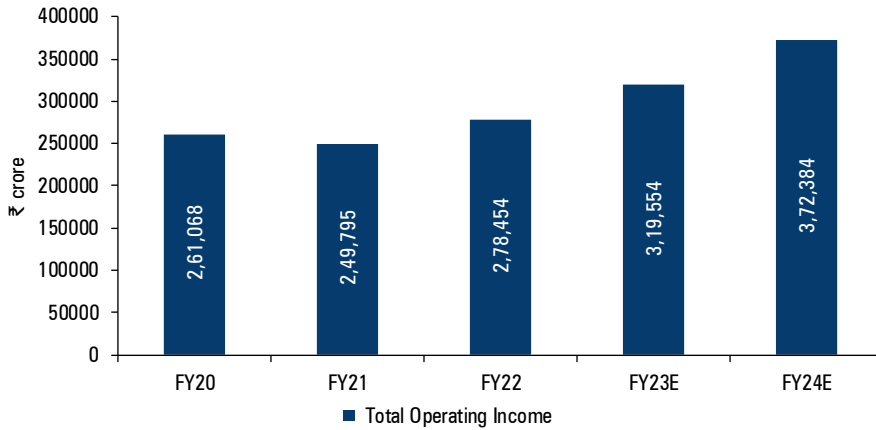
Exhibit 4: Assumptions

Units	Now			Earlier			Comments	
	FY20	FY21	FY22	FY23E	FY24E	FY23E		FY24E
JLR								
Jaguar Sales Volume	144,270	90,440	68,405	65,346	69,389	65,142	65,534	Revise downwards our sales volume estimates at JLR tracking management commentary on gradual improvement in volumes in FY23E. We expect sales volume at JLR to grow at a CAGR of 10% over FY22-24E
Land Rover Sales Volume	381,132	322,471	279,245	299,912	351,877	339,206	379,926	
Total JLR Sales Volun	525,402	412,911	347,650	365,258	421,266	404,348	445,460	
Growth (YoY, %)	-7%	-21%	-16%	5%	15%			
India								
M&HCV	123,172	90,152	134,797	182,741	219,289	179,067	214,880	Revise upwards our sales volume estimates for Indian operations tracking upbeat domestic demand prospects. We expect sales volume at Indian operations to grow at a CAGR of 21% over FY22-24E led by M&HCV and PV segments while LCV to report steady show
LCV	217,339	172,618	222,174	242,808	262,233	258,216	278,873	
PV	132,677	222,591	372,174	534,689	588,815	476,215	523,837	
Total India Sales Volu	473,188	485,361	729,145	960,238	1,070,337	913,498	1,017,590	
Growth (YoY, %)	-35%	3%	50%	32%	11%			

Source: ICICI Direct Research

Financial story in charts

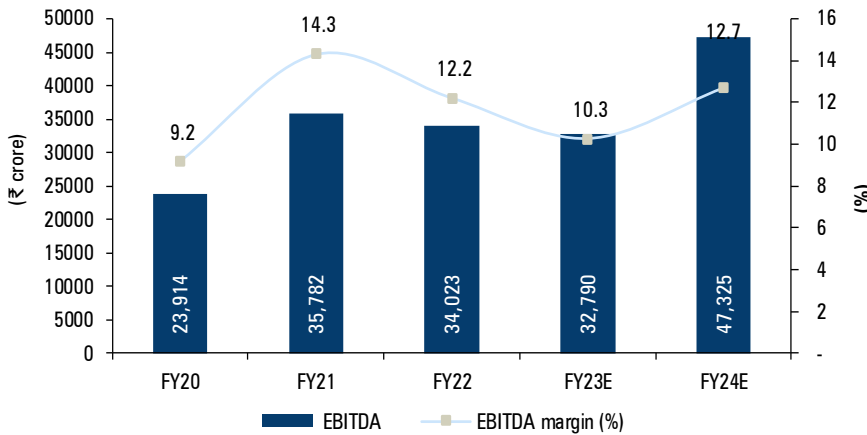
Exhibit 5: Trend in topline



We expect net sales to grow at ~15.6% CAGR over FY22-24E on the back of ~17.7% total volume CAGR

Source: Company, ICICI Direct Research

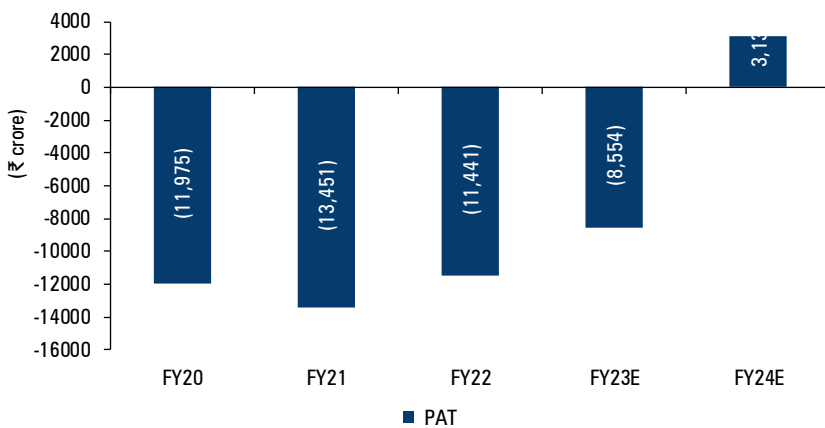
Exhibit 6: Trend in margins



Margins are expected to rise marginally to 12.7% by FY24E on the back of cost controls, lower breakeven levels and higher operating leverage

Source: Company, ICICI Direct Research

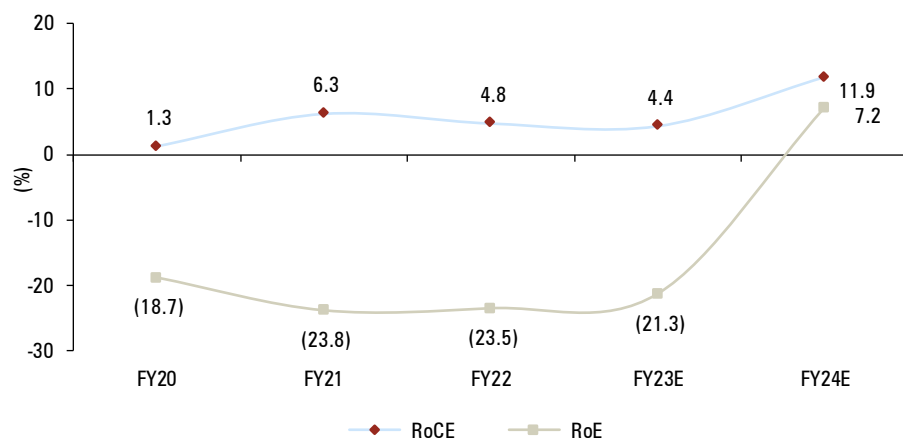
Exhibit 7: Trend in profitability



We expect consolidated PAT of ₹ 3,137 crore in FY24E

Source: Company, ICICI Direct Research

Exhibit 8: Trend in return ratios



Higher margins and lower interest outgo on reduced debt is seen leading to low double digit return ratios (RoCE) starting FY24E

Source: Company, ICICI Direct Research

Exhibit 9: Valuation summary

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY19	3,01,938	2.5	(79.8)	NA	NM	7.5	-47.3	3.7
FY20	2,61,068	-13.5	(33.3)	NA	NM	9.7	-18.7	1.3
FY21	2,49,795	-4.3	(35.1)	NA	NM	6.4	-23.8	6.3
FY22	2,78,454	11.5	(29.9)	NA	NM	6.9	-23.5	4.8
FY23E	3,19,554	14.8	(22.3)	NA	-18.6	7.3	-21.3	4.4
FY24E	3,72,384	16.5	8.2	NA	50.6	4.8	7.2	11.9

Source: Company, ICICI Direct Research

Exhibit 10: SOTP valuation

Particulars	Parameters	FY24E EBITDA (₹ crore)	EV/EBITDA Multiple (x)	Resultant EV (₹ crore)
Tata Motors India business (CV, PV, Ex-Electric-PV)	FY24E EV/EBITDA	9,518	10.0	95,178
JLR	FY24E Adj EV/EBITDA	33,467	2.5	83,668
India EV business (PV)	~11% stake sale @₹7,500	NA	NA	60,682
Other Investments	2x P/B on FY22	3,470	2.0	6,941
Total Enterprise Value (EV)				2,46,468
Net Debt	FY24E			67,600
Resultant Equity Value (target market cap)				1,78,868
Target Price per share (₹/share)				465

Source: ICICI Direct Research

Financial Summary

Exhibit 11: Profit and loss statement					₹ crore
(Year-end March)	FY21	FY22	FY23E	FY24E	
Total operating Income	2,49,795	2,78,454	3,19,554	3,72,384	
Growth (%)	-4.3	11.5	14.8	16.5	
Raw Material Expenses	1,58,291	1,80,886	2,11,260	2,42,558	
Employee Expenses	27,648	30,809	31,813	34,185	
Marketing Expenses	40,922	47,134	59,172	65,073	
Capitalised Expenses	-12,849	-14,397	-15,481	-16,757	
Total Operating Expenditure	2,14,013	2,44,431	2,86,764	3,25,059	
EBITDA	35,782	34,023	32,790	47,325	
Growth (%)	49.6	-4.9	-3.6	44.3	
Product development Exp	5227	9210	10495	11173	
Depreciation	23547	24836	24765	26998	
Interest	8097	9312	9777	9270	
Other Income	2643	3054	3563	3794	
PBT	8,513	2,836	419	14,851	
Minority Interest	56	133	200	218	
Total Tax	2542	4231	394	828	
Reported PAT	(13,451)	(11,441)	(8,554)	3,137	
Growth (%)	NM	LP	-25.2	-136.7	
EPS (₹)	(35.1)	(29.9)	(22.3)	8.2	

Source: Company, ICICI Direct Research

Exhibit 12: Cash flow statement					₹ crore
(Year-end March)	FY21	FY22	FY23E	FY24E	
Profit after Tax	(13,451.3)	(11,441.5)	(8,554.1)	3,137.5	
Add: Depreciation	23,547	24,836	24,765	26,998	
(Inc)/dec in Current Assets	-5,811	-2,733	-3,162	-11,393	
Inc/(dec) in CL and Provisions	9,999	-6,188	8,837	17,692	
Others	21,444	9,312	9,777	9,270	
CF from operating activities	35,726	13,785	31,664	45,704	
(Inc)/dec in Investments	-8,312	-4,759	2,250	2,250	
(Inc)/dec in Fixed Assets	-33,809	-14,267	-28,000	-25,000	
Others	4,317	1,026	1,572	2,306	
CF from investing activities	(37,803)	(18,000)	(24,178)	(20,444)	
Issue/(Buy back) of Equity	46	0	0	0	
Inc/(dec) in loan funds	17,094	3,772	0	-14,500	
Dividend paid & dividend tax	0	0	0	0	
Inc/(dec) in Sec. premium	3,424	0	0	0	
Others (incl finance costs)	-5,422	-5,680	-9,777	-9,270	
CF from financing activities	15,142	(1,908)	(9,777)	(23,770)	
Net Cash flow	13,065	-6,123	-2,292	1,490	
Opening Cash	33,727	46,792	40,669	38,378	
Closing Cash	46,792	40,669	38,378	39,868	

Source: Company, ICICI Direct Research

Exhibit 13: Balance Sheet					₹ crore
(Year-end March)	FY21	FY22	FY23E	FY24E	
Liabilities					
Equity Capital	766	766	766	766	
Reserve and Surplus	54,247	43,739	35,185	38,322	
Others	1,574	4,271	4,271	4,271	
Total Shareholders funds	56,586	48,776	40,222	43,359	
Total Debt	1,35,905	1,39,677	1,39,677	1,25,177	
Deferred Tax Liability	1,556	1,558	1,788	2,084	
Long term provisions	13,607	12,956	14,868	17,326	
Minority Interest / Others	21,095	19,641	22,540	26,266	
Total Liabilities	2,28,748	2,22,608	2,19,095	2,14,213	
Assets					
Gross Block	3,46,703	3,71,683	4,02,183	4,29,683	
Less: Acc Depreciation	2,08,799	2,33,635	2,58,400	2,85,398	
Net Block	1,37,904	1,38,048	1,43,783	1,44,285	
Capital WIP	20,964	10,251	7,751	5,251	
Total Fixed Assets	1,58,868	1,48,299	1,51,534	1,49,536	
Investments	24,620	29,380	27,130	24,880	
Inventory	36,089	35,240	39,397	45,910	
Debtors	12,679	12,442	13,132	15,303	
Loans and Advances	1,611	1,672	1,919	2,236	
Cash	46,792	40,669	38,378	39,868	
Total Current Assets	1,27,602	1,24,212	1,25,082	1,37,966	
Creditors	68,180	59,970	65,662	76,517	
Provisions	12,848	10,766	11,460	13,354	
Total Current Liabilities	1,14,143	1,07,955	1,16,792	1,34,484	
Net Current Assets	13,459	16,257	8,290	3,481	
Deferred Tax Asset	4,520	3,871	4,442	5,177	
Application of Funds	2,28,748	2,22,608	2,19,095	2,14,213	

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
EPS	-35.1	-29.9	-22.3	8.2
Cash EPS	26.4	35.0	42.3	78.7
BV	147.8	127.4	105.0	113.2
DPS	0.0	0.0	0.0	0.0
Cash Per Share	172.0	165.5	153.0	150.4
Operating Ratios				
EBITDA Margin (%)	14.3	12.2	10.3	12.7
PBT / Net sales (%)	4.9	3.3	2.5	5.5
PAT Margin (%)	-5.4	-4.1	-7.0	-1.2
Inventory days	52.7	46.2	45.0	45.0
Debtor days	18.5	16.3	15.0	15.0
Creditor days	99.6	78.6	75.0	75.0
Return Ratios (%)				
RoE	-23.8	-23.5	-21.3	7.2
RoCE	6.3	4.8	4.4	11.9
RoIC	11.4	7.9	7.0	18.9
Valuation Ratios (x)				
P/E (adjusted)	NM	NM	82.7	13.5
EV / EBITDA	6.4	6.9	7.3	4.8
EV / Net Sales	0.9	0.8	0.8	0.6
Market Cap / Sales	0.6	0.6	0.5	0.4
Price to Book Value	2.8	3.3	4.0	3.7
Solvency Ratios				
Debt/EBITDA	3.8	4.1	4.3	2.6
Debt / Equity	2.4	2.9	3.5	2.9
Current Ratio	0.6	0.6	0.6	0.6
Quick Ratio	0.3	0.3	0.3	0.3

Source: Company, ICICI Direct Research

Exhibit 15: ICICI Direct coverage universe (Auto & Auto Ancillary)

Sector / Company	CMP	TP	Rating	M Cap	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	(₹)		(₹ Cr)	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Apollo Tyre (APOTYR)	295	335	Buy	18,734	10.1	16.5	25.0	29.3	17.8	11.8	9.1	7.0	5.3	6.3	9.4	13.0	5.4	8.4	11.7
Ashok Leyland (ASHLEY)	147	180	Buy	43,028	1.8	1.7	4.8	79.6	86.0	30.8	44.4	27.1	15.3	2.1	7.6	17.7	0.2	6.5	17.1
Bajaj Auto (BAAUTO)	3,775	3,910	Hold	1,09,237	173.4	200.2	232.2	21.8	18.9	16.3	16.7	13.8	11.8	18.4	24.7	28.0	17.6	22.6	25.4
Balkrishna Ind. (BALIND)	1,930	2,550	Buy	37,310	73.0	65.3	98.3	26.4	29.6	19.6	19.8	20.6	13.6	15.9	13.1	19.7	20.4	16.0	20.4
Bharat Forge (BHAFOR)	880	900	Buy	40,970	23.1	19.8	28.3	38.0	44.5	31.1	21.9	21.3	16.7	9.6	9.2	12.2	15.2	12.7	16.1
Eicher Motors (EICMOT)	3,727	4,170	Buy	1,01,859	61.3	101.8	122.0	60.8	36.6	30.5	43.0	26.1	21.9	13.3	20.4	20.9	13.3	19.3	20.1
Escorts Kubota (ESCORT)	1,990	2,330	Buy	26,256	58.0	47.8	72.5	34.3	41.7	27.4	22.5	25.8	18.5	10.4	7.8	10.0	9.7	8.4	10.4
Hero Moto (HERHON)	2,644	2,910	Hold	52,801	123.8	138.0	178.2	21.4	19.2	14.8	13.2	11.2	8.8	16.3	19.4	23.9	15.7	16.8	20.6
M&M (MAHMAH)	1,340	1,590	Buy	1,66,589	41.4	48.7	60.6	32.4	27.5	22.1	22.9	18.4	14.5	9.3	11.4	13.9	13.1	13.5	14.9
Maruti Suzuki (MARUTI)	9,231	11,200	Buy	2,78,850	124.7	234.9	350.2	74.0	39.3	26.4	41.6	22.4	15.8	5.1	12.5	16.7	7.0	12.0	16.0
Uno Minda (MININD)	556	650	Buy	31,789	6.2	10.0	13.6	89.3	55.5	40.9	36.5	28.1	22.4	10.2	13.4	16.9	10.3	14.5	16.7
Tata Motors (TATMOT)	415	465	Hold	1,58,904	-29.9	-22.3	8.2	-13.9	-18.6	50.6	6.9	7.3	4.8	4.8	4.4	11.9	-23.5	-21.3	7.2

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Shashank Kanodia, CFA, MBA (Capital Markets), and Raghvendra Goyal, CA, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

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

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

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

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

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 ICICI Securities 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.