

# Tata Motors

**BSE SENSEX**

35,536

**S&P CNX**

10,807

**CMP: INR331 TP: INR565 (+71%)**
**Buy**

## TATA MOTORS

### Stock Info

Bloomberg	TTMT IN
Equity Shares (m)	3,395.9
52-Week Range (INR)	487 / 325
1, 6, 12 Rel. Per (%)	-11/-28/-40
M.Cap. (INR b)	1123.4
M.Cap. (USD b)	16.7
Avg Val, INRm	3644.0
Free float (%)	63.6

### Financials Snapshot (INR b)

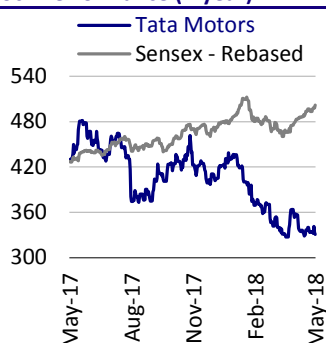
Y/E March	2018E	2019E	2020E
Net Sales	2,910	3,335	3,665
EBITDA	361.1	523.8	587.9
NP	84.2	193.6	223.2
Adj. EPS (INR)	24.8	57.0	65.7
EPS Gr. (%)	25.2	129.8	15.3
BV/Sh. (INR)	205.8	264.0	331.0
RoE (%)	13.2	24.3	22.1
RoCE (%)	7.5	12.8	12.6
P/E (x)	13.3	5.8	5.0
P/BV (x)	1.6	1.3	1.0

### Shareholding pattern (%)

As On	Mar-18	Dec-17	Mar-17
Promoter	36.4	36.4	34.7
DII	17.7	17.1	15.5
FII	20.3	21.4	23.2
Others	25.7	25.1	26.6

FII Includes depository receipts

### Stock Performance (1-year)



## JLR's April 2018 wholesales in-line at 45.3k units

### Land Rover volumes up 3.7% YoY; Jaguar volumes grow 18% YoY

- JLR's wholesale volumes grew 8% YoY (declined 40.6% MoM) to 45.3k units (including China JV's 7.7k units) in April 2018.
- Jaguar volumes grew 18% YoY to 14.9k units, beating our estimate of 13k units. Land Rover volumes were 30.4k units, lower than our estimate of 32k units.
- JLR's retail volumes grew 11.9% YoY (declined 46% MoM) to 45.2k units, as Jaguar retails grew 8% YoY (declined 45.3% MoM) to 13.3k units while LR retails increased 13.6% YoY (declined 46.3% MoM) to 31.2k units.
- The growth in Jaguar volumes was led by E-pace (3.1k units). Volumes of other models like XF, F-Pace, XE declined YoY by 1.9%, 23.4% and 7%, respectively.
- LR's retail volumes increased 13.6% YoY to 31.9k, led by Discovery (+66.7% YoY), RR Sport (+4% YoY) and Velar (4.8k units).
- Region-wise, China volumes grew 28.9% YoY to 12.9k units. The growth in China is reflecting the introduction of the long wheelbase Jaguar XFL and XEL. Retails in the UK and US markets grew YoY by 25.9% and 2.5%, respectively. Retails in Europe markets declined 10.2%.
- Mr Felix Brautigam, Jaguar Land Rover Chief Commercial Officer said, **"Retail sales in April reflect strong interest in our new models. Jaguar sales have been further boosted by the introduction of the exciting E-PACE compact SUV. There is also high demand for the new Jaguar I-PACE, the first all-electric performance SUV."**
- He also said, **"It's pleasing to see a marked improvement in the UK. This is mainly due to two all-new models now being on the market but also an artificially low April 2017 caused by taxation changes. The legislative uncertainty around diesel and the resulting lower demand in the UK and Europe continue to have a negative impact on our business."**
- The stock trades at 5.8/5x FY19E/20E consolidated EPS. Maintain **Buy** with a target price of INR565 (March 2020E SOTP-based).

**Jinesh Gandhi - Research analyst** (Jinesh@MotilalOswal.com); +91 22 6129 1524

**Research analyst: Deep Shah** (Deep.S@MotilalOswal.com); +91 22 61291533/ **Suneeta Kamath** (Suneeta.Kamath@MotilalOswal.com); +91 22 61291534

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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**TATA MOTORS: JLR [Wholesales]**

Company Sales	YoY			MoM					FY19 estimate	Gr. (%)	Residual Monthly Run rate	FY19 YTD Monthly Run rate
	Apr-18	Apr-17	YoY (%) chg	Mar-18	MoM (%) chg	FY19 YTD	FY18 YTD (%) chg					
<b>JLR</b>	<b>45,284</b>	<b>41,923</b>	<b>8.0</b>	<b>76,221</b>	<b>-40.6</b>	<b>45,284</b>	<b>41,923</b>	<b>8.0</b>	<b>697,060</b>	<b>16.0</b>	<b>59,252</b>	<b>45,284</b>
Jaguar	14,874	12,608	18.0	21,048	-29.3	14,874	12,608	18.0	214,774	20.2	18,173	14,874
Land rover	30,410	29,315	3.7	55,173	-44.9	30,410	29,315	3.7	482,287	14.3	41,080	30,410

**TATA MOTORS : JLR [Retails]**

Company Sales	YoY			MoM		FY19 YTD	FY18 YTD	FY18 YTD (%) chg
	Apr-18	Apr-17	YoY (%) chg	Mar-18	MoM (%) chg			
<b>JLR</b>	<b>45,180</b>	<b>40,385</b>	<b>11.9</b>	<b>83,732</b>	<b>-46.0</b>	<b>45,180</b>	<b>40,385</b>	<b>11.9</b>
Jaguar	13,289	12,310	8.0	24,300	-45.3	13,289	12,310	8.0
Land rover	31,891	28,075	13.6	59,432	-46.3	31,891	28,075	13.6

**Region-wise Retail Sales**

Region	Apr-18	Apr-17	YoY %	Mar-18	MoM %	FY19 YTD	FY18 YTD	YoY %
UK	7,490	5,950	25.9	23,503	-68.1	7,490	5,950	25.9
US	9,574	9,344	2.5	16,474	-41.9	9,574	9,344	2.5
Europe	8,796	9,797	-10.2	17,234	-49.0	8,796	9,797	-10.2
China	12,970	10,059	28.9	13,596	-4.6	12,970	10,059	28.9
RoW	6,350	5,235	21.3	12,925	-50.9	6,350	5,235	21.3
<b>Total JLR</b>	<b>45,180</b>	<b>40,385</b>	<b>11.9</b>	<b>83,732</b>	<b>-46.0</b>	<b>45,180</b>	<b>40,385</b>	<b>11.9</b>

**Brand-wise Retail Sales**

Brands	Apr-18	Apr-17	YoY %	Mar-18	MoM %	FY19 YTD	FY18 YTD	YoY %
XF	2,846	2,901	-1.9	4,423	-35.7	2,846	2,901	-1.9
XJ	413	867	-52.4	788	-47.6	413	867	-52.4
F-Pace	3,958	5,169	-23.4	8,693	-54.5	3,958	5,169	-23.4
E-Pace	3,119	0		5,117	-39.0	3,119	0	
XE	2,294	2,466	-7.0	4,076	-43.7	2,294	2,466	-7.0
Others (incl. F-type)	659	907	-27.3	1,203	-45.2	659	907	-27.3
<b>Total Jaguar</b>	<b>13,289</b>	<b>12,310</b>	<b>8.0</b>	<b>24,300</b>	<b>-45.3</b>	<b>13,289</b>	<b>12,310</b>	<b>8.0</b>
Defender	0	0		0		0	0	
Discovery	3,503	2,101	66.7	5,423	-35.4	3,503	2,101	66.7
Freelander/Dis. Sport	7,416	8,139	-8.9	14,671	-49.5	7,416	8,139	-8.9
Range Rover (incl. new)	4,382	4,486	-2.3	7,010	-37.5	4,382	4,486	-2.3
RR Evoque	5,127	7,030	-27.1	12,259	-58.2	5,127	7,030	-27.1
RR Sport (incl. new model)	6,573	6,319	4.0	11,106	-40.8	6,573	6,319	4.0
RR Velar	4,890	0		8,963	-45.4	4,890	0	
<b>Total Land Rover</b>	<b>31,891</b>	<b>28,075</b>	<b>13.6</b>	<b>59,432</b>	<b>-46.3</b>	<b>31,891</b>	<b>28,075</b>	<b>13.6</b>

## Financials and valuations

Income Statement (Consolidated)								(INR M)
Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
<b>Total Income</b>	<b>1,888,176</b>	<b>2,328,337</b>	<b>2,631,590</b>	<b>2,730,456</b>	<b>2,696,925</b>	<b>2,909,810</b>	<b>3,335,498</b>	<b>3,664,839</b>
Change (%)	14.0	23.3	13.0	3.8	-1.2	7.9	14.6	9.9
Expenditure	1,622,487	1,954,308	2,210,452	2,312,693	2,327,802	2,548,740	2,811,714	3,076,973
<b>EBITDA</b>	<b>265,689</b>	<b>374,029</b>	<b>421,138</b>	<b>417,763</b>	<b>369,124</b>	<b>361,070</b>	<b>523,784</b>	<b>587,867</b>
% of Net Sales	14.1	16.1	16.0	15.3	13.7	12.4	15.7	16.0
Depreciation	75,693	110,782	133,886	167,108	179,050	213,042	249,207	293,408
<b>EBIT</b>	<b>189,996</b>	<b>263,248</b>	<b>287,252</b>	<b>250,655</b>	<b>190,074</b>	<b>148,029</b>	<b>274,578</b>	<b>294,458</b>
Product Dev. Exp.	20,216	25,652	28,752	34,688	34,136	34,452	33,768	33,230
Interest	35,533	47,338	48,615	48,891	42,380	47,532	48,210	49,131
Other Income	8,115	8,286	8,987	8,854	7,545	7,053	7,553	7,987
EO Exp/(Inc)	876	2,777	930	18,504	-11,146	-44,449	0	0
Forex Gain/(Loss)	-5,151	-7,077	-917	-16,169	-39,101	22,597	-22,249	-22,694
<b>PBT</b>	<b>136,335</b>	<b>188,690</b>	<b>217,026</b>	<b>141,258</b>	<b>93,148</b>	<b>140,144</b>	<b>177,904</b>	<b>197,390</b>
Tax	37,710	47,648	76,429	30,251	32,512	46,297	54,479	55,346
Effective Rate (%)	27.7	25.3	35.2	21.4	34.9	33.0	30.6	28.0
<b>Reported PAT</b>	<b>98,625</b>	<b>141,042</b>	<b>140,597</b>	<b>111,007</b>	<b>60,636</b>	<b>93,847</b>	<b>123,425</b>	<b>142,045</b>
Change (%)	-27.3	43.0	-0.3	-21.0	-45.4	54.8	31.5	15.1
% of Net Sales	5.2	6.1	5.3	4.1	2.2	3.2	3.7	3.9
Minority Interest	-837	-595	-868	-989	-1,022	-1,087	-1,208	-1,326
Share of profit of associate	1,138	-537	134	5,775	14,930	21,239	26,841	37,112
<b>Net Profit</b>	<b>98,926</b>	<b>139,910</b>	<b>139,863</b>	<b>115,793</b>	<b>74,544</b>	<b>113,999</b>	<b>149,058</b>	<b>177,830</b>
<b>Adj. PAT</b>	<b>99,560</b>	<b>141,986</b>	<b>140,465</b>	<b>130,334</b>	<b>67,288</b>	<b>84,234</b>	<b>193,556</b>	<b>223,218</b>
Change (%)	-16.3	42.6	-1.1	-7.2	-48.4	25.2	129.8	15.3

### Balance Sheet (Cons.)

Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
Share Capital	6,381	6,438	6,438	6,792	6,792	6,792	6,792	6,792
Reserves	369,992	649,597	556,181	782,732	573,827	692,066	889,862	1,117,319
<b>Net Worth</b>	<b>376,373</b>	<b>656,035</b>	<b>562,619</b>	<b>789,524</b>	<b>580,619</b>	<b>698,858</b>	<b>896,654</b>	<b>1,124,111</b>
Loans	557,223	549,545	692,115	619,612	744,891	726,807	708,724	690,640
Deferred Tax	-24,094	-7,748	-13,900	44,748	11,740	11,740	11,740	11,740
<b>Capital Employed</b>	<b>913,206</b>	<b>1,202,038</b>	<b>1,245,167</b>	<b>1,458,212</b>	<b>1,341,781</b>	<b>1,443,024</b>	<b>1,623,944</b>	<b>1,834,644</b>
Gross Fixed Assets	1,205,654	1,329,282	1,582,066	1,976,068	2,043,106	2,479,797	2,864,742	3,258,764
Less: Depreciation	570,818	688,154	744,241	911,348	1,090,398	1,303,440	1,552,646	1,846,055
<b>Net Fixed Assets</b>	<b>634,836</b>	<b>641,128</b>	<b>837,825</b>	<b>1,064,720</b>	<b>952,708</b>	<b>1,176,357</b>	<b>1,312,095</b>	<b>1,412,709</b>
Capital WIP	60,000	332,626	286,401	259,189	336,988	250,000	250,000	250,000
Goodwill	41,024	49,788	46,970	7,598	6,733	6,733	6,733	6,733
Investments	90,577	106,867	153,367	237,670	203,379	224,618	251,459	288,572
<b>Curr.Assets</b>	<b>829,538</b>	<b>1,046,103</b>	<b>1,034,685</b>	<b>1,102,234</b>	<b>1,237,735</b>	<b>1,176,444</b>	<b>1,265,792</b>	<b>1,432,932</b>
Inventory	209,690	272,709	292,723	326,557	350,853	378,674	434,072	476,931
Sundry Debtors	109,427	105,742	125,792	135,709	140,756	159,442	182,767	200,813
Cash & Bank Bal.	211,127	297,118	321,158	304,604	360,779	227,981	213,606	294,840
Loans & Advances	280,739	273,241	256,948	254,033	291,474	306,474	321,474	336,474
<b>Current Liab. &amp; Prov.</b>	<b>742,769</b>	<b>974,474</b>	<b>1,114,081</b>	<b>1,213,200</b>	<b>1,395,762</b>	<b>1,391,128</b>	<b>1,462,136</b>	<b>1,556,302</b>
Sundry Creditors	447,801	573,157	574,073	615,618	625,326	653,711	731,068	803,252
Other Liabilities	134,250	199,707	328,305	460,226	622,314	577,976	548,301	552,236
<b>Net Current Assets</b>	<b>86,769</b>	<b>71,629</b>	<b>-79,396</b>	<b>-110,965</b>	<b>-158,027</b>	<b>-214,684</b>	<b>-196,344</b>	<b>-123,370</b>
<b>Appl. of Funds</b>	<b>913,206</b>	<b>1,202,038</b>	<b>1,245,167</b>	<b>1,458,212</b>	<b>1,341,782</b>	<b>1,443,024</b>	<b>1,623,944</b>	<b>1,834,644</b>

E: MOSL Estimates

## Financials and valuations

### Ratios (Con.)

Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
<b>Basic (INR)</b>								
EPS	31.2	44.1	43.6	38.4	19.8	24.8	57.0	65.7
EPS Fully Diluted	31.2	44.1	43.6	38.4	19.8	24.8	57.0	65.7
Normalized EPS ^	11.4	17.8	14.4	7.2	-10.6	-9.2	17.6	16.6
EPS Growth (%)	-16.8	41.3	-1.1	-12.0	-48.4	25.2	129.8	15.3
Cash EPS	54.9	78.5	85.2	87.6	72.5	87.5	130.4	152.1
Book Value (Rs/Share)	118.0	203.8	174.8	232.5	171.0	205.8	264.0	331.0
DPS	2.0	2.0	0.0	0.0	0.0	0.3	0.3	0.3
Payout (Incl. Div. Tax) %	6.5	4.6	0.0	0.0	0.0	1.3	0.6	0.5
<b>Valuation (x)</b>								
Consolidated P/E				8.6	16.7	13.3	5.8	5.0
Normalized P/E				46.2	-31.2	-36.0	18.8	19.9
EV/EBITDA				2.9	3.5	3.9	2.6	2.1
EV/Sales				0.4	0.5	0.5	0.4	0.3
Price to Book Value				1.4	1.9	1.6	1.3	1.0
Dividend Yield (%)				0.0	0.0	0.1	0.1	0.1
<b>Profitability Ratios (%)</b>								
RoE	28.3	27.5	23.1	19.3	9.8	13.2	24.3	22.1
RoCE	17.0	19.2	15.7	15.1	9.2	7.5	12.8	12.6
RoIC	30.6	38.7	39.2	34.5	22.6	16.8	23.1	22.2
<b>Turnover Ratios</b>								
Debtors (Days)	21	17	17	18	19	20	20	20
Inventory (Days)	41	43	41	44	47	48	48	48
Creditors (Days)	87	90	80	82	85	82	80	80
Asset Turnover (x)	2.1	1.9	2.1	1.9	2.0	2.0	2.1	2.0
<b>Leverage Ratio</b>								
Debt/Equity (x)	1.5	0.8	1.2	0.8	1.3	1.0	0.8	0.6

### Cash Flow Statement

Y/E March	2013	2014	2015	2016	2017	2018E	2019E	2020E
OP/(Loss) before Tax	98,926	139,910	139,863	110,238	74,544	113,999	193,556	223,218
Int/Div. Received	8,062	6,933	7,777	8,258	7,545	7,053	7,553	7,987
Depreciation	75,648	110,736	133,864	170,142	179,050	213,042	249,207	293,408
Direct Taxes Paid	-22,231	-43,083	-41,940	-19,939	-65,520	-46,297	-54,479	-55,346
(Inc)/Dec in WC	-680	57,744	-36,718	25,515	103,236	-76,140	-32,715	8,260
Other Items	64,617	88,983	136,570	96,855	1,068	1,087	1,208	1,326
<b>CF from Op Activity</b>	<b>224,343</b>	<b>361,223</b>	<b>339,415</b>	<b>391,069</b>	<b>299,923</b>	<b>212,743</b>	<b>364,329</b>	<b>478,853</b>
Extra-ordinary Items	4,342	7,221	20,191	8,857	11,146	44,449	0	0
<b>CF after EO Items</b>	<b>228,684</b>	<b>368,444</b>	<b>359,606</b>	<b>399,925</b>	<b>311,069</b>	<b>257,192</b>	<b>364,329</b>	<b>478,853</b>
(Inc)/Dec in FA+CWIP	-187,203	-269,252	-315,396	-326,232	-144,837	-349,703	-384,945	-394,022
(Pur)/Sale of Invest.	-54,984	-36,611	-37,570	-68,134	34,291	-21,239	-26,841	-37,112
<b>CF from Inv Activity</b>	<b>-242,188</b>	<b>-305,863</b>	<b>-352,966</b>	<b>-394,366</b>	<b>-110,546</b>	<b>-370,941</b>	<b>-411,786</b>	<b>-431,134</b>
Issue of Shares	7	1	0	74,332	-283,449	5,344	5,344	5,344
Inc/(Dec) in Debt	45,082	30,092	122,288	-47,483	125,280	-18,084	-18,084	-18,084
Interest Paid	-46,560	-61,706	-63,070	-57,039	-42,380	-47,532	-48,210	-49,131
Dividends Paid	-15,087	-7,220	-7,204	-1,739	0	-1,104	-1,104	-1,104
<b>CF from Fin Activity</b>	<b>-16,558</b>	<b>-38,832</b>	<b>52,014</b>	<b>-31,930</b>	<b>-200,550</b>	<b>-61,375</b>	<b>-62,053</b>	<b>-62,975</b>
<b>Inc/(Dec) in Cash</b>	<b>-30,061</b>	<b>23,749</b>	<b>58,655</b>	<b>-26,371</b>	<b>-27</b>	<b>-175,125</b>	<b>-109,511</b>	<b>-15,256</b>
Add: Beginning Bal.	153,550	142,531	152,629	219,875	360,779	227,981	213,606	294,840
<b>Closing Balance</b>	<b>123,488</b>	<b>166,280</b>	<b>211,283</b>	<b>193,505</b>	<b>360,752</b>	<b>52,856</b>	<b>104,095</b>	<b>279,584</b>

E: MOSL Estimates

NOTES

Explanation of Investment Rating

**Investment Rating**

BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst becomes inconsistent with the investment rating legend, the Research Analyst shall within 28 days of the inconsistency, take appropriate measures to make the recommendation consistent with the investment rating legend.

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