

Tata Motors

BSE SENSEX

48,804

S&P CNX

14,581

CMP: INR304

TP: INR415 (+37%)

Buy

TATA MOTORS

Stock Info

Bloomberg	TTMT IN
Equity Shares (m)	3,598
M.Cap.(INRb)/(USDb)	1075.7 / 14.4
52-Week Range (INR)	357 / 71
1, 6, 12 Rel. Per (%)	-2/116/256
12M Avg Val (INR M)	15316
Free float (%)	53.6

Financials Snapshot (INR b)

Y/E March	2021E	2022E	2023E
Net Sales	2,536	3,166	3,617
EBITDA	338.3	453.3	543.7
Adj. PAT	-4.0	109.3	147.3
Adj. EPS (INR)	-1.0	28.6	38.5
EPS Gr. (%)	-95.9	-2,842.1	34.7
BV/Sh. (INR)	130.9	159.5	196.9

Ratios

Net D/E (x)	2.0	1.6	1.3
RoE (%)	-0.7	19.7	21.6
RoCE (%)	10.0	13.6	13.6
Payout (%)	0.0	0.0	2.6

Valuations

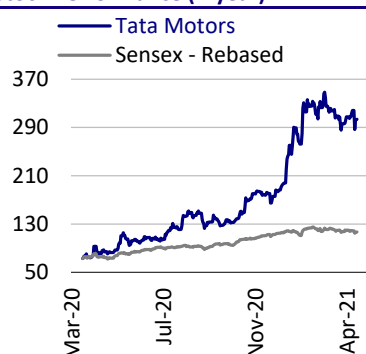
P/E (x)	-290.7	10.6	7.9
P/BV (x)	2.3	1.9	1.5
EV/EBITDA (x)	5.2	3.6	2.7
Div. Yield (%)	0.0	0.0	0.3
FCF Yield (%)	3.0	5.7	14.6

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	42.4	42.4	42.4
DII	12.7	13.2	15.1
FII	15.6	15.8	18.3
Others	29.3	28.6	24.2

FII Includes depository receipts

Stock Performance (1-year)



JLR 4Q wholesales above est, up 7.5% YoY

Retails up 12.4% YoY for 4QFY21, down 13.6% for FY21

Wholesale volumes

- Jaguar Land Rover (JLR) 4QFY21 wholesale volumes (incl. CJLR) grew ~7.5% YoY to ~136.5k units. Jaguar wholesales declined ~3.4%, while LR grew ~11.3%. JLR sales saw significant improvement sequentially (+14% QoQ).
- This has led to dilution in the mix as the share of Jaguar has improved ~5.4pp QoQ.
- The sharp beat in quarterly wholesales would lead to a stronger-than-estimated 4QFY21 performance. Based on our volume estimates for JLR, we expect TTMT's 4QFY21 consol PAT at INR36.4b. With actual wholesale volumes, the revised 4QFY21 consol PAT estimate is INR51.3b.
- For FY21, JLR wholesale volumes declined 21% to 124.8k units. For the full year, Jaguar/LR wholesales declined 37%/15%.

Retail volumes

- JLR 4QFY21 retail volumes (incl. CJLR) grew ~12.4% YoY to ~123.5k units. Jaguar retails declined ~17% to 23.5k units, while LR retails grew ~22.6% to 100k units. JLR sales declined sequentially (-4% QoQ). For FY21, JLR's retail volumes declined 13.6% to 439.5k units. Jaguar/LR retails declined 30.5%/7% for FY21.
- The new Land Rover Defender contributed to strong YoY growth with 16.9k retails. This was driven by other LR models, such as LR Discovery Sport (+28.6%), Range Rover Sport (+20.7%), and Range Rover (+15.8%). Jaguar models such as XF (+28.4%), XE (+5.6%) and F-type (+55.8%) further aided growth.
- China retails grew 127% YoY (COVID impact in base quarter) and US retails grew 10% YoY. The UK (-7%), EU (-5%), and RoW (-10%) were under pressure.
- For FY21, China retails grew 23.4% YoY. The UK declined ~22.2% YoY, North America ~14.3% YoY, Europe 25.9% YoY, and RoW 26.7% YoY.
- 12 out of JLR's 13 nameplates are now available with an electrified option. PHEV (plug-in hybrids) are available in eight models and MHEV (mild hybrids) in 11 models.
- 62% of electrified vehicles were retailed in 4QFY21, with the contribution of MHEV being the highest at 53%, PHEV at 7%, and Jaguar i-PACE at 2%.
- Mr Felix Brautigam, Jaguar Land Rover Chief Commercial Officer, stated, "While the Covid-19 pandemic has an ongoing impact on the global auto industry, I am pleased to end the financial year with sales up year-on-year in the last quarter. Encouragingly, the steady recovery throughout the year follows the direction of our Reimagine strategy: the quality of our sales improved even more than the volume, with a focus on our most profitable car lines, higher specifications and lower incentives. Despite very different COVID**

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restrictions worldwide we also achieved our objective of balanced sales across our key markets....The completely refreshed Discovery and updated Velar, which is now also available as plug-in hybrid, will strengthen Land Rover sales further."

- It expects to report significant positive free cash flow in 4Q (seasonal factor) and achieve breakeven to positive cash flow for the full year.
- The stock trades at 7.9x FY23E consol. EPS and 1.5x P/B. Maintain Buy, with Target Price of INR415 (Mar'23 SOTP-based).

TATA MOTORS: JLR [Wholesale]

Company Sales	4QFY21	4QFY20	YoY (%) chg	3QFY21	QoQ (%) chg	FY21	FY20	(%) chg
JLR	1,36,461	1,26,979	7.5	1,19,658	14.0	412,911	525,402	-21.4
Jaguar	31,814	32,940	-3.4	22,466	41.6	90,440	144,270	-37.3
Land rover	1,04,647	94,039	11.3	97,192	7.7	322,471	381,132	-15.4

TATA MOTORS: JLR [Retails]

Company Sales	YoY			MoM		FY21	FY20	(% chg)
	4QFY21	4QFY20	YoY (%) chg	3QFY21	QoQ (%) chg			
JLR	1,23,483	1,09,869	12.4	1,28,469	-3.9	4,39,588	5,08,659	-13.6
Jaguar	23,463	28,288	-17.1	28,072	-16.4	97,669	1,40,593	-30.5
Land rover	1,00,020	81,581	22.6	1,00,397	-0.4	3,41,919	3,68,066	-7.1

Region-wise Retail Sales

Region	4QFY21	4QFY20	YoY %	3QFY21	QoQ %	FY21	FY20	YoY %
North America	31,438	28,476	10.4	33,270	-5.5	1,10,803	1,29,295	-14.3
UK	26,317	28,237	-6.8	21,044	25.1	82,978	1,06,716	-22.2
Europe	22,279	23,427	-4.9	24,839	-10.3	79,258	1,07,028	-25.9
China	27,590	12,154	127.0	32,680	-15.6	1,11,184	90,118	23.4
RoW	15,818	17,575	-10.0	16,637	-4.9	55,324	75,503	-26.7
JLR	1,23,441	1,09,869	12.4	1,28,469	-3.9	4,39,546	5,08,659	-13.6

Financial and valuations

Income Statement (Consol.)								(INR M)
Y/E March	2016	2017	2018	2019	2020	2021E	2022E	2023E
Total Income	27,30,456	26,96,925	29,15,505	30,19,384	26,10,680	25,36,262	31,66,340	36,17,301
Change (%)	3.8	-1.2	8.1	3.6	-13.5	-2.9	24.8	14.2
Expenditure	23,12,693	23,27,802	25,77,462	27,21,436	23,71,537	21,97,916	27,13,071	30,73,561
EBITDA	4,17,763	3,69,124	3,38,043	2,97,948	2,39,143	3,38,346	4,53,270	5,43,740
% of Net Sales	15.3	13.7	11.6	9.9	9.2	13.3	14.3	15.0
Depreciation	1,67,108	1,79,050	2,15,536	2,35,906	2,14,254	2,39,249	2,40,249	2,63,728
EBIT	2,50,655	1,90,074	1,22,507	62,042	24,889	99,097	2,13,021	2,80,011
Product Dev. Exp.	34,688	34,136	35,319	42,246	41,885	42,321	45,100	47,614
Interest	48,891	42,380	46,818	57,586	72,433	80,073	75,593	68,192
Other Income	8,854	7,545	39,576	29,653	29,732	26,825	25,200	21,571
EO Exp/(Inc)	18,504	-11,146	-19,751	2,96,516	28,714	1,52,474	0	0
Forex Gain/ (Loss)	-16,169	-39,101	11,853	-9,059	-17,387	26,828	9,951	10,150
PBT	1,41,258	93,148	1,11,550	-3,13,712	-1,05,800	-1,22,117	1,27,478	1,95,927
Tax	30,251	32,512	43,419	-24,375	3,953	27,366	16,621	49,399
Effective Rate (%)	21.4	34.9	38.9	7.8	-3.7	-22.4	13.0	25.2
Reported PAT	1,11,007	60,636	68,131	-2,89,337	-1,09,752	-1,49,483	1,10,857	1,46,528
Change (%)	-21.0	-45.4	12.4	-524.7	-62.1	36.2	-174.2	32.2
% of Net Sales	4.1	2.2	2.3	-9.6	-4.2	-5.9	3.5	4.1
Minority Interest	-989	-1,022	-1,025	-1,020	-956	-778	-274	-366
Share of profit of associate	5,775	14,930	22,783	2,095	-10,000	-5,263	-1,243	1,131
Net Profit	1,15,793	74,544	89,889	-2,88,262	-1,20,709	-1,55,524	1,09,341	1,47,293
Adj. PAT	1,30,334	67,288	77,826	-14,785	-90,921	-3,987	1,09,341	1,47,293
Change (%)	-7.2	-48.4	15.7	-119.0	515.0	-95.6	-2,842.1	34.7

Balance Sheet (Cons.)								(INR M)
Y/E March	2016	2017	2018	2019	2020	2021E	2022E	2023E
Share Capital	6,792	6,792	6,792	6,792	7,195	7,659	7,659	7,659
Reserves	7,82,732	5,73,827	9,47,487	5,95,003	6,23,590	4,93,628	6,02,969	7,46,408
Net Worth	7,89,524	5,80,619	9,54,279	6,01,795	6,30,785	5,01,287	6,10,628	7,54,067
Loans	6,19,612	7,44,891	7,79,944	9,11,239	9,96,782	9,96,782	9,96,782	10,06,782
Deferred Tax	44,748	11,740	19,671	-36,601	-35,160	-35,160	-35,160	-35,160
Capital Employed	14,58,212	13,41,781	17,59,144	14,81,664	16,00,542	14,71,822	15,81,436	17,35,240
Gross Fixed Assets	19,76,068	16,28,389	21,56,778	22,58,724	26,01,413	28,57,326	31,01,566	33,78,189
Less: Depreciation	9,11,348	6,75,681	9,17,952	11,53,858	13,68,113	16,07,361	18,47,610	21,11,338
Net Fixed Assets	10,64,720	9,52,708	12,38,826	11,04,866	12,33,301	12,49,965	12,53,956	12,66,851
Capital WIP	2,59,189	3,36,988	4,00,335	3,18,838	3,56,223	2,50,000	2,50,000	2,50,000
Goodwill	7,598	6,733	1,165	7,478	7,771	7,771	7,771	7,771
Investments	2,37,670	2,03,379	2,08,128	1,57,707	1,63,085	46,082	44,839	45,970
Curr.Assets	11,02,234	12,37,735	14,23,465	14,31,544	14,06,255	13,00,926	15,54,925	18,98,971
Inventory	3,26,557	3,50,853	4,21,377	3,90,137	3,74,569	3,12,690	3,90,371	4,65,789
Sundry Debtors	1,35,709	1,40,756	1,98,933	1,89,962	1,11,727	1,38,973	1,73,498	2,18,029
Cash & Bank Bal.	3,04,604	3,60,779	3,46,139	3,26,488	3,37,270	3,66,573	4,70,367	6,59,463
Loans & Advances	2,54,033	2,91,474	4,45,929	5,12,867	5,69,741	4,69,741	5,02,741	5,32,741
Current Liab. & Prov.	12,13,200	13,95,762	15,12,775	15,38,770	15,66,092	13,82,922	15,30,055	17,34,322
Sundry Creditors	6,15,618	6,25,326	7,69,398	7,16,907	6,63,982	6,39,277	7,98,091	8,72,116
Other Liabilities	4,60,226	6,22,314	5,38,766	6,01,347	6,51,452	5,69,928	5,58,465	6,63,998
Net Current Assets	-1,10,965	-1,58,027	-89,309	-1,07,226	-1,59,837	-81,996	24,871	1,64,648
Appl. of Funds	14,58,212	13,41,782	17,59,144	14,81,664	16,00,542	14,71,822	15,81,436	17,35,240

E: MOSL Estimates

Financial and valuations

Ratios (Con.)

Y/E March	2016	2017	2018	2019	2020	2021E	2022E	2023E
Basic (INR)								
EPS	38.4	19.8	22.9	-4.4	-25.3	-1.0	28.6	38.5
EPS Fully Diluted	38.4	19.8	22.9	-4.4	-25.3	-1.0	28.6	38.5
EPS Growth (%)	-12.0	-48.4	15.7	-119.0	480.5	-95.9	-2,842.1	34.7
Cash EPS	87.6	72.5	86.4	65.1	34.3	61.4	91.3	107.3
Book Value (Rs/Share)	232.5	171.0	281.0	177.2	175.3	130.9	159.5	196.9
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Payout (Incl. Div. Tax) %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6
Valuation (x)								
Consolidated P/E	7.9	15.3	13.2	-69.7	-12.0	-291.5	10.6	7.9
EV/EBITDA	2.7	3.3	3.7	4.9	6.6	5.2	3.6	2.7
EV/Sales	0.4	0.4	0.4	0.5	0.6	0.7	0.5	0.4
Price to Book Value	1.3	1.8	1.1	1.7	1.7	2.3	1.9	1.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Profitability Ratios (%)								
RoE	19.3	9.8	10.1	-1.9	-14.8	-0.7	19.7	21.6
RoCE	15.1	9.2	6.4	5.2	3.7	10.0	13.6	13.6
RoIC	34.5	22.6	12.0	7.7	3.6	15.6	22.8	26.2
Turnover Ratios								
Debtors (Days)	18	19	25	23	16	20	20	22
Inventory (Days)	44	47	53	47	52	45	45	47
Creditors (Days)	82	85	96	87	93	92	92	88
Asset Turnover (x)	1.9	2.0	1.7	2.0	1.6	1.7	2.0	2.1
Leverage Ratio								
Debt/Equity (x)	0.8	1.3	0.8	1.5	1.6	2.0	1.6	1.3

Cash Flow Statement

Y/E March	2016	2017	2018	2019	2020	2021E	2022E	2023E
OP/(Loss) before Tax	1,10,238	75,566	90,914	-2,87,242	-1,19,752	-1,55,524	1,09,341	1,47,293
Int/Div. Received	8,258	36,653	39,542	-4,413	-11,913	26,825	25,200	21,571
Depreciation	1,70,142	1,79,050	2,15,536	2,35,906	2,14,254	2,39,249	2,40,249	2,63,728
Direct Taxes Paid	-19,939	-18,951	-30,212	-26,594	-17,489	-27,366	-16,621	-49,399
(Inc)/Dec in WC	25,515	32,542	-64,337	-72,123	50,636	-48,537	-3,073	49,318
Other Items	96,855	8,954	23,333	64,994	1,25,105	778	274	366
CF from Op Activity	3,91,069	3,13,814	2,74,776	-89,472	2,40,841	35,424	3,55,370	4,32,878
Extra-ordinary Items	8,857	-11,822	-36,202	2,78,379	25,488	1,46,334	-49,754	0
CF after EO Items	3,99,925	3,01,992	2,38,574	1,88,908	2,66,329	1,81,758	3,05,616	4,32,878
(Inc)/Dec in FA+CWIP	-3,26,232	-3,04,135	-3,50,486	-3,52,363	-2,95,306	-1,49,690	-2,44,239	-2,76,624
Free Cash Flow	73,693	-2,143	-1,11,912	-1,63,455	-28,976	32,068	61,377	1,56,254
(Pur)/Sale of Invest.	-68,134	-76,664	86,031	1,57,691	-46,397	1,17,003	1,243	-1,131
CF from Inv Activity	-3,94,366	-3,80,799	-2,64,456	-1,94,672	-3,41,702	-32,687	-2,42,996	-2,77,755
Issue of Shares	74,332	46	0	0	38,888	26,026	0	0
Inc/(Dec) in Debt	-47,483	1,16,583	75,183	1,59,302	81,318	0	0	10,000
Interest Paid	-57,039	-53,363	-54,106	-70,051	-75,184	-80,073	-75,593	-68,192
Dividends Paid	-1,739	-1,212	-960	-947	-568	0	0	-3,855
CF from Fin Activity	-31,930	62,053	20,117	88,304	44,453	-54,047	-75,593	-62,047
Inc/(Dec) in Cash	-26,371	-16,754	-5,764	82,540	-30,920	95,024	-12,974	93,076
Add: Beginning Bal.	2,11,283	1,84,913	1,68,159	1,62,395	2,44,934	2,14,014	3,09,038	2,96,065
Closing Balance	1,84,913	1,68,159	1,62,395	2,44,934	2,14,014	3,09,038	2,96,065	3,89,141

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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