

Tata Motors

BSE SENSEX	S&P CNX
40,794	12,056
Bloomberg	TTMT IN
Equity Shares (m)	3,397
M.Cap.(INRb)/(USDb)	502.6 / 7
52-Week Range (INR)	239 / 106
1, 6, 12 Rel. Per (%)	-8/-9/-22
12M Avg Val (INR M)	4927
Free float (%)	61.6

Financials & Valuations (INR b)

Y/E Mar	2019	2020E	2021E
Net Sales	3,019	2,851	3,114
EBITDA	297.9	336.5	396.9
PAT	-14.8	-1.2	42.0
EPS (INR)	-4.4	-0.3	11.7
Gr. (%)	NA	NA	LTP
BV/Sh (INR)	177.2	177.6	189.0
RoE (%)	-1.9	-0.2	6.4
RoCE (%)	5.2	5.1	8.3
P/E (x)	NA	NA	13.8
P/BV (x)	0.7	0.9	0.9
EV/EBITDA (x)	2.9	3.3	2.9

CMP: INR161 TP: INR195(+21%) Buy

JLR – turnaround in sight led by better mix, cost cuts

India business worst is behind

■ JLR – performance over last two years impacted by adverse macro/mix...

JLR has endured a turbulent operating environment over the last two years, led by a troika of adverse macro, product mix (due to pipeline favoring Jaguar) and market mix (due to the underperformance in China led by product quality issues, high inventory, high discounts and low dealer profitability).

■ ...but part of those challenges being addressed...: Some of the

aforementioned challenges, particularly on product/market mix, are likely to ease based on product pipeline visibility and initiatives undertaken by JLR in China. JLR's product pipeline is dominated by LR, with four of the five new product launches over the next 2-3 years coming from the LR brand. LR's contribution is already improving since 2QFY20. In China, JLR has been focused on (a) reducing inventory (now at lowest levels since 2017), (b) improving dealer profitability and (c) brand-led pull strategy. JLR has been outperforming its peers in China since Jul'19.

■ ...and firm focus on controlling cost/capex will lead to steady recovery:

JLR's cost-cutting initiatives under 'Project Charge' have started reflecting in P&L, with GBP0.5b of the targeted GBP1b of cost savings achieved till Sep'19 and the balance GBP0.5b on track to be achieved in 2HFY20. On the investment side, it has cut capex and working capital by GBP1.7b (v/s target of GBP1.5b) till Sep'19. More importantly, 'Project Accelerate' would focus on driving longer-term structural improvements in costs, sales, time to market, and quality.

■ India business – bottoming out but recovery to be gradual:

Over the last 4-5 months, TTMT's CV business has aggressively cut systemic inventory by ~29k. Systemic inventory is now the lowest in the last six quarters and dealer inventory is at ~35 days. This sharp reduction in volumes/production resulted in high pressure on profitability. Despite stable gross margins in 1HFY20 (v/s FY19), EBITDA/EBIT margin shrank by 530bp/800bp YoY in 1HFY20 due to operating deleverage. We do believe that the worst of the CV cycle is behind (barring any disruption during BS6 transition), but a sustained recovery in volumes would be gradual.

■ Valuation and view: Over the last three years, JLR has suffered from an adverse product/market mix and higher capex, resulting in negative FCFF over FY18-20. JLR has been focused on cutting capex/cost, benefits of which have started to reflect now. Finally, the mix is normalizing with a recovery in LR and China. On the other hand, India business appears to have bottomed out in 2QFY20, although a full-blown recovery may be a few quarters away. Hence, we had recently upgraded the stock to Buy as it offers a favorable risk-reward. Our target price stands at ~INR195.

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

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

JLR – performance over last two years impacted by weak macro/mix...

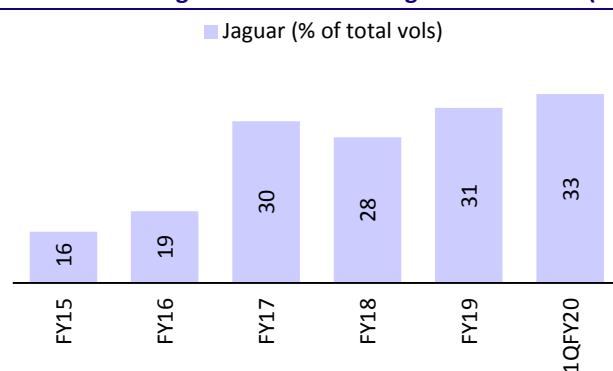
- JLR has endured a turbulent operating environment over the last two years, led by a troika of adverse macro, product mix and market mix.
- Over the last two years, the automotive industry has been adversely impacted by (a) anti-diesel trend in the EU and UK, (b) trade-war related noise, (c) the WLTP and Brexit impact in EU and the UK, (d) China slowdown and (e) price deterioration in China.
- This was aggravated by JLR’s product pipeline being tilted toward Jaguar (five new products in Jaguar v/s two in LR over FY16-19), resulting in an adverse product mix and higher variable marketing expenses.
- Further, China market moderation in FY19 also coincided with JLR’s severe underperformance due to product quality issues, high inventory, high discounts and low dealer profitability.
- The aforementioned issues translated into lower volumes (-11% in FY19 and -3% CAGR over FY17-19), higher variable marketing spend (+300bp in 1QFY20 over FY18 average) and higher warranty cost. The gross margin shrank by ~280bp and EBIT margin by ~670bp over FY17-19.

Exhibit 1: JLR product pipeline skewed toward Jaguar...

Models	Launch schedule
Jaguar XE	May-15
Jaguar XF	Sep-15
Jaguar F-Pace	Apr-16
LR Discovery	Mar-17
RR Velar	Jul-17
Jaguar E-Pace	Jan-18
Jaguar I-Pace	Sep-18

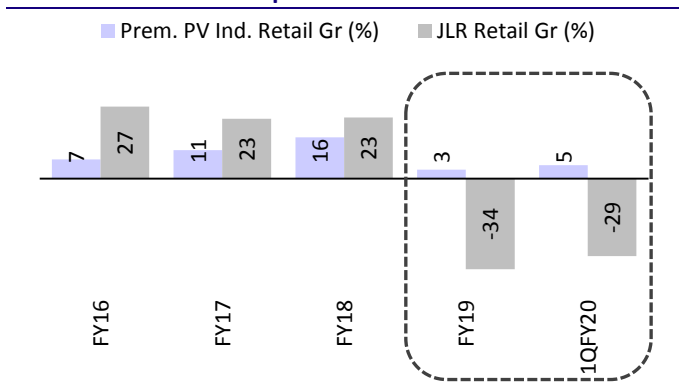
Source: Company, MOFSL

Exhibit 2: ...driving a rise in share of Jaguar in volumes (%)



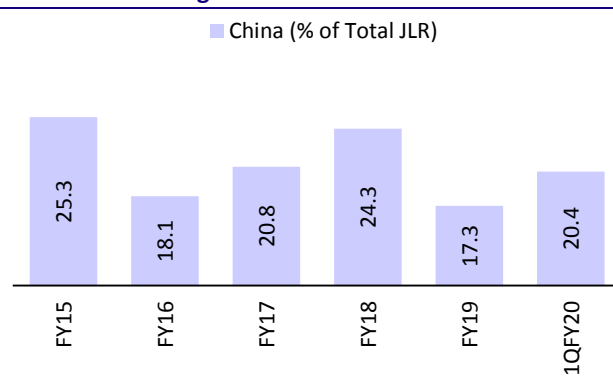
Source: Company, MOFSL

Exhibit 3: JLR has underperformed in China since FY19...

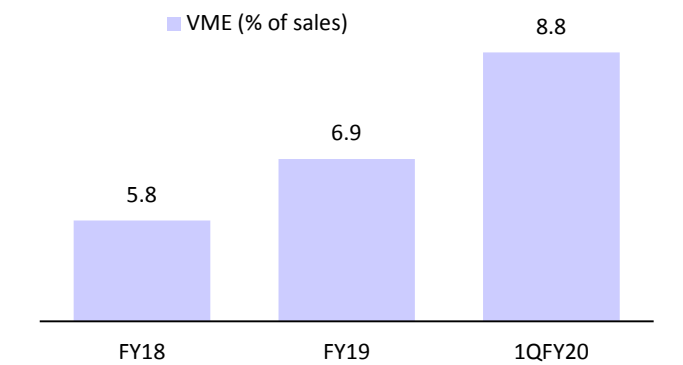


Source: Company, MOFSL

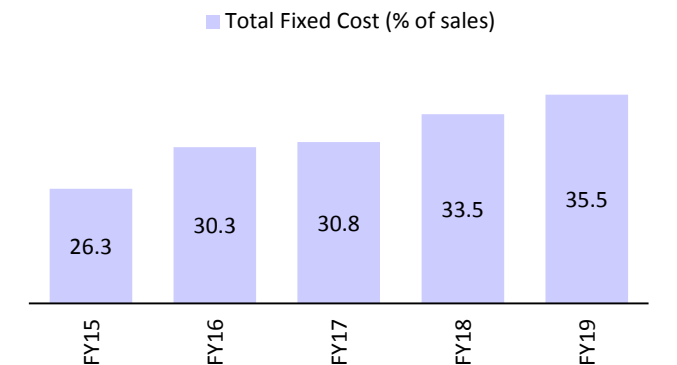
Exhibit 4: ...resulting in lower contribution from China



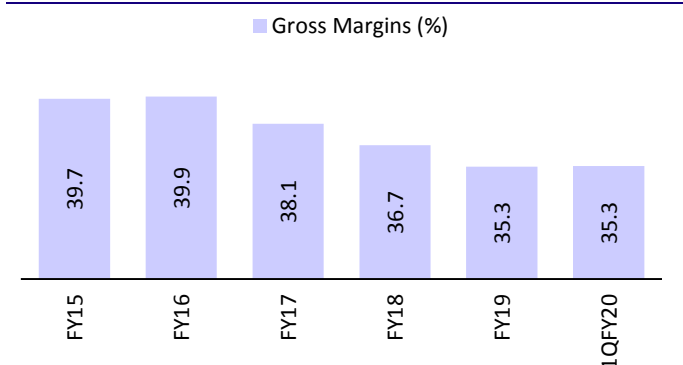
Source: Company, MOFSL

Exhibit 5: Variable marketing spend has increased...

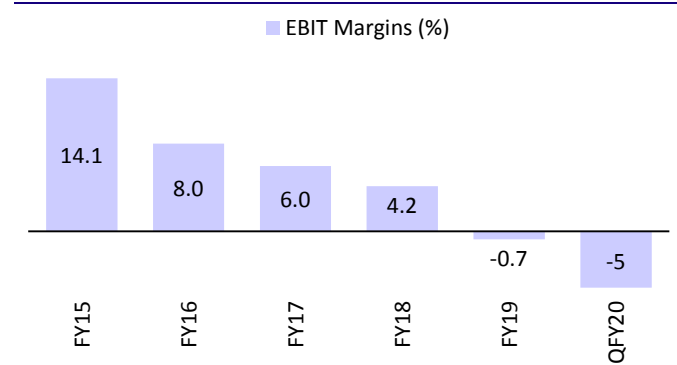
Source: Company, MOFSL

Exhibit 6: ...and lower volumes resulted in op. leverage...

Source: Company, MOFSL

Exhibit 7: ...exerting pressure on both gross and EBIT margins

Source: Company, MOFSL



Source: Company, MOFSL

...but part of those challenges are being addressed...

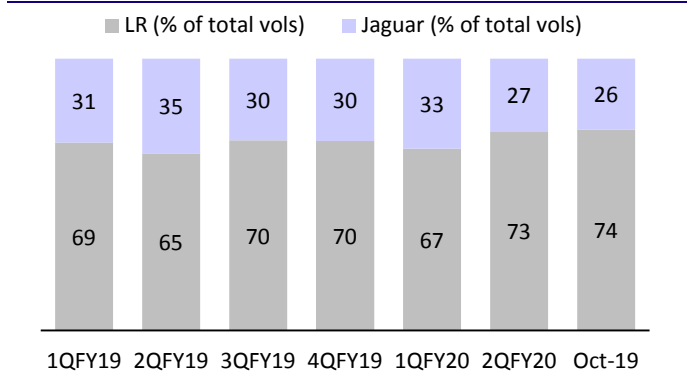
- Some of the aforementioned challenges, particularly on product/market mix, are likely to ease based on product pipeline visibility and initiatives undertaken by JLR in China.
- JLR's product pipeline is dominated by LR, with four of the five new product launches over the next 2-3 years coming from LR brand. Of these four LR products, the new Evoque was launched in 1HFY20 and the new Defender is planned for launch in 4QFY20. LR contribution is already improving since 2QFY20.
- In China, JLR has been focused on (a) reducing inventory (now at lowest levels since 2017), (b) improving dealer profitability and (c) brand-led pull strategy.
- With inventory correction behind and the launch of new Evoque, JLR has been outperforming its peers in China since Jul'19.
- Also, realized FX hedge losses are likely to reduce based on Sep'19 current unrealized forex hedge loss reserve.

Exhibit 8: JLR product pipeline in favor of LR...

Models	Launch schedule	Type
RR Evoque	Mar-19	New
LR Defender	Mar-20	New
Jaguar XJ EV	Jan-21	New
Range Rover	CY21	New
RR Sport	CY21	New

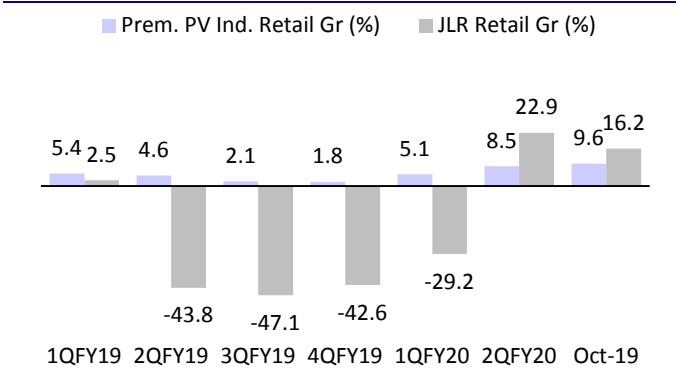
Source: Company, MOFSL

Exhibit 9: ...which augurs well for product mix



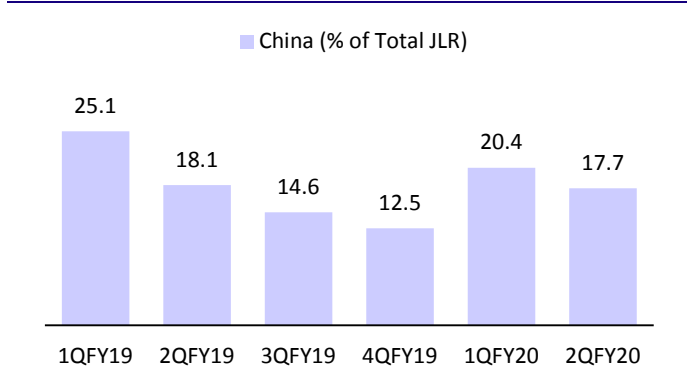
Source: Company, MOFSL

Exhibit 10: Post corrective actions in China, volumes are recovering at JLR...



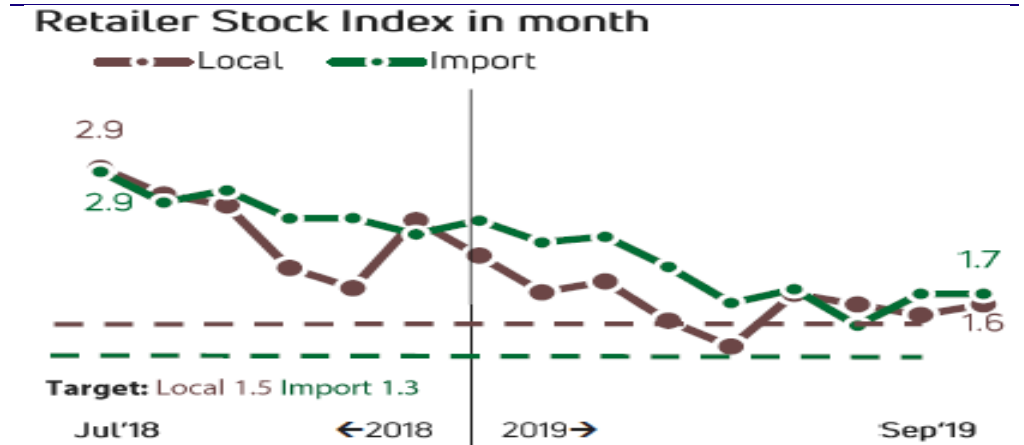
Source: Company, MOFSL

Exhibit 11: ...helping improve contribution in volume



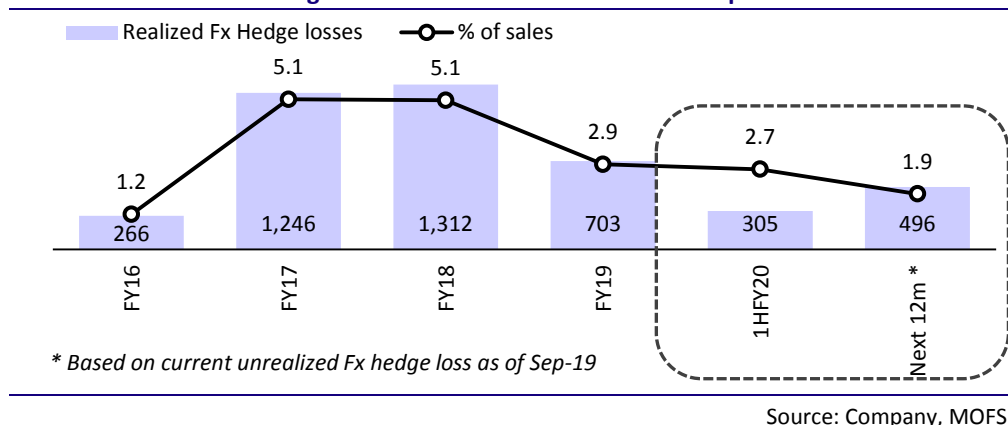
Source: Company, MOFSL

Exhibit 12: JLR's dealer stock level reduced to the lowest level since 2017



Source: Company, MOFSL

Exhibit 13: Realized FX hedge losses to reduce based on current spot rates

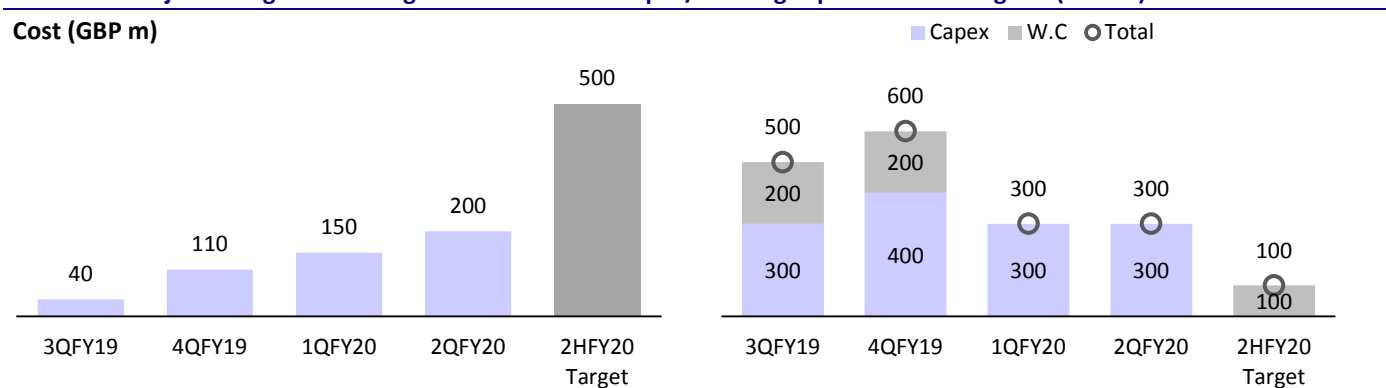


Source: Company, MOFSL

...and focus on controlling cost/capex will lead to steady recovery

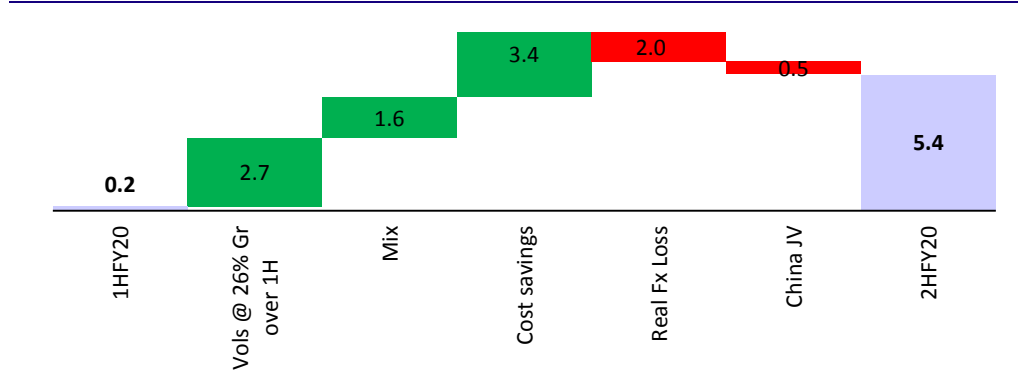
- JLR has embarked on cost- and investment-cutting initiatives since FY19 through Project Charge (target of reducing investments by GBP1b, working capital by GBP0.5b and costs by GBP1b) and Project Accelerate (driving a structural improvement).
- Cost-cutting initiatives under Project Charge have also started reflecting in P&L, with GBP0.5b of the targeted GBP1b cost savings achieved till Sep'19 (GBP150m in FY19 and GBP350m in 1HFY20) and the balance GBP0.5b on track to be achieved in 2HFY20.
- Targeted areas for cost cutting have been staff cost (~6,000 reduction in workforce delivering GBP400m of annual savings), material cost (~GBP300m targeted in FY20) and fixed overheads (~GBP300m targeted in FY20, of which GBP120m delivered in 1H).
- On the investment side, it has cut capex and working capital by GBP1.7b (v/s target of GBP1.5b) till Sep'19 (GBP1.1b in FY19 and GBP0.6b in 1HFY20) by reducing capex in non-product/non-core engineering and lowering inventory.
- More importantly, Project Accelerate would focus on driving longer-term structural improvements in costs, sales, time to market and quality.

Exhibit 14: Project Charge cost savings and reduction in capex/working capital have been good (GBP m)



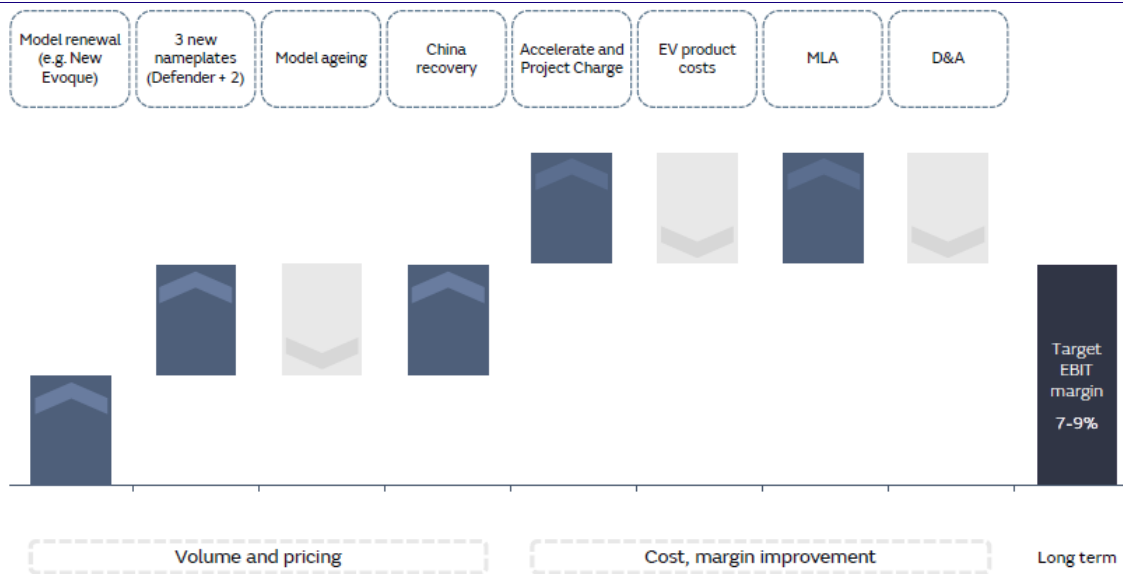
Source: MOSL, Company, MOSL

Exhibit 15: JLR – 2HFY20 EBIT margin estimated at ~5.4% (v/s 4.8% in 2Q)



Source: Company, MOFSL

Exhibit 16: Roadmap to achieve long-term EBIT margin guidance of 7-9%



NOTE: DIRECTIONAL ONLY; NOT TO SCALE

Source: Company, MOFSL

Exhibit 17: Project Accelerate is focused on long-term structural improvements

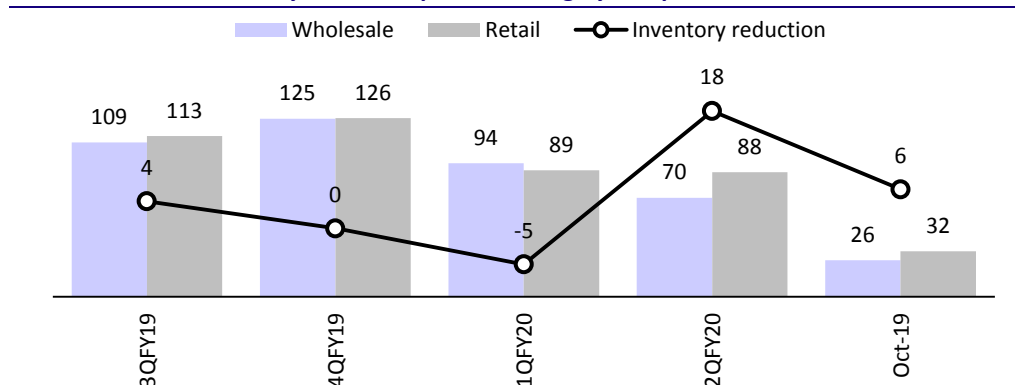
Enhance Sales performance	Deliver competitive variable cost	Reduce delays and improve quality
<ul style="list-style-type: none"> Positioning, pricing and launch approach Customer value based product and feature offerings Customer marketing effectiveness Network coverage and enhancement Customer service and quality perception 	<ul style="list-style-type: none"> “Should Design” & “Should Cost” with benchmarking Purchase lifecycle planning Customer value driven tech standards Minimise manufacturing per unit costs Global sourcing strategy Make vs Buy 	<ul style="list-style-type: none"> Optimised resource planning Drive consistency, commonality & modularity Step-up risk & change management Mindset & process discipline Vendor collaboration

Source: Company, MOFSL

India business: Bottoming out, but recovery to be gradual

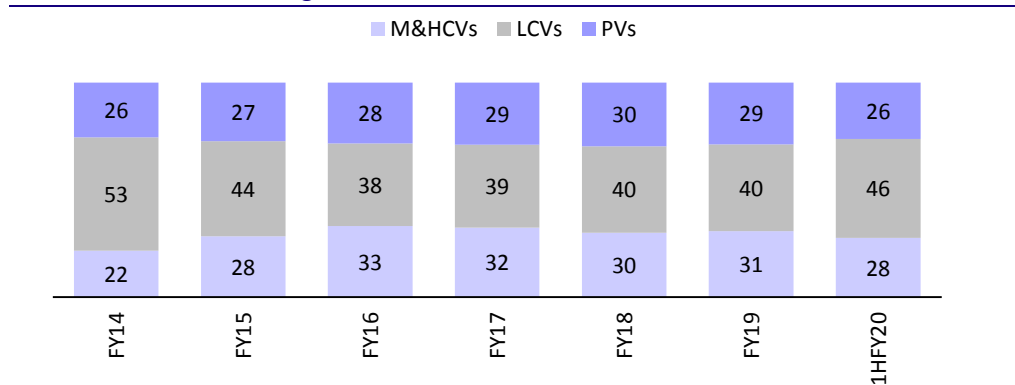
- India CV business has been impacted by a sharp decline in retail demand over the last 12 months, resulting in continued efforts on inventory reduction over the last six months.
- Over the last 4-5 months, TTMT’s CV business retails have been higher by ~25%, resulting in systemic inventory reduction of ~29k from Jun’19 levels. Systemic inventory is the lowest in the last six quarters and dealer inventory is at ~35 days (based on current low retails).
- This sharp reduction in volumes/production exerted high pressure on profitability. Despite stable gross margins in 1HFY20 (v/s FY19), the EBITDA/EBIT margin shrank ~530bp/~800bp YoY in 1HFY20 due to operating deleverage.
- We believe that the worst of volumes for CV is behind (barring any disruption during BS6 transition), but a sustained recovery in volumes would be gradual.
- India business margin recovery is entirely hinged on volume recovery, which we believe will be visible only from Jul-Aug’20.

Exhibit 18: CVs - inventory reduction process is largely completed



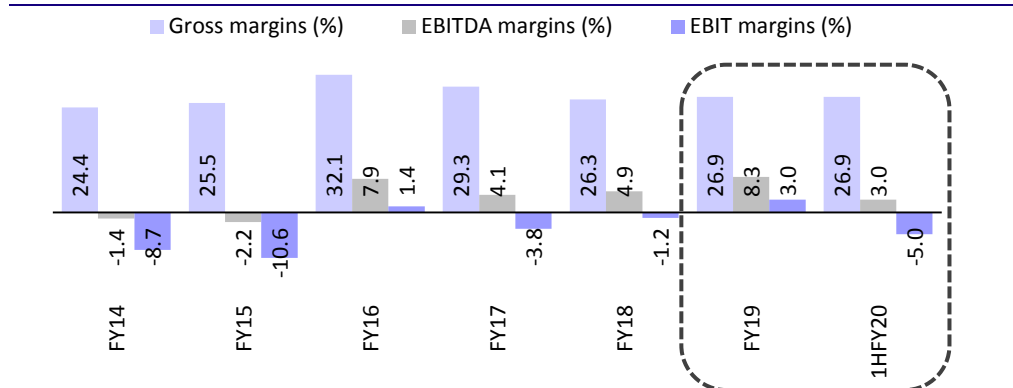
Source: Company, MOSL

Exhibit 19: Trend in S/A segment mix



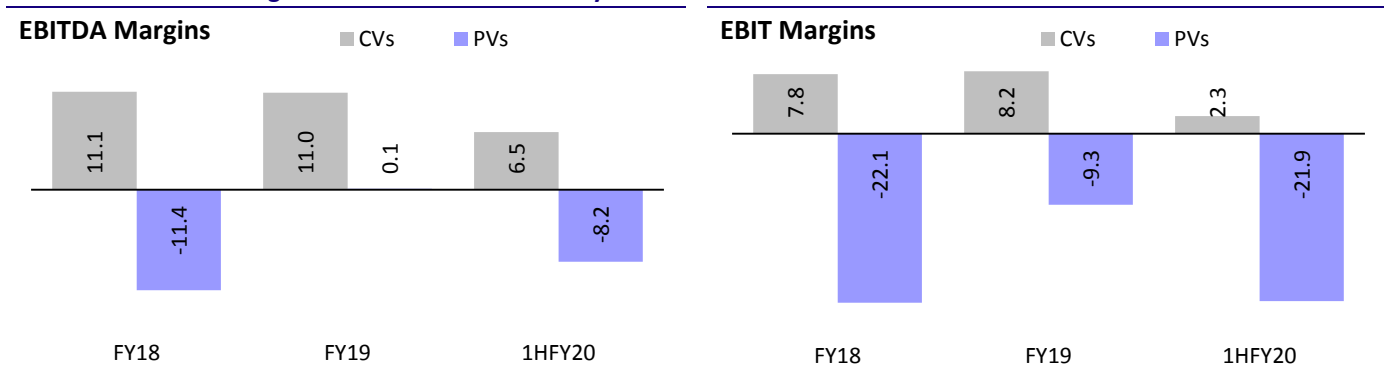
Source: Company, MOSL

Exhibit 20: S/A EBIT margin erosion is largely reflection of operating leverage in 1HFY20



Source: Company, MOSL

Exhibit 21: 1HFY20 margins have eroded substantially



Source: Company, MOFSL

Source: Company, MOFSL

Valuation and view

- Recovery in JLR volumes in FY20 to be driven by return of market stability:** JLR’s volumes were under pressure in FY19 due to several headwinds. However, with (a) several upgrades and refreshes coming over the next 12-18 months and (b) completion of inventory de-stocking, JLR’s volumes are expected to stabilize in FY20. We expect JLR volume (including JV) CAGR of 5% over FY19-22 (after 3% decline in FY17-19). This, coupled with the possibility of a mix improvement and a reduction in variable marketing spend, would drive an improvement in realizations. However, Brexit and trade war are key risks to volumes and JLR’s competitive positioning.
- 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 GBP1.3b cost cutting (incl. GBP300m savings in depreciation post impairment), (b) mix improvement (growth in LR and China), (c) operating leverage, (d) cost savings on modular platform on full rollout of modular strategy and (e) low-cost Slovakia plant. The convergence of the multiple factors stated above could drive a recovery in the EBIT margin and leave scope for positive surprises on profitability. JLR’s targeted transition from ‘push’ to ‘pull’ strategy for volumes, particularly in China, would be a critical variable for margin expansion. We estimate JLR’s EBIT margin at 3.1%/3.9% for FY20/21 (v/s -0.7% in FY19).

- **India business bottoming out:** With a steadfast focus on reducing inventory over the last two quarters due to the challenging demand environment, it took a substantial production cut, resulting in a sharp drop in wholesale volumes in 9MCY19. With initial signs of green shoots in PVs/CVs, we believe the worst is over for the India business, although a recovery could be gradual. Structurally, TTMT's India CV business is expected to grow in line with the market, whereas the India PV business should deliver a strong outperformance led by an exciting product pipeline.
- **Valuation and view:** Over the last three years, JLR has suffered from an adverse product/market mix and higher capex, resulting in negative FCFF over FY18-20. JLR has been focused on cutting capex/cost, benefits of which have started to reflect now. Finally, the mix is normalizing with a recovery in LR and China. On the other hand, India business appears to have bottomed out in 2QFY20, although a full-blown recovery may be a few quarters away. Hence, we had recently upgraded the stock to Buy as it offers a favorable risk-reward. Our target price stands at ~INR195.

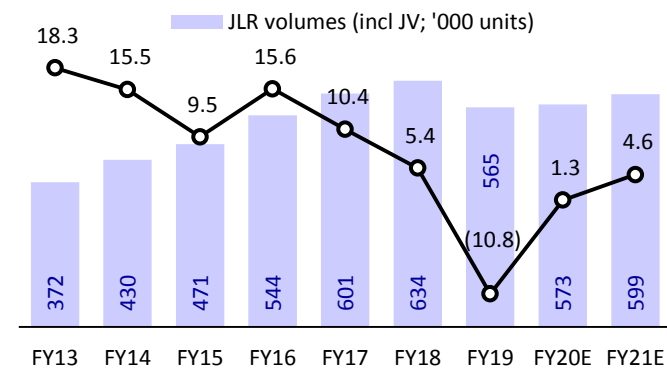
Exhibit 22: TATA MOTORS: Sum-of-the-parts valuation

INR B	Valuation Parameter	Multiple (x)	FY20E	FY21E	FY22E
SOTP Value					
Tata Motors - Standalone	EV/EBITDA	10	175	373	472
JLR (Adj for R&D capitalization)	EV/EBITDA	2.5	476	579	657
JLR - Chery JV EBITDA Share	EV/EBITDA	2.5	-12	24	36
Tata Motors Finance	P/BV	1	37	36	35
Total EV			676	1,012	1,201
Less: Net Debt (Ex TMFL)			446	485	427
Tata Sons	50% discount		75	75	75
Total Equity Value			305	603	849
Fair Value (INR/Sh) - Ord Sh	Fully Diluted		85	168	222
Upside (%)			-47.5	3.8	37.3

Source: MOFSL

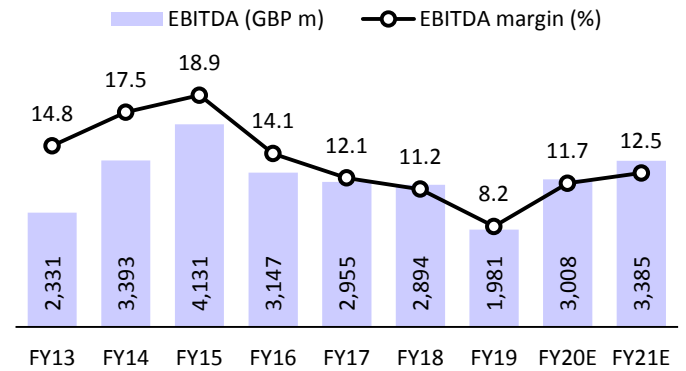
Tata Motors | Story in Charts

Exhibit 23: JLR volumes growth trajectory



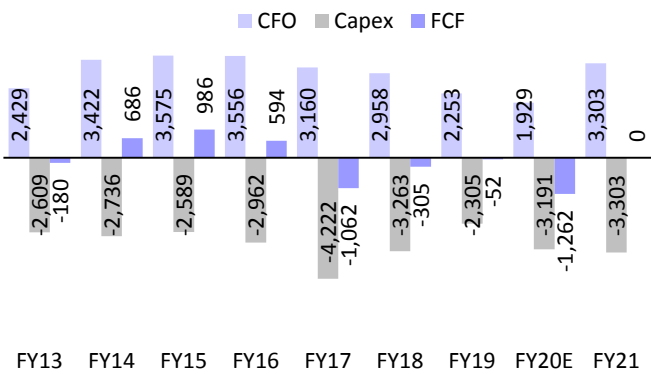
Source: Company, MOFSL

Exhibit 24: JLR EBITDA and EBITDA margin trend



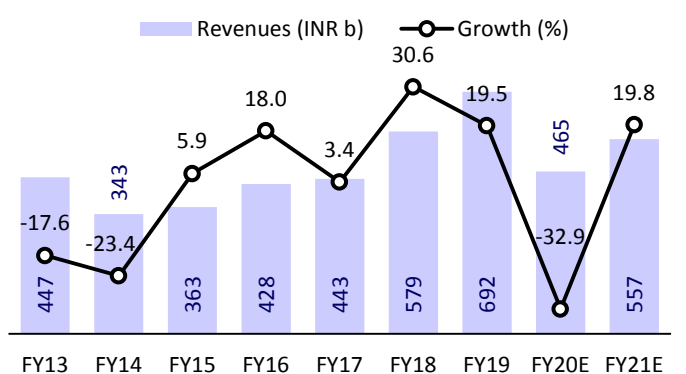
Source: Company, MOFSL

Exhibit 25: JLR's CFO/capex/FCF trend (GBP m)



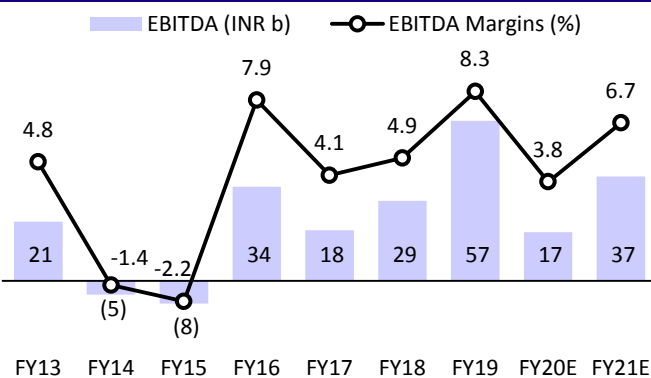
Source: Company, MOFSL

Exhibit 26: S/A business growth trajectory over FY19-21



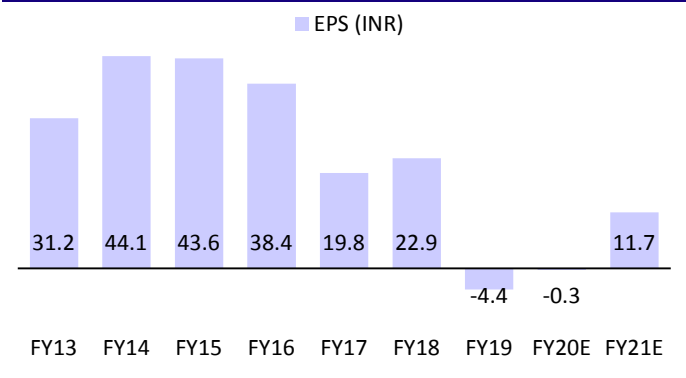
Source: Company, MOFSL

Exhibit 27: S/A EBITDA and margins trend



Source: Company, MOFSL

Exhibit 28: Consolidated earnings trajectory



Source: Company, MOFSL

Key operating metrics

Exhibit 29: Snapshot of Revenue model

000 units	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
JLR							
Jaguar	76	102	179	176	177	166	174
Growth (%)	-3.5	33.5	75.1	-1.4	0.7	-6.3	4.8
% of Total JLR Vols	16.1	18.8	29.8	27.8	31.4	29.0	29.1
Land Rover	394	442	422	457	388	406	425
Growth (%)	12.4	12.2	-4.5	8.3	-15.2	4.8	4.5
% of Total JLR Vols	83.0	81.2	70.2	72.2	68.6	71.0	70.9
Total Volumes (incl JV)	475	544	601	634	565	573	599
Growth (%)	10.4	14.6	10.4	5.4	-10.8	1.3	4.6
ASP (GBP '000/unit)	46	44	46	47	48	50	51
Growth (%)	3.0	-5.8	4.0	3.9	0.8	5.5	1.0
Net JLR Sales (GBP b)	22	22	24	26	24	26	27
Growth (%)	12.8	1.9	9.2	5.9	-6.1	6.1	5.0
INDIA							
MH&CVs	143	176	176	192	225	138	158
Growth (%)	16.5	23.6	-0.3	9.2	17.1	-38.5	14.1
LCVs	222	205	209	257	295	209	229
Growth (%)	-25.8	-7.7	2.1	22.7	14.9	-29.2	10.0
Total CVs	365	381	385	449	520	347	387
Growth (%)	-13.5	4.6	1.0	16.6	15.9	-33.2	11.6
Total PVs	138	152	157	190	211	128	154
Growth (%)	-5.3	10.1	3.9	20.8	11.2	-39.6	20.4
Total Volumes	502	533	542	639	731	475	541
Growth (%)	-11.4	6.1	1.8	17.8	14.5	-35.1	14.0
ASP (INR 000/unit)	723	804	817	906	946	979	1,028
Net S/A Sales (INR b)	363	428	443	579	692	465	557
Growth (%)	5.9	18.0	3.4	30.6	19.5	-32.9	19.8

Financials and Valuations

Income Statement (Consolidated)							(INR Million)	
Y/E March	2015	2016	2017	2018	2019	2020E	2021E	
Total Income	26,31,590	27,30,456	26,96,925	29,15,505	30,19,384	2,851,467	3,114,393	
Change (%)	13.0	3.8	-1.2	8.1	3.6	-5.6	9.2	
Expenditure	22,10,452	23,12,693	23,27,802	25,77,462	27,21,436	2,514,999	2,717,516	
EBITDA	4,21,138	4,17,763	3,69,124	3,38,043	2,97,948	336,468	396,877	
% of Net Sales	16.0	15.3	13.7	11.6	9.9	11.8	12.7	
Depreciation	1,33,886	1,67,108	1,79,050	2,15,536	2,35,906	221,375	248,603	
EBIT	2,87,252	2,50,655	1,90,074	1,22,507	62,042	115,093	148,273	
Product Dev. Exp.	28,752	34,688	34,136	35,319	42,246	38,683	40,084	
Interest	48,615	48,891	42,380	46,818	57,586	64,513	65,729	
Other Income	8,987	8,854	7,545	39,576	29,653	29,111	33,200	
EO Exp/(Inc)	930	18,504	-11,146	-19,751	2,96,516	697	0	
Forex Gain/ (Loss)	-917	-16,169	-39,101	11,853	-9,059	-20,590	-13,562	
PBT	2,17,026	1,41,258	93,148	1,11,550	-3,13,712	19,721	62,098	
Tax	76,429	30,251	32,512	43,419	-24,375	9,211	18,603	
Effective Rate (%)	35.2	21.4	34.9	38.9	7.8	46.7	30.0	
Reported PAT	1,40,597	1,11,007	60,636	68,131	-2,89,337	10,510	43,495	
Change (%)	-0.3	-21.0	-45.4	12.4	-524.7	-103.6	313.8	
% of Net Sales	5.3	4.1	2.2	2.3	-9.6	0.4	1.4	
Minority Interest	-868	-989	-1,022	-1,025	-1,020	-362	-463	
Share of profit of associate	134	5,775	14,930	22,783	2,095	-11,684	-1,052	
Net Profit	1,39,863	1,15,793	74,544	89,889	-2,88,262	-1,536	41,980	
Adj. PAT	1,40,465	1,30,334	67,288	77,826	-14,785	-1,164	41,980	
Change (%)	-1.1	-7.2	-48.4	15.7	-119.0	-92.1	LTP	

Balance Sheet (Cons.)							(INR Million)	
Y/E March	2015	2016	2017	2018	2019	2020E	2021E	
Share Capital	6,438	6,792	6,792	6,792	6,792	7,196	7,196	
Reserves	5,56,181	7,82,732	5,73,827	9,47,487	5,95,003	631,983	672,794	
Net Worth	5,62,619	7,89,524	5,80,619	9,54,279	6,01,795	639,179	679,990	
Loans	6,92,115	6,19,612	7,44,891	7,79,944	9,11,239	911,239	911,239	
Deferred Tax	-13,900	44,748	11,740	19,671	-36,601	-36,601	-36,601	
Capital Employed	12,45,167	14,58,212	13,41,781	17,59,144	14,81,664	1,519,411	1,560,685	
Gross Fixed Assets	15,82,066	19,76,068	16,28,389	21,56,778	22,58,724	2,674,021	3,024,249	
Less: Depreciation	7,44,241	9,11,348	6,75,681	9,17,952	11,53,858	1,375,234	1,623,837	
Net Fixed Assets	8,37,825	10,64,720	9,52,708	12,38,826	11,04,866	1,298,788	1,400,412	
Capital WIP	2,86,401	2,59,189	3,36,988	4,00,335	3,18,838	250,000	250,000	
Goodwill	46,970	7,598	6,733	1,165	7,478	7,478	7,478	
Investments	1,53,367	2,37,670	2,03,379	2,08,128	1,57,707	49,661	48,609	
Curr.Assets	10,34,685	11,02,234	12,37,735	14,23,465	14,31,544	1,319,686	1,407,116	
Inventory	2,92,723	3,26,557	3,50,853	4,21,377	3,90,137	273,428	383,966	
Sundry Debtors	1,25,792	1,35,709	1,40,756	1,98,933	1,89,962	156,245	170,652	
Cash & Bank Bal.	3,21,158	3,04,604	3,60,779	3,46,139	3,26,488	345,057	297,541	
Loans & Advances	2,56,948	2,54,033	2,91,474	4,45,929	5,12,867	532,867	542,867	
Current Liab. & Prov.	11,14,081	12,13,200	13,95,762	15,12,775	15,38,770	1,406,203	1,552,930	
Sundry Creditors	5,74,073	6,15,618	6,25,326	7,69,398	7,16,907	664,040	742,335	
Other Liabilities	3,28,305	4,60,226	6,22,314	5,38,766	6,01,347	546,857	597,281	
Net Current Assets	-79,396	-1,10,965	-1,58,027	-89,309	-1,07,226	-86,517	-145,814	
Appl. of Funds	12,45,167	14,58,212	13,41,782	17,59,144	14,81,664	1,519,411	1,560,685	

E: MOFSL Estimates

Financials and Valuations

Ratios (Con.)

Y/E March	2015	2016	2017	2018	2019	2020E	2021E
Basic (INR)							
EPS	43.6	38.4	19.8	22.9	-4.4	-0.3	11.7
EPS Fully Diluted	43.6	38.4	19.8	22.9	-4.4	-0.3	11.7
EPS Growth (%)	-1.1	-12.0	-48.4	15.7	NA	NA	LTP
Cash EPS	85.2	87.6	72.5	86.4	65.1	61.2	80.8
Book Value (Rs/Share)	174.8	232.5	171.0	281.0	177.2	177.6	189.0
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Payout (Incl. Div. Tax) %	0.0	0.0	0.0	0.0	0.0	0.0	2.8
Valuation (x)							
Consolidated P/E	3.7	4.2	8.1	7.0	NA	NA	13.8
EV/EBITDA	1.8	1.5	2.0	2.3	3.3	3.3	2.9
EV/Sales	0.3	0.2	0.3	0.3	0.3	0.4	0.4
Price to Book Value	0.9	0.7	0.9	0.6	0.9	0.9	0.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Profitability Ratios (%)							
RoE	23.1	19.3	9.8	10.1	-1.9	-0.2	6.4
RoCE	15.7	15.1	9.2	6.4	5.2	5.1	8.3
RoIC	39.2	34.5	22.6	12.0	7.7	7.9	11.3
Turnover Ratios							
Debtors (Days)	17	18	19	25	23	20	20
Inventory (Days)	41	44	47	53	47	35	45
Creditors (Days)	80	82	85	96	87	85	87
Asset Turnover (x)	2.1	1.9	2.0	1.7	2.0	1.9	2.0
Leverage Ratio							
Debt/Equity (x)	1.2	0.8	1.3	0.8	1.5	1.4	1.3

Cash Flow Statement

Y/E March	2015	2016	2017	2018	2019	2020E	2021E
OP/(Loss) before Tax	1,39,863	1,10,238	75,566	90,914	-2,88,262	-1,536	41,980
Int/Div. Received	7,777	8,258	36,653	39,542	29,653	29,111	33,200
Depreciation	1,33,864	1,70,142	1,79,050	2,15,536	2,35,906	221,375	248,603
Direct Taxes Paid	-41,940	-19,939	-18,951	-30,212	-31,897	-9,211	-18,603
(Inc)/Dec in WC	-36,718	25,515	32,542	-64,337	-1,734	-2,141	11,782
Other Items	1,36,570	96,855	8,954	23,333	-6,334	362	463
CF from Op Activity	3,39,415	3,91,069	3,13,814	2,74,776	-62,668	237,961	317,426
Extra-ordinary Items	20,191	8,857	-11,822	-36,202	-2,96,516	-697	0
CF after EO Items	3,59,606	3,99,925	3,01,992	2,38,574	-3,59,184	237,264	317,426
(Inc)/Dec in FA+CWIP	-3,15,396	-3,26,232	-3,04,135	-3,50,486	-20,450	-346,459	-350,228
Free Cash Flow	44,210	73,693	-2,143	-1,11,912	-3,79,634	-109,195	-32,802
(Pur)/Sale of Invest.	-37,570	-68,134	-76,664	88,470	50,420	108,046	1,052
CF from Inv Activity	-3,52,966	-3,94,366	-3,80,799	-2,62,016	29,971	-238,413	-349,175
Issue of Shares	0	74,332	46	0	-63,118	38,920	0
Inc/(Dec) in Debt	1,22,288	-47,483	1,16,583	75,183	1,31,296	0	0
Interest Paid	-63,070	-57,039	-53,363	-54,106	-57,586	-64,513	-65,729
Dividends Paid	-7,204	-1,739	-1,212	-960	-1,104	0	-1,169
CF from Fin Activity	52,014	-31,930	62,053	20,117	9,489	-25,593	-66,898
Inc/(Dec) in Cash	58,655	-26,371	-16,754	-3,325	-3,19,725	-26,742	-98,647
Add: Beginning Bal.	1,52,629	2,11,283	1,71,536	1,39,868	1,36,543	-183,182	-209,924
Closing Balance	2,11,283	1,84,913	1,54,782	1,36,543	-1,83,182	-209,924	-308,571

E: MOFSL Estimates

Corporate profile

Company description

Tata Motors is the largest CV manufacturer in India with 50.1% market share in MHCV and 40.8% in LCVs in FY19. It also manufactures passenger cars and UVs. In FY09, it acquired Jaguar & Land Rover from Ford for USD2.5b.

Exhibit 1: Sensex rebased

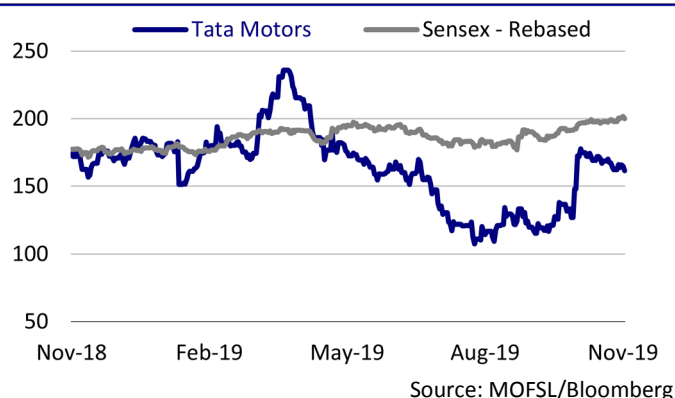


Exhibit 2: Shareholding pattern (%)

	Sep-19	Jun-19	Sep-18
Promoter	38.4	38.4	37.3
DII	15.7	16.0	17.4
FII	19.0	19.5	18.8
Others	27.0	26.1	26.5

Note: FII Includes depository receipts

Source: Capitaline

Exhibit 3: Top holders

Holder Name	% Holding
Citibank N.A. New York Nyadr Department	11.1
Life Insurance Corporation Of India *	5.1
Reliance Capital Trustee Co Ltd - Funds*	3.4
Government Of Singapore *	2.5
SBI-Etf Sensex*	1.3

Source: Capitaline

Exhibit 4: Top management

Name	Designation
N Chandrasekaran	Chairman
Ratan N Tata	Chairman Emeritus
Guenter Butschek	Managing Director & CEO
Vedika Bhandarkar	Addtnl Independent Director
H K Sethna	Company Secretary

Source: Capitaline

Exhibit 5: Directors

Name	Name
Ralf Speth	Nasser Munjee
Falguni Nayar	Om Prakash Bhatt
Hanne Birgitte Sorensen	

*Independent

Exhibit 6: Auditors

Name	Type
B S R & Co LLP	Statutory
Mani & Co	Cost Auditor
Parikh & Associates	Secretarial Audit

Source: Capitaline

Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY20	-0.3	2.7	-111.0
FY21	11.7	12.8	-8.5

Source: Bloomberg

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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

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