

Estimate change



TP change



Rating change



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Bloomberg	TTMT IN
Equity Shares (m)	3,598
M.Cap.(INRb)/(USDb)	331.8 / 4.6
52-Week Range (INR)	202 / 64
1, 6, 12 Rel. Per (%)	12/-24/-23
12M Avg Val (INR M)	6595

Financials & Valuations (INR b)

Y/E March	2020	2021E	2022E
Net Sales	2,611	2,496	2,999
EBITDA	239.1	192.4	383.5
Adj. PAT	-90.9	-140.2	-7.5
Adj. EPS (INR)	-25.3	-39.0	-1.9
EPS Gr. (%)	480	54.2	-95.0
BV/Sh. (INR)	175.3	136.3	133.0
Ratios			
Net D/E (x)	1.6	2.0	2.0
RoE (%)	-14.8	-25.0	-1.5
RoCE (%)	3.7	-1.6	-8.7
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	-4.0	-2.6	-51.6
P/BV (x)	0.6	0.7	0.8
EV/EBITDA (x)	3.6	6.5	2.9
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	-8.7	-108.8	41.4

Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	42.4	42.4	38.4
DII	13.6	15.1	16.3
FII	16.8	18.3	19.1
Others	27.2	24.2	26.2

FII Includes depository receipts

CMP: INR100

TP: INR122 (+22%)

Buy

Below est.; sharp focus on cash generation, balance sheet deleveraging

COVID-19 hurts JLR business sharply, impairs India PV business

- TTMT's 4QFY20 performance fully reflects the impact of COVID-19 in JLR's key market, China. This, coupled with the initial impact in other geographies and an all-round miss in India, led to sharp miss in operating performance. A small positive was the FCF positivity of GBP225m in 4Q.
- We lower our FY21/FY22 EBITDA by -18%/0% to factor weakness in volumes in both businesses and higher interest cost, resulting in PAT loss in both the years. Maintain Buy, with TP of INR122 [Jun'22-based SOTP].

Adverse mix and operating leverage hurt both businesses

- Consol. revenue/EBITDA declined ~28%/70% to ~INR625b/INR23.7b, translating to adj. loss of INR70b (v/s est. loss of ~INR33.6b) v/s ~INR17.7b in profit in 4QFY19. FY20 revenue/EBITDA declined 13.5%/23%.
- JLR – adverse market mix, higher VME hurt margin:** JLR's operating performance was adversely impacted by lower sales from China and higher VME, which hurt realizations (-6.5% QoQ). This, coupled with op. leverage, hurt EBITDA margins to 4.8% (-600bp QoQ, -500bp YoY). JLR FCF came in +ve at GBP225m (v/s GBP1.39b in 4QFY19), driven by reduction in working capital.
- S/A – third consecutive quarter of EBITDA loss:** Sharp volume decline, an adverse mix, and higher fixed cost led to a third quarter of EBITDA loss of ~INR4.25b (v/s est. of ~INR0.4b). Adj. net loss stood at ~INR22.4b (v/s est. of INR11.4b in loss) v/s PAT of ~INR1.7b in 4QFY19. The India PV business was impaired by ~INR14.8b.
- Consol. net debt (Auto) increased by INR28.2b QoQ to INR482b.

Highlights from management commentary

- Expect 1QFY21 FCF outflow of <GBP2b (GBP1.2b paid to vendors on time).**
- China's recovery is encouraging,** with showroom leads higher over Apr–May by 11–14% YoY. Also, transacting prices have increased over Apr–May (1–2% higher than pre-COVID-19 levels) and VME has reduced. Other global markets have seen recovery in May (over April) and expect June to be better than May.
- The new Defender has 22k orders, and deliveries have been started in a phased manner from May'20.**
- JLR and the India business efforts are focused on turning FCF positive during 2Q–4QFY21 and FCF positive for the full year FY22.**
- In JLR, FY21 capex was cut to GBP2.5b (v/s GBP3.3b in FY20). Furthermore, an increase in cash generation target under project charge+ increased to GBP5b (from GBP4b in 3Q and GBP2.5b in 2Q). This is an additional GBP1.5b for FY21 (v/s GBP3.5b delivered up to Mar'20). This would be achieved by reducing capex and inventory and improving operating performance.**

- The India business capex was cut to ~INR15b in FY21 (v/s ~INR45b in FY20) by prioritizing capex toward regulatory spending and products in the advanced stages. The India business' liquidity improved through: a) tie-ups for loans of ~INR40b and b) INR60b through cost reduction (INR15b), c) reducing capex (by ~INR30b), and d) reducing working capital (by ~INR15b).
- The India PV business aims to turn cash positive by FY23 by improving the contribution margin and further reducing fixed cost.

Valuation and view

- We lower our FY21/FY22 EBITDA by 18%/0% to factor near-term volume weakness, Fx movement, and the impact of COVID-19 on cost structures in both JLR and the India business. As a result, both FY21/FY22 would witness PAT loss.
- The stock trades at 2.9x FY22 EV/EBITDA and 0.8x P/BV. Maintain Buy, with TP of ~INR122 (Jun'22-based SOTP).

Quarterly performance (consol.)

INR b	FY19				FY20				FY19	FY20E	4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
Net Op Income	667.0	719.8	769.2	864.2	614.7	654.3	716.8	624.9	3019.4	2610.7	612.0
Growth (%)	14.0	2.3	4.8	-3.9	-7.8	-9.1	-6.8	-27.7	3.6	-13.5	-29.2
EBITDA	50.5	66.3	59.6	80.2	30.0	71.6	72.0	23.7	255.7	197.3	35.5
EBITDA Margins (%)	7.6	9.2	7.7	9.3	4.9	10.9	10.0	3.8	8.5	7.6	5.8
JLR EBITDA Margins (%)	6.2	9.1	7.3	9.8	4.2	13.8	10.8	4.8	8.2	8.7	6.2
S/A EBITDA (%)	8.6	8.5	8.8	7.3	6.4	-1.7	-5.2	-4.4	8.3	1.3	-0.4
Depreciation	58.6	59.4	64.4	53.5	51.1	53.0	52.0	58.1	235.9	214.3	53.6
Other Income	6.1	7.5	6.7	8.6	8.4	6.7	9.0	5.6	29.7	29.7	1.7
Interest Expenses	13.8	12.3	15.7	15.9	17.1	18.4	17.4	19.5	57.6	72.4	10.2
PBT before EO	-25.8	-2.9	-12.1	23.7	-31.3	5.8	13.5	-65.1	-17.2	-77.1	-29.6
EO Exp/(Inc)	0.00	5.30	280.14	11.07	1.09	-0.39	0.01	28.01	296.52	28.71	0.00
PBT after EO Exp	-25.8	-8.2	-292.3	12.6	-32.4	6.2	13.5	-93.1	-313.7	-105.8	-29.6
Tax rate (%)	16.1	-33.0	8.2	8.8	-6.1	71.7	-44.8	-3.8	7.8	-3.7	-2.4
PAT	-21.7	-11.0	-268.2	11.5	-34.3	1.8	19.5	-96.7	-289.3	-109.8	-30.4
Minority Interest	-0.4	-0.4	-0.3	0.1	-0.2	-0.3	-0.2	-0.3	-1.0	-1.0	-0.6
Share in profit of Associate	3.1	0.9	-1.4	-0.4	-2.5	-3.6	-2.0	-1.9	2.1	-10.0	-2.6
Reported PAT	-19.0	-10.5	-269.9	11.2	-37.0	-2.2	17.4	-98.9	-288.3	-120.7	-33.6
Adj PAT	-19.0	-5.6	-11.6	21.4	-35.9	-2.6	17.4	-69.9	-14.8	-90.9	-33.6
Growth (%)	-295.9	-122.5	-196.1	-31.6	NA	NA	LTP	-426.8	-119.0	515.0	

Source: Company, MOFSL



JLR: Key takeaways from management commentary

On 4QFY20 performance

- JLR's 4QFY20 performance was severely impacted by COVID-19, with an estimated PBT level impact of GBP599m due to the impact on volumes, mix, and higher mktg. expense.
- JLR's realizations and gross margins declined due to: a) lower contribution from China and b) higher VME (220bp impact).
- In 4QFY20, JLR generated FCF of GBP225m, driven by savings in working cap. However, JLR is guiding for 1QFY21 FCF outflow of <GBP2b (outflow over Apr–May at GBP1.5b due to trade payables).

Status of operations

- 84% of JLR's retail network is operational. All plants are operational except Castle Bromwich as inventory at this plant was at higher levels.
- The China recovery is encouraging, with showroom leads over Apr–May higher by 11–14% YoY. Also, transacting prices have increased over Apr–May (1–2% higher than pre-COVID-19 levels) and VME has reduced.
- Other global markets have seen recovery in May (over April) and expect June to be better than May.
- The new Defender has 22k orders, and delivery across markets would commence by July.

Focus areas for FY21/FY22

- At the TTMT level, the focus is on cutting capex and cost and improving liquidity. Efforts are ongoing to turn FCF positive in both JLR and India between 2Q–4QFY21.
- In JLR, FY21 capex was cut to GBP2.5b (v/s GBP3.3b in FY20).
- Furthermore, an increase was reported in the cash generation target under project charge+ to GBP5b (from GBP4b in 3Q v/s GBP2.5b in 2Q). This implies an additional GBP1.5b for FY21 (v/s GBP3.5b delivered up to Mar'20). This would be achieved by reducing capex and inventory and improving operating performance.
- Cash breakeven levels for FY21 would be significantly lower than current levels of 500k units.

JLR's quarterly performance (IFRS, GBP m)

Y/E March (GBP m)	FY19				FY20				FY19	FY20E	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			4QE
Total Volumes (Incl JV)	131,560	130,652	141,552	161,542	118,550	134,489	147,416	124,947	565,306	525,402	109,696
Growth (%)	-5.0	-14.7	-11.0	-11.6	-9.9	2.9	4.1	-22.7	-10.8	-7.1	-32.1
Realization (GBP/unit)	48,002	47,910	47,863	47,102	48,615	50,742	48,477	45,345	47,677	48,291	48,516
Change YoY (%)	1.1	-0.5	1.4	1.2	1.3	5.9	1.3	-3.7	0.8	1.3	3.0
Revenues	5,222	5,635	6,223	7,134	5,074	6,086	6,398	5,426	24,214	22,984	5,052
Growth (%)	-6.7	-10.9	-1.4	-5.6	-2.8	8.0	2.8	-23.9	-6.1	-5.1	-29.2
RM/Sales (%)	64.5	63.2	65.2	65.7	64.7	61.1	64.7	65.3	64.7	63.9	64.8
Staff Costs/Sales (%)	14.0	12.5	11.6	9.3	12.9	10.4	10.2	11.5	11.6	11.2	11.2
Other Exp/Sales (%)	15.3	15.3	15.9	15.2	18.2	14.7	14.3	18.4	15.5	16.2	17.8
EBITDA	325	511	455	696	213	840	688	259	1,981	2,000	314
EBITDA Margins (%)	6.2	9.1	7.3	9.8	4.2	13.8	10.8	4.8	8.2	8.7	6.2
Depreciation & Amortization	549	552	598	465	463	504	453	490	2,164	1,910	465
Fx loss/ (gain)	59	37	93	-81	70	90	-141	193	102	212	40
Net Finance Cost	11	15	21	29	35	39	33	50	76	157	46
Share of JV's PAT	30	3	-16	-14	-28	-41	-25	-20	3	-114	-29
PBT before EO Exp	-264	-90	-273	269	-383	166	318	-494	-358	-393	-266
EO Exp/(Inc)	0	0	3,122	149	12	10	0	7	3,271	29	0
PBT after EO Exp	-264	-90	-3,395	120	-395	156	318	-501	-3,629	-422	-266
Tax rate (%)	20.5	-12.2	7.8	0.8	-1.8	35.9	-17.0	-7.6	8.5	-11.1	17.4
Adj PAT	-210	-101	-272	255	-391	109	372	-533	-328	-437	-220
Growth (%)	-260.9	-132.6	-409.1	-25.6	86.2	-208.1	-236.8	-308.6	-138.0	33.3	-186.1

Source: Company, MOFSL

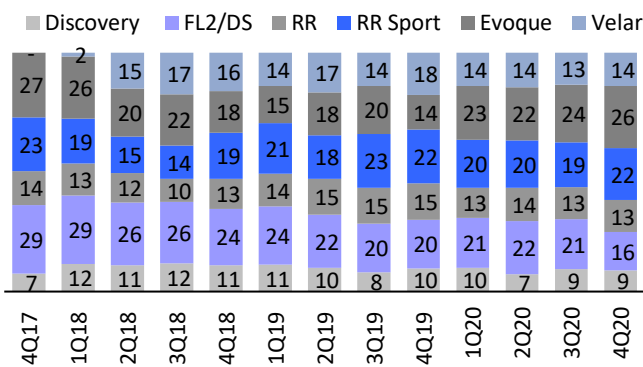
Exhibit 1: JLR: Key performance Indicator

	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Debt (IFRS)	1122	1748	2213	736	2138	2300	2177	2220	736	2220
CFO	-608	371	659	2121	76	777	748	991	2543	2592
Capex	1066	995	1020	729	795	841	892	766	3810	3294
FCF	-1674	-624	-361	1392	-719	-64	-144	225	-1267	-702

Source: Company, MOFSL

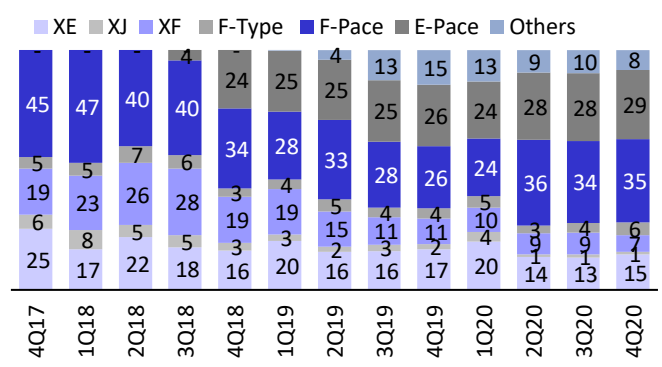
Key exhibits

Exhibit 2: Land Rover – wholesale product mix (%)



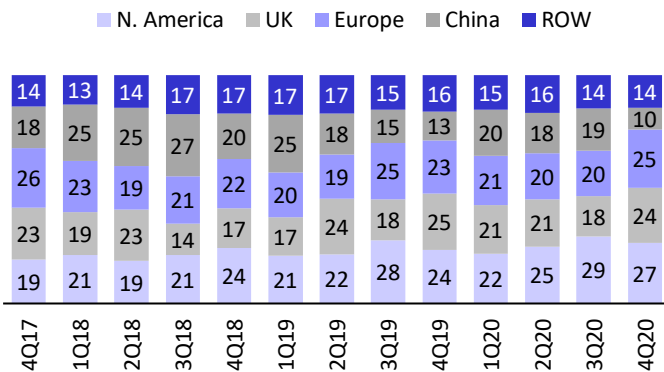
Source: Company, MOFSL

Exhibit 3: Jaguar – wholesale product mix (%)



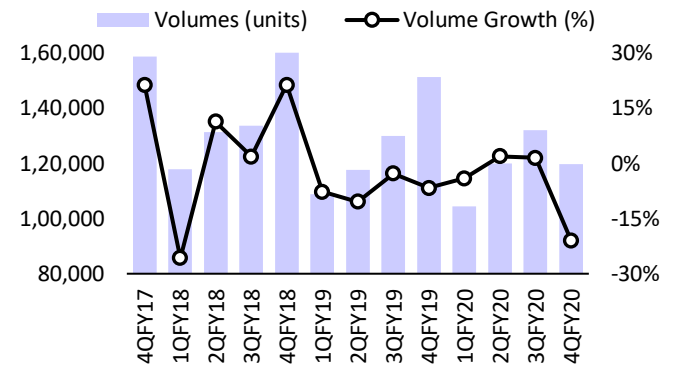
Source: Company, MOFSL

Exhibit 4: JLR – wholesale market mix (%)



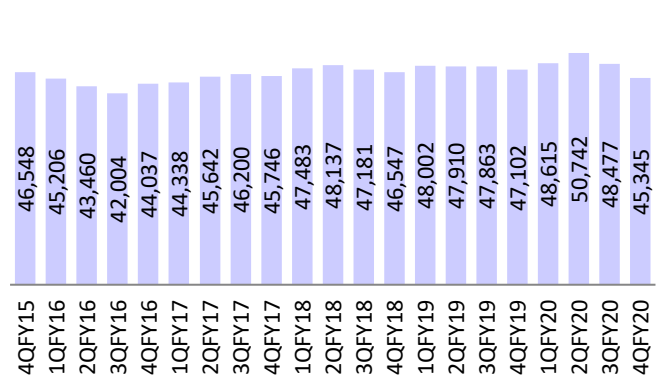
Source: Company, MOFSL

Exhibit 5: JLR – trend in volumes (ex JV)



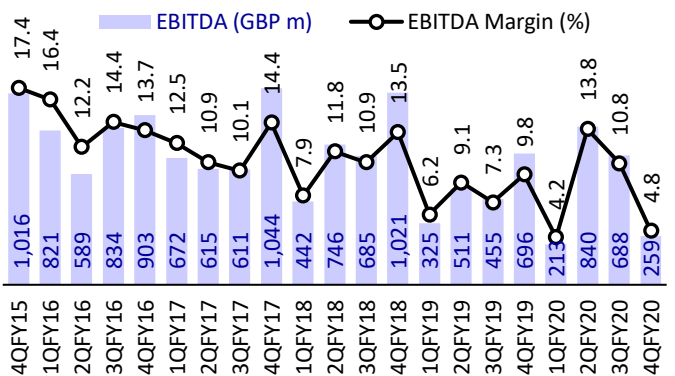
Source: Company, MOFSL

Exhibit 6: Trend in JLR realizations (GBP/unit)



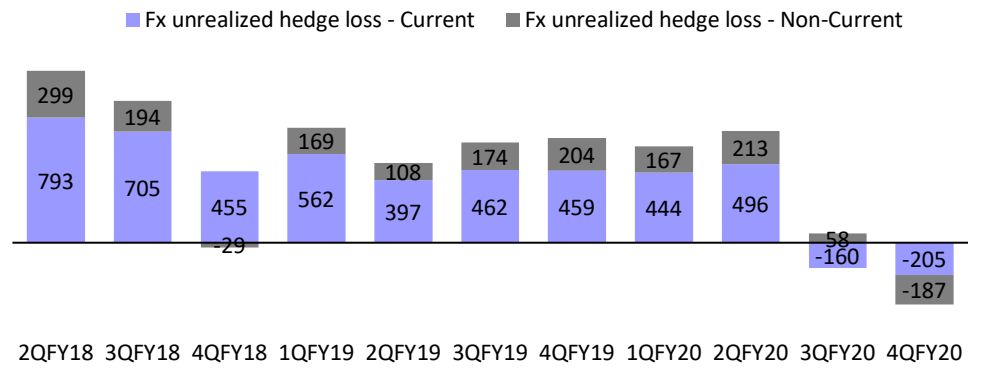
Source: Company, MOFSL

Exhibit 7: Trend in JLR EBITDA and EBITDA margins



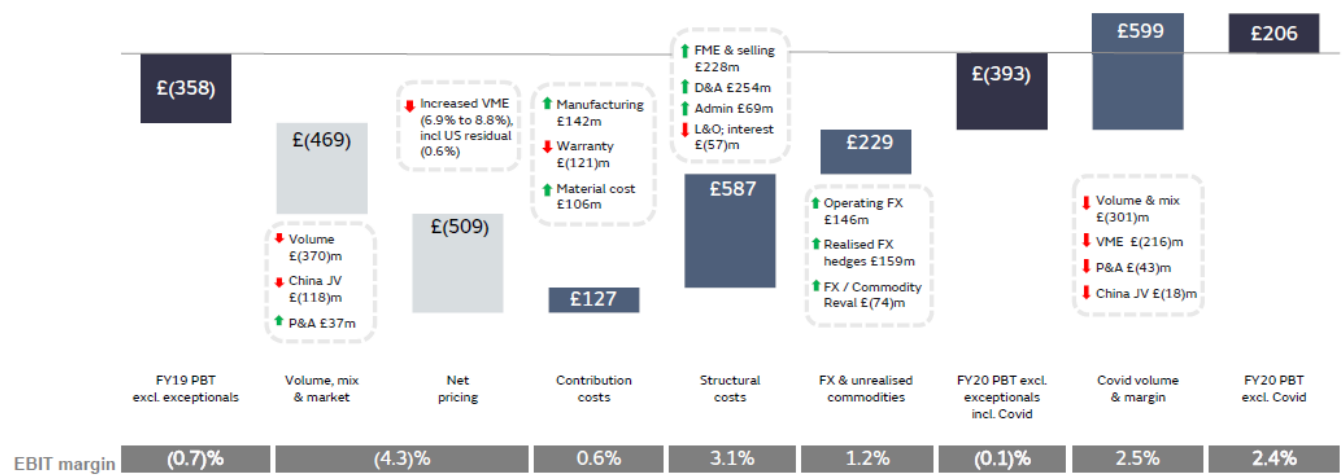
Source: Company, MOFSL

Exhibit 8: Trend in JLR's unrealized Fx hedge loss



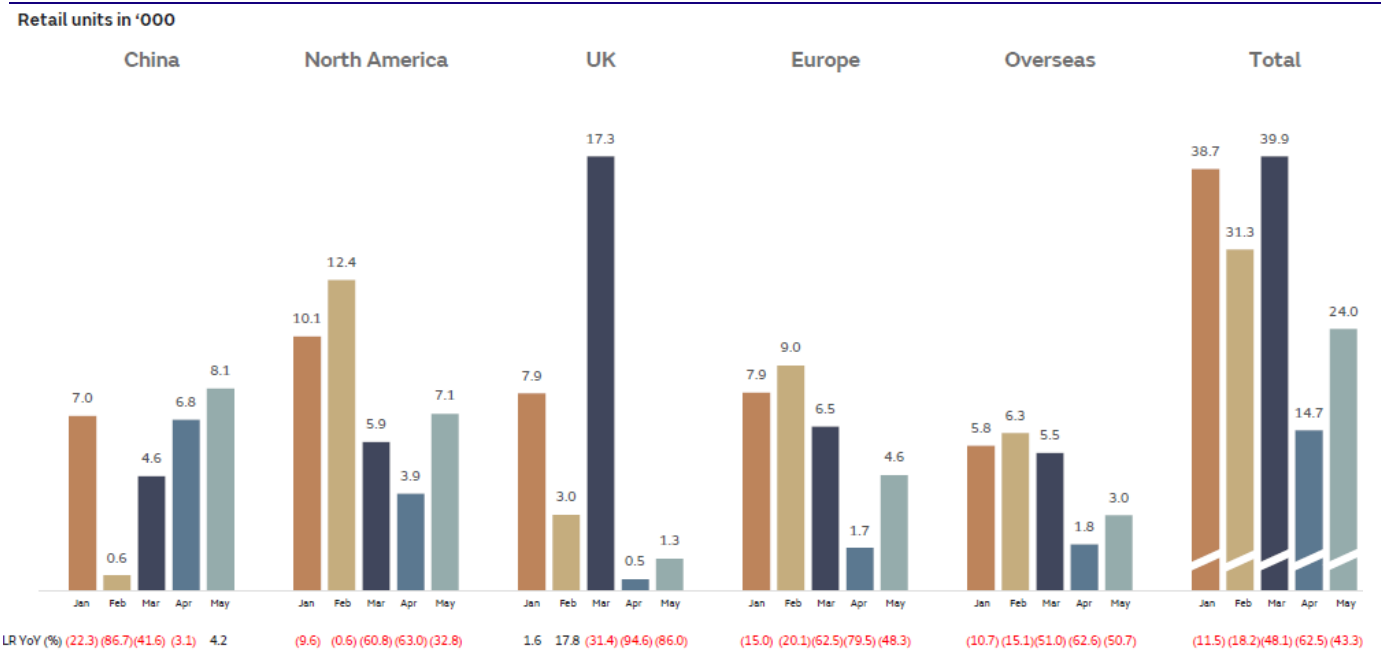
Source: Company, MOFSL

Exhibit 9: JLR – EBIT drivers for FY20



Source: Company, MOFSL

Exhibit 10: Signs of recovery in most markets of JLR in May'20 retail



Source: Company, MOFSL



India: Key takeaways from the management commentary

On 4QFY20 performance

- The India business' operating performance was impacted by a weaker mix and op. deleverage. The India business has taken an impairment charge of ~INR14.8b for the PV business.

Focus areas for FY21/FY22

- At the TTMT level, the focus is on cutting capex and cost and improving liquidity. Efforts are on to turn FCF positive in both JLR and India over 2Q–4QFY21.
- The India business capex was cut to ~INR15b in FY21 (v/s ~INR45b in FY20) by prioritizing capex toward regulatory spending and products in the advanced stages.
- The India business' liquidity saw improvement through: a) tying up loans of ~INR40b and b) INR60b through cost reduction (INR15b), c) reducing capex (by ~INR30b), and d) reducing working capital (by ~INR15b).
- The India PV business aims to turn cash positive by FY23 by improving the contribution margin and further reducing fixed cost.

Exhibit 11: Quarterly performance (standalone)

Y/E March	FY19				FY20				FY19	FY20E	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
INR b											
Total Volumes (nos)	176,412	190,448	171,602	192,797	137,475	105,031	129,381	101,490	731,259	473,377	101,490
Change (%)	60.8	24.2	0.1	-5.6	-22.1	-44.9	-24.6	-47.4	14.5	-35.3	-47.4
Avg Realization (INR)	945,230	932,469	944,492	962,744	971,225	952,146	767,385	958,998	946,351	926,043	937,024
Change (%)	14.1	3.6	1.5	2.6	2.8	2.1	-18.8	-0.4	4.4	-2.1	-2.7
Net Sales	166.7	177.6	162.1	185.6	133.5	100.0	99.3	97.3	692.0	438.4	95.1
Change (%)	83.5	28.7	1.5	-3.2	-19.9	-43.7	-38.7	-47.6	19.5	-36.7	-48.8
RM Cost (% of Sales)	72.4	72.7	72.9	74.4	71.9	74.8	81.0	76.6	73.1	74.3	74.2
Staff Costs (% of sales)	6.2	5.9	6.5	6.1	8.6	10.7	10.3	11.8	6.2	10.0	10.9
Other Exp (% of sales)	12.7	13.0	11.7	12.2	13.1	16.2	14.0	15.9	12.4	14.4	15.3
EBITDA	14.4	15.0	14.3	13.5	8.6	-1.7	-5.2	-4.3	57.3	5.7	-0.4
EBITDA Margins (%)	8.6	8.5	8.8	7.3	6.4	-1.7	-5.2	-4.4	8.3	1.3	-0.4
Non-Operating Income	15.2	3.4	2.7	4.2	4.0	3.6	3.5	2.7	25.5	13.8	4.3
Interest	4.9	4.4	4.7	3.9	4.4	5.0	4.8	5.6	17.9	19.7	4.6
Depreciation & Amort.	7.1	7.5	7.7	8.7	7.8	7.6	8.5	9.8	31.0	33.8	9.1
Product Dev. Expenses	1.1	1.0	1.2	2.4	1.2	2.1	2.1	3.0	5.7	8.3	1.2
PBT before EO Exp	14.6	2.4	5.5	3.5	-0.4	-13.4	-16.9	-22.2	26.0	-44.7	-11.0
EO Exp/(Inc)	0.0	0.9	0.3	0.8	0.1	-0.7	1.5	25.7	2.0	26.6	0.0
PBT after EO Exp	14.6	1.5	5.2	2.7	-0.5	-12.7	-18.5	-47.9	24.0	-71.3	-11.0
Tax	2.8	0.4	-1.0	1.6	0.5	0.1	0.2	0.9	3.8	1.6	0.5
Effective Tax Rate (%)	18.9	27.4	-19.0	60.0	-103.7	-0.9	-0.8	-1.8	15.8	-2.3	-4.2
PAT	11.9	1.1	6.2	1.1	-1.0	-12.8	-18.6	-48.7	20.2	-72.9	-11.5
Change (%)	-356.4	-138.5	191.9	-121.2	-108.2	-1,274.6	-401.6	-4,687.1	-295.3	-460.8	-1,178.9
Adj PAT	11.9	1.9	6.4	1.7	-0.9	-13.6	-17.1	-22.4	21.9	-45.7	-11.5
Change (%)	LP	LP	195.9	-68.3	LP	-822.2	-365.9	-1,381.2	NM	LP	-754.8

Source: Company, MOFSL

Exhibit 12: Key performance Indicator

TREND IN SEGMENT MIX	FY19				FY20				FY19	FY20E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Volumes (units)										
M&HCVs	53292	59133	53211	59304	39055	27826	30515	27050	224940	124446
Contribution (%)	30.2	31.0	31.0	30.8	28.4	26.5	23.6	57.5	63.1	63.3
LCVs	69923	76965	68574	79375	61232	50776	62157	19961	131387	72225
Contribution (%)	39.6	40.4	40.0	41.2	44.5	48.3	48.0	42.5	36.9	36.7
Total CVs	123215	136098	121785	138679	100287	78602	92672	47011	356327	196671
Contribution (%)	69.8	71.5	71.0	71.9	72.9	74.8	71.6	100.0	100.0	100.0
Cars	34573	35735	31256	29823	17913	14587	19764	19961	131387	72225
Contribution (%)	19.6	18.8	18.2	15.5	13.0	13.9	15.3	42.5	36.9	36.7
UVs	18624	18615	18561	24295	19275	11842	16945	12390	80095	60452
Contribution (%)	10.6	9.8	10.8	12.6	14.0	11.3	13.1	26.4	22.5	30.7
Total Volumes	176412	190448	171602	192797	137475	105031	129381	79362	567809	329348

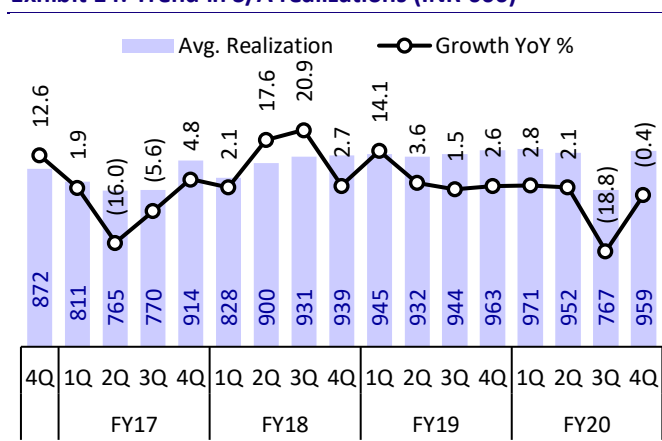
Source: Company, MOFSL

Exhibit 13: Key performance Indicator

TREND IN SEGMENT MIX	FY19				FY20				FY19	FY20
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Realizations (INR '000/unit)										
CVs	1,046	1,024	1,044	1,045	1,018	991	855	1,015	1,040	967
PVs	707	695	697	747	832	827	762	833	712	812
EBITDA Margin (%)										
CVs	11.7	11.4	11.6	9.6	8.6	3.8	2.2	0.7	11.0	4.2
PVs	-0.7	0.2	0.9	0.0	1.2	-21.4	-3.6	-19.3	0.1	-9.8
EBIT Margins										
CVs	8.9	8.5	8.5	7.0	4.7	-0.8	-2.5	-6.1	8.2	-0.6
PVs	-8.8	-6.8	-9.5	-11.9	-10.0	-38.7	-19.9	-37.6	-9.3	-25.3
Net Debt (S/A) (INR b)	182.0	182.0	209.1	156.6	217.2	236.9	179.1	208.8	156.6	208.8

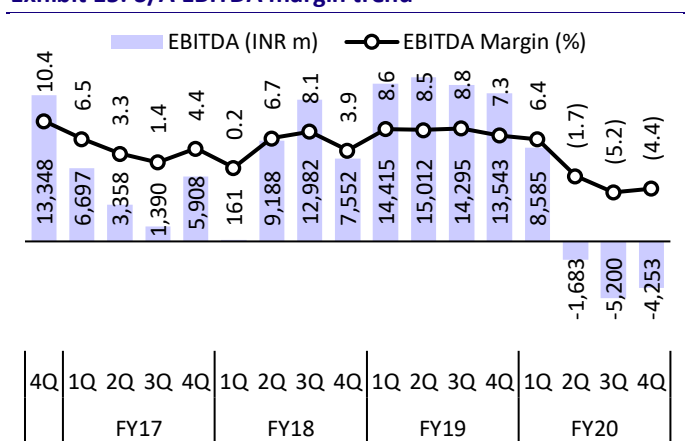
Source: Company, MOFSL

Exhibit 14: Trend in S/A realizations (INR'000)



Source: Company, MOFSL

Exhibit 15: S/A EBITDA margin trend



Source: Company, MOFSL

Valuation and view

- **Recovery in JLR volumes in FY21 to be driven by market recovery and ramp-up in new Evoque and Defender:** JLR volumes have been under pressure since FY19 due to several headwinds. However, there were early signs of recovery in 2HCY19, driven by the new Evoque line, ramp-up in I-Pace, as well as course correction in China. These were reversed by the COVID-19 outbreak. With good support from the governments of China, the EU, and the US, demand recovery is expected to be underway from 2HFY21. JLR should also benefit from the upcoming Defender launch and PHEV Evoque/Discovery Sport. We expect JLR's volumes (including JV) to grow at a 5% CAGR over FY20–23E (after 4.4% decline in FY17–20). This, coupled with the possibility of mix improvement, and a reduction in variable marketing spend would also drive improvement in realizations.
- **JLR's profitability to improve, driven by mix, cost cutting, and operating leverage:** JLR has several levers, both cyclical and structural, in the form of: a) targeted GBP1.5b 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) the low-cost Slovakia plant. The convergence of the multiple factors stated above could drive recovery in EBIT margins 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 margins at -0.1%/-3.2%/3.9% in FY20/FY21/FY22E (v/s -0.7% in FY19).
- **India business outlook challenging:** With steadfast focus on reducing inventory over the last three quarters due to a challenging demand environment, it took substantial production cuts, resulting in a sharp drop in wholesale volumes in 2HFY20. However, the COVID-19 outbreak puts the India business recovery under risk, particularly for the CV business, which was already suffering from 30–35% excess capacity at the fleet operator level. While TTMT's India CV business is on a strong footing, the India PV business particularly would be severely challenged during such uncertain times as customers prefer proven product/brand.
- **Valuation and view:** Over the last three years, JLR had suffered from adverse product (growth led by Jaguar), market mix (decline in China's contribution), and increase in capex, resulting in negative FCFF in FY18–20. JLR has been focused on cutting capex and cost, the benefits of which have started to reflect now. Despite the impact of COVID-19, we should see mix normalizing, with recovery in LR and China. On the other hand, the India business could take more time to recover. We lower our FY21/FY22 EBITDA by 18%/0% to factor near-term volume weakness, Fx movement, and the impact of COVID-19 on cost structures in both JLR and the India business. As a result, both FY21/FY22 would see PAT loss. The stock trades at 2.9x FY22 EV/EBITDA and 0.8x P/BV. Maintain Buy, with TP of ~INR122 (Jun'22-based SOTP).

Exhibit 16: Revised Estimates

Key Assumptions	FY21E			FY22E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Consolidated						
Net Sales	2,496	2,561	-2.5	2,999	2,926	2.5
EBITDA	192	235	-18.2	384	383	0.2
EBITDA Margins (%)	7.7	9.2	-150bp	12.8	13.1	-30bp
Net Profit	-140	-84	67.4	-7	12	-161.1
Cons EPS	-39.0	-23.3	67.4	-1.9	3.2	-161.1
JLR (IFRS, GBP M)						
Volumes ('000 units) incl JV	481	491	-1.9	562	549	2.4
EBITDA	1,459	1,863	-21.7	3,177	3,092	2.8
EBITDA Margins (%)	6.9	8.6	-170bp	12.7	12.7	0bp
Net Profit	-710	-368	92.8	575	444	29.4
Standalone						
Volumes ('000 units)	402	413	-2.8	480	492	-2.6
EBITDA	4	10	-55.7	23	32	-27.7
EBITDA Margins (%)	1.1	2.3	-120bp	4.8	6.4	-150bp
Net Profit	(61.1)	(35.2)	73.7	(43.7)	(16.7)	162.0

Source: Company, MOFSL

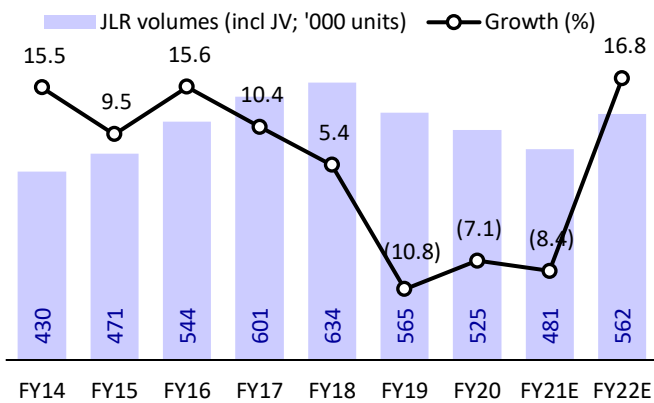
Exhibit 17: TATA MOTORS: Sum-of-The-Parts valuation

INR b	Valuation Parameter	Multiple (x)	FY20E	FY21E	FY22E
SOTP Value					
Tata Motors - Standalone	EV/EBITDA	10	43	228	320
JLR (Adj for R&D capitalization)	EV/EBITDA	2.5	215	623	789
JLR - Chery JV EBITDA Share	EV/EBITDA	2.5	8	41	51
Tata Motors Finance	P/BV	1	39	39	39
Total EV			305	930	1,200
Less: Net Debt (Ex TMFL)			801	626	550
Tata Sons	40% discount		75	75	75
Total Equity Value			-421	379	724
Fair Value (INR/Sh) - Ord Sh	Fully Diluted		-117	99	189
<i>Upside (%)</i>			<i>-216.4</i>	<i>-1.3</i>	<i>88.3</i>

Source: MOFSL

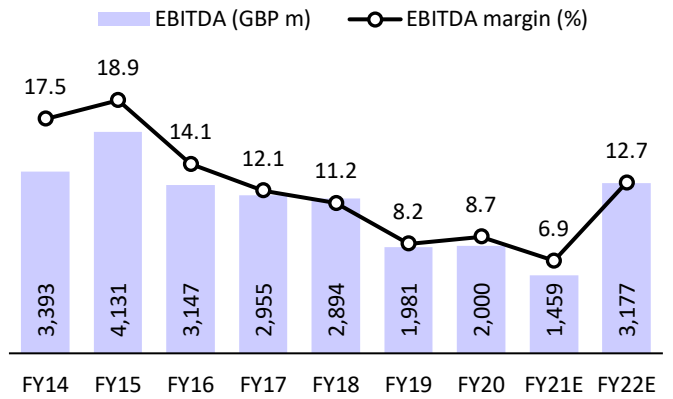
Tata Motors | Story in Charts

Exhibit 18: JLR volume growth trajectory



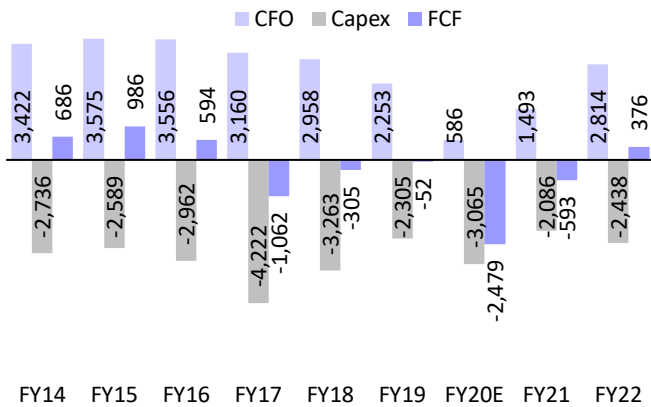
Source: Company, MOFSL

Exhibit 19: JLR EBITDA and EBITDA margin trend



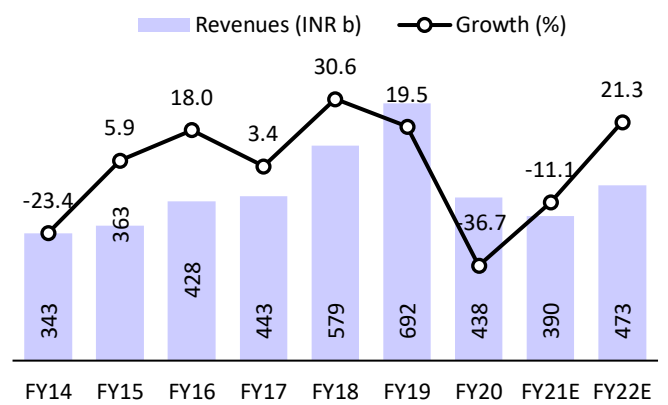
Source: Company, MOFSL

Exhibit 20: JLR's CFO/capex/FCF trend (GBP m)



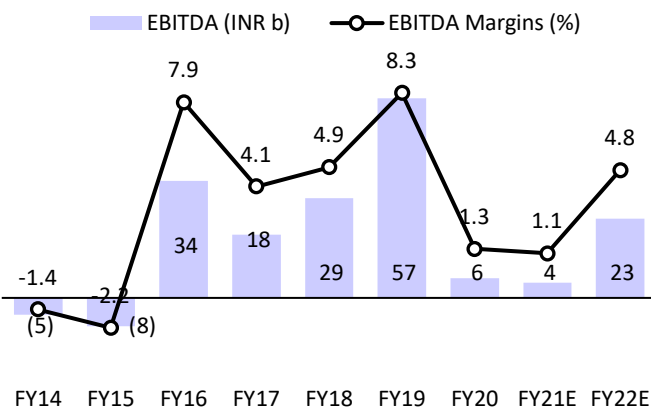
Source: Company, MOFSL

Exhibit 21: S/A business growth trajectory over FY19–21E



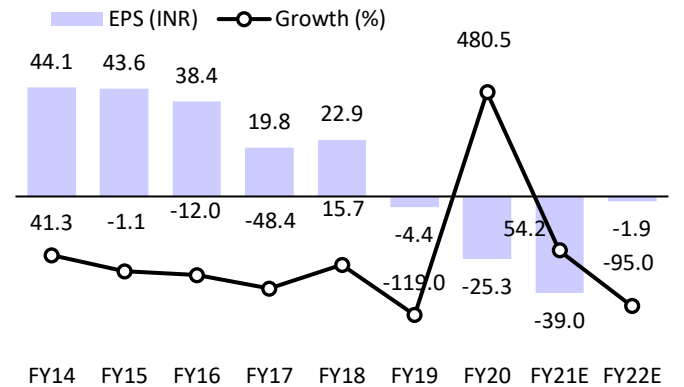
Source: Company, MOFSL

Exhibit 22: S/A EBITDA and margin trend



Source: Company, MOFSL

Exhibit 23: Consolidated earnings trajectory



Source: Company, MOFSL

Key operating metrics

Exhibit 24: Snapshot of Revenue model

'000 units	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
JLR									
Jaguar	79	76	102	179	176	177	144	133	147
Growth (%)	37.2	-3.5	33.5	75.1	-1.4	0.7	-18.7	-8.1	10.8
% of Total JLR Vols	18.4	16.1	18.8	29.8	27.8	31.4	27.5	27.5	26.1
Land Rover	351	394	442	422	457	388	381	349	415
Growth (%)	11.6	12.4	12.2	-4.5	8.3	-15.2	-1.7	-8.5	19.0
% of Total JLR Vols	81.6	83.0	81.2	70.2	72.2	68.6	72.5	72.5	73.9
Total JLR Volumes (incl JV)	430	475	544	601	634	565	525	481	562
Growth (%)	15.5	10.4	14.6	10.4	5.4	-10.8	-7.1	-8.4	16.8
ASP (GBP '000/unit)	45	46	44	46	47	48	48	49	50
Growth (%)	6.3	3.0	-5.8	4.0	3.9	0.8	1.3	2.0	2.0
Net JLR Sales (GBP b)	19	22	22	24	26	24	23	21	25
Growth (%)	22.8	12.8	1.9	9.2	5.9	-6.1	-5.1	-8.2	18.2
INDIA									
MH&CVs	122	143	176	176	192	225	124	101	125
Growth (%)	-19.7	16.5	23.6	-0.3	9.2	17.1	-44.7	-19.0	24.4
LCVs	299	222	205	209	257	295	216	169	202
Growth (%)	-30.3	-25.8	-7.7	2.1	22.7	14.9	-26.7	-22.0	20.0
Total CVs	421	365	381	385	449	520	341	270	328
Growth (%)	-27.5	-13.5	4.6	1.0	16.6	15.9	-34.5	-20.9	21.7
Total PVs	145	138	152	157	190	211	133	132	152
Growth (%)	-36.5	-5.3	10.1	3.9	20.8	11.2	-37.3	-0.5	14.9
Total Volumes	567	502	533	542	639	731	473	402	480
Growth (%)	-30.1	-11.4	6.1	1.8	17.8	14.5	-35.3	-15.2	19.5
ASP (INR 000/unit)	605	723	804	817	906	946	926	970	985
Net S/A Sales (INR b)	343	363	428	443	579	692	438	390	473
Growth (%)	-23.4	5.9	18.0	3.4	30.6	19.5	-36.7	-11.1	21.3

Financials and valuations

Income Statement (Consolidated)								(INR m)
Y/E March	2015	2016	2017	2018	2019	2020	2021E	2022E
Total Income	2,631,590	2,730,456	2,696,925	2,915,505	3,019,384	2,610,680	2,496,188	2,999,154
Change (%)	13.0	3.8	-1.2	8.1	3.6	-13.5	-4.4	20.1
Expenditure	2,210,452	2,312,693	2,327,802	2,577,462	2,721,436	2,371,537	2,303,785	2,615,654
EBITDA	421,138	417,763	369,124	338,043	297,948	239,143	192,403	383,501
% of Net Sales	16.0	15.3	13.7	11.6	9.9	9.2	7.7	12.8
Depreciation	133,886	167,108	179,050	215,536	235,906	214,254	236,532	259,742
EBIT	287,252	250,655	190,074	122,507	62,042	24,889	-44,129	123,759
Product Dev. Exp.	28,752	34,688	34,136	35,319	42,246	41,885	38,415	40,971
Interest	48,615	48,891	42,380	46,818	57,586	72,433	73,849	77,907
Other Income	8,987	8,854	7,545	39,576	29,653	29,732	17,200	18,200
EO Exp/(Inc)	930	18,504	-11,146	-19,751	296,516	28,714	0	0
Forex Gain/ (Loss)	-917	-16,169	-39,101	11,853	-9,059	-17,387	-4,719	-9,580
PBT	217,026	141,258	93,148	111,550	-313,712	-105,800	-143,911	13,501
Tax	76,429	30,251	32,512	43,419	-24,375	3,953	-10,278	25,722
Effective Rate (%)	35.2	21.4	34.9	38.9	7.8	-3.7	7.1	190.5
Reported PAT	140,597	111,007	60,636	68,131	-289,337	-109,752	-133,634	-12,221
Change (%)	-0.3	-21.0	-45.4	12.4	-524.7	-62.1	21.8	-90.9
% of Net Sales	5.3	4.1	2.2	2.3	-9.6	-4.2	-5.4	-0.4
Minority Interest	-868	-989	-1,022	-1,025	-1,020	-956	-463	-573
Share of profit of associate	134	5,775	14,930	22,783	2,095	-10,000	-6,097	5,339
Net Profit	139,863	115,793	74,544	89,889	-288,262	-120,709	-140,194	-7,455
Adj. PAT	140,465	130,334	67,288	77,826	-14,785	-90,921	-140,194	-7,455
Change (%)	-1.1	-7.2	-48.4	15.7	-119.0	515.0	54.2	-94.7

Balance Sheet (Cons.)

Y/E March	2015	2016	2017	2018	2019	2020	2021E	2022E
Share Capital	6,438	6,792	6,792	6,792	6,792	7,195	7,196	7,659
Reserves	556,181	782,732	573,827	947,487	595,003	623,590	483,396	501,503
Net Worth	562,619	789,524	580,619	954,279	601,795	630,785	490,593	509,162
Loans	692,115	619,612	744,891	779,944	911,239	996,782	996,782	996,782
Deferred Tax	-13,900	44,748	11,740	19,671	-36,601	-35,160	-35,160	-35,160
Capital Employed	1,245,167	1,458,212	1,341,781	1,759,144	1,481,664	1,600,542	1,460,812	1,479,955
Gross Fixed Assets	1,582,066	1,976,068	1,628,389	2,156,778	2,258,724	2,601,413	2,961,143	3,240,005
Less: Depreciation	744,241	911,348	675,681	917,952	1,153,858	1,368,113	1,604,645	1,864,387
Net Fixed Assets	837,825	1,064,720	952,708	1,238,826	1,104,866	1,233,301	1,356,499	1,375,618
Capital WIP	286,401	259,189	336,988	400,335	318,838	356,223	250,000	250,000
Goodwill	46,970	7,598	6,733	1,165	7,478	7,771	7,771	7,771
Investments	153,367	237,670	203,379	208,128	157,707	163,085	45,248	50,586
Curr.Assets	1,034,685	1,102,234	1,237,735	1,423,465	1,431,544	1,406,255	1,059,648	1,307,882
Inventory	292,723	326,557	350,853	421,377	390,137	374,569	273,555	328,674
Sundry Debtors	125,792	135,709	140,756	198,933	189,962	111,727	136,777	164,337
Cash & Bank Bal.	321,158	304,604	360,779	346,139	326,488	337,270	66,626	232,182
Loans & Advances	256,948	254,033	291,474	445,929	512,867	569,741	569,741	569,741
Current Liab. & Prov.	1,114,081	1,213,200	1,395,762	1,512,775	1,538,770	1,566,092	1,258,352	1,511,902
Sundry Creditors	574,073	615,618	625,326	769,398	716,907	663,982	594,982	714,867
Other Liabilities	328,305	460,226	622,314	538,766	601,347	651,452	492,399	591,614
Net Current Assets	-79,396	-110,965	-158,027	-89,309	-107,226	-159,837	-198,705	-204,020
Appl. of Funds	1,245,167	1,458,212	1,341,782	1,759,144	1,481,664	1,600,542	1,460,812	1,479,955

E: MOFSL Estimates

Financials and valuations

Ratios (Con.)

Y/E March	2015	2016	2017	2018	2019	2020	2021E	2022E
Basic (INR)								
EPS	43.6	38.4	19.8	22.9	-4.4	-25.3	-39.0	-1.9
EPS Fully Diluted	43.6	38.4	19.8	22.9	-4.4	-25.3	-39.0	-1.9
EPS Growth (%)	-1.1	-12.0	-48.4	15.7	-119.0	480.5	54.2	-95.0
Cash EPS	85.2	87.6	72.5	86.4	65.1	34.3	26.8	65.9
Book Value (Rs/Share)	174.8	232.5	171.0	281.0	177.2	175.3	136.3	133.0
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (Incl. Div. Tax) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)								
Consolidated P/E	2.3	2.6	5.1	4.4	-23.1	-4.0	-2.6	-51.6
EV/EBITDA	1.3	1.0	1.4	1.7	2.6	3.6	6.5	2.9
EV/Sales	0.2	0.2	0.2	0.2	0.3	0.3	0.5	0.4
Price to Book Value	0.6	0.4	0.6	0.4	0.6	0.6	0.7	0.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profitability Ratios (%)								
RoE	23.1	19.3	9.8	10.1	-1.9	-14.8	-25.0	-1.5
RoCE	15.7	15.1	9.2	6.4	5.2	3.7	-1.6	-8.7
RoIC	39.2	34.5	22.6	12.0	7.7	3.6	-4.4	-10.9
Turnover Ratios								
Debtors (Days)	17	18	19	25	23	16	20	20
Inventory (Days)	41	44	47	53	47	52	40	40
Creditors (Days)	80	82	85	96	87	93	87	87
Asset Turnover (x)	2.1	1.9	2.0	1.7	2.0	1.6	1.7	2.0
Leverage Ratio								
Debt/Equity (x)	1.2	0.8	1.3	0.8	1.5	1.6	2.0	2.0

Cash Flow Statement

Y/E March	2015	2016	2017	2018	2019	2020	2021E	2022E
(INR m)								
OP/(Loss) before Tax	139,863	110,238	75,566	90,914	-287,242	-119,752	-140,194	-7,455
Int/Div. Received	7,777	8,258	36,653	39,542	-4,413	-11,913	17,200	18,200
Depreciation	133,864	170,142	179,050	215,536	235,906	214,254	236,532	259,742
Direct Taxes Paid	-41,940	-19,939	-18,951	-30,212	-26,594	-17,489	10,278	-25,722
(Inc)/Dec in WC	-36,718	25,515	32,542	-64,337	-72,123	50,636	-231,776	170,871
Other Items	136,570	96,855	8,954	23,333	64,994	125,105	463	573
CF from Op Activity	339,415	391,069	313,814	274,776	-89,472	240,841	-107,497	416,209
Extra-ordinary Items	20,191	8,857	-11,822	-36,202	278,379	25,488	0	0
CF after EO Items	359,606	399,925	301,992	238,574	188,908	266,329	-107,497	416,209
(Inc)/Dec in FA+CWIP	-315,396	-326,232	-304,135	-350,486	-352,363	-295,306	-253,507	-278,862
Free Cash Flow	44,210	73,693	-2,143	-111,912	-163,455	-28,976	-361,004	137,347
(Pur)/Sale of Invest.	-37,570	-68,134	-76,664	86,031	157,691	-46,397	117,837	-5,339
CF from Inv Activity	-352,966	-394,366	-380,799	-264,456	-194,672	-341,702	-135,670	-284,200
Issue of Shares	0	74,332	46	0	0	38,888	1	26,025
Inc/(Dec) in Debt	122,288	-47,483	116,583	75,183	159,302	81,318	0	0
Interest Paid	-63,070	-57,039	-53,363	-54,106	-70,051	-75,184	-73,849	-77,907
Dividends Paid	-7,204	-1,739	-1,212	-960	-947	-568	0	0
CF from Fin Activity	52,014	-31,930	62,053	20,117	88,304	44,453	-73,848	-51,882
Inc/(Dec) in Cash	58,655	-26,371	-16,754	-5,764	82,540	-30,920	-317,014	80,126
Add: Beginning Bal.	152,629	211,283	171,536	152,932	133,058	215,598	184,678	-132,336
Closing Balance	211,283	184,913	154,782	147,167	215,598	184,678	-132,336	-52,210

E: MOFSL Estimates

NOTES

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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