

Estimate change



TP change



Rating change



	TTMT IN
Bloomberg	
Equity Shares (m)	3,598
M.Cap.(INRb)/(USD\$b)	1182 / 16.2
52-Week Range (INR)	357 / 80
1, 6, 12 Rel. Per (%)	4/78/245
12M Avg Val (INR M)	16140

### Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Net Sales	2,498	3,161	3,614
EBITDA	357.8	435.8	522.5
Adj. PAT	2.2	88.0	126.7
Adj. EPS (INR)	0.6	23.0	33.1
EPS Gr. (%)	-102.2	3,976.6	44.0
BV/Sh. (INR)	144.3	167.2	199.3

### Ratios

Net D/E (x)	2.1	1.8	1.5
RoE (%)	0.4	14.8	18.0
RoCE (%)	11.3	10.6	11.4
Payout (%)	0.0	0.0	3.0

### Valuations

P/E (x)	589.7	14.5	10.0
P/BV (x)	2.3	2.0	1.7
EV/EBITDA (x)	4.8	4.4	3.3
Div. Yield (%)	0.0	0.0	0.3
FCF Yield (%)	7.7	-20.2	12.6

### Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	46.4	42.4	42.4
DII	12.1	12.7	13.6
FII	13.8	15.6	16.8
Others	27.8	29.3	27.2

FII Includes depository receipts

**CMP: INR332**
**TP: INR400 (+20%)**
**Buy**

## Mixed bag; JLR in line despite a sharp beat on volumes

### Near term challenges notwithstanding deleveraging to continue

- TTMT's performance in 4QFY21 was a mixed bag as the overall operating performance was in line. JLR's performance was restricted by an adverse mix, despite a sharp beat in volumes. In a seasonally strong quarter, consolidated net debt fell ~INR73b YoY (down INR138b QoQ) to INR409b. 1QFY22 would be challenging for both businesses, though the outlook beyond that is positive.
- We maintain our FY22E/FY23E EPS estimate. Maintain Buy with TP of INR400/share (Mar'23E SoTP).

### JLR mix offsets operating leverage; India in line, PV recovery sustains

- Consolidated revenue/EBITDA grew ~42%/437% YoY in 4QFY21 to INR886.3b/INR127.4b (est. INR860b/INR107b). Adjusted PAT stood at INR57.4b (v/s a loss of INR70b in 4QFY20 and our estimate of INR36.4b).
- Consolidated revenue declined 4% YoY, while EBITDA grew 55% in FY21. Adjusted profit stood at INR2.2b (v/s a loss of INR91b in FY20). FCF generation remained strong in both businesses – JLR (GBP729m) and standalone (INR29b) – in 4QFY21 (seasonally strong quarter), resulting in a reduction in net debt.
- **Better than estimated volumes, but in line EBITDA margin for JLR:** Wholesale volumes (including Chery JLR) grew ~9% YoY to 136.5k (est. ~124.8k). Net realization declined by ~9% QoQ (+16.5% YoY) to GBP53.3k (est. GBP58.7k), impacted by adverse mix (lower China and higher Jaguar sales). Net sales grew 21% YoY to GBP6.5b (est. GBP6.5b).
- EBITDA margin for JLR fell 50bp QoQ (+10.5pp YoY) to 15.3% (est. 15.4%). The sequential decline in margin was impacted by weaker mix (China contribution was lower and Jaguar contribution was higher by ~510bp) and non-recurrence of certain benefits (~150bp). Forex gains of GBP116m boosted adjusted PAT to GBP566m (est. PAT of GBP371m). It took a GBP1.5b write-off in 4QFY21 (in addition to GBP3.3b in the last two years), including GBP952m of non-cash write downs on investments and GBP534m of restructuring charges expected to be paid in FY22.
- **Standalone operating performance in line; PV business EBITDA margin at 4.9%:** PV/CV volume recovery and cost-cutting resulted in an EBITDA of INR16.5b (in line). EBITDA margin expanded 12.6pp YoY (+120bp QoQ) to 8.3% (est. 8.9%), with CV business margin at 9.1% (+950bp YoY, +110bp QoQ) and PV business margin at 4.9% (v/s -17.9% in 4QFY20 and +3.8% in 3QFY21). Higher product development expenses led to an adjusted profit of ~INR98m (est. INR492m PAT v/s 3QFY21 loss of INR6.3b).

**Jinesh Gandhi – Research Analyst** (Jinesh@MotilalOswal.com)

**Vipul Agrawal – Research Analyst** (Vipul.Agrawal@motilaloswal.com)

**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](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Highlights from the management commentary**

- **JLR FY22 outlook:** Volume growth is expected to be over 20%. EBIT target of 4% is on the conservative side owing to volume uncertainty, led by the semiconductor shortage. It expects to break even at the FCF level post investment of GBP2.5b and restructuring costs of GBP0.5b. EBIT may be negative in 1QFY22 due to the impact of weaker volumes on account of the semiconductor shortage.
- JLR has an order book of ~0.1m units (~60% of orders are from Europe and the UK). Defender's order book stands at over 22,000 units. PHEVs have a very high waiting period of up to 12 months.
- Volumes in India in 1QFY22 TD have been severely impacted by the lockdown as almost 80% of dealerships are shut. Sales in Apr'21 fell ~50% and is worse in May'21. It is targeting an EBIT margin of over 2.5%, with positive free cash flow in FY22.
- Fund raising was more of an enabling resolution across instruments, keeping in mind the second COVID wave. Raising funds via the equity route remains the last option for the company. The board has deferred the fund raising decision to the next meeting (AGM).

**Valuation and view**

- Near term headwinds notwithstanding, TTMT would see the triple benefit of: a) macro recovery, b) company-specific volume/margin drivers, and c) sharp improvement in FCF and leverage in both JLR as well as the India business.
- The stock trades at 4.4x/3.3x FY22E/FY23E EV/EBITDA. Maintain Buy with a TP of ~INR400/share (Mar'23E-based SoTP).

**Quarterly performance (consolidated, INR b)**

INR b	FY20				FY21				FY20	FY21	4QFY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
<b>Net Op Income</b>	<b>614.7</b>	<b>654.3</b>	<b>716.8</b>	<b>624.9</b>	<b>319.8</b>	<b>535.3</b>	<b>756.5</b>	<b>886.3</b>	<b>2610.7</b>	<b>2497.9</b>	<b>859.7</b>
Growth (%)	-7.8	-9.1	-6.8	-27.7	-48.0	-18.2	5.5	41.8	-13.5	-4.3	37.6
<b>EBITDA</b>	<b>30.0</b>	<b>71.6</b>	<b>72.0</b>	<b>23.7</b>	<b>6.4</b>	<b>56.7</b>	<b>115.1</b>	<b>127.4</b>	<b>197.3</b>	<b>305.6</b>	<b>107.0</b>
EBITDA Margins (%)	4.9	10.9	10.0	3.8	2.0	10.6	15.2	14.4	7.6	12.2	12.4
JLR EBITDA Margins (%)	4.2	13.4	10.2	4.8	3.6	11.1	15.8	15.3	8.7	12.8	15.4
S/A EBITDA (%)	6.4	-1.7	2.9	-4.4	-26.2	2.9	7.1	8.3	1.3	4.8	8.9
Depreciation	51.1	53.0	52.0	58.1	56.0	56.0	61.3	62.2	214.3	235.5	66.0
Other Income	8.4	6.7	9.0	5.6	6.1	6.3	7.1	6.9	29.7	26.4	7.3
Interest Expenses	17.1	18.4	17.4	19.5	18.8	19.5	21.3	21.4	72.4	81.0	20.5
<b>PBT before EO</b>	<b>-31.3</b>	<b>5.8</b>	<b>13.5</b>	<b>-65.1</b>	<b>-61.9</b>	<b>-8.2</b>	<b>45.9</b>	<b>57.0</b>	<b>-77.1</b>	<b>32.9</b>	<b>43.6</b>
EO Exp/(Inc)	1.09	-0.39	0.01	28.01	-0.03	-0.05	4.23	133.5	28.71	137.61	148.54
<b>PBT after EO Exp</b>	<b>-32.4</b>	<b>6.2</b>	<b>13.5</b>	<b>-93.1</b>	<b>-61.8</b>	<b>-8.1</b>	<b>41.7</b>	<b>-76.4</b>	<b>-105.8</b>	<b>-104.7</b>	<b>-105.0</b>
Tax rate (%)	-6.1	71.7	-44.8	-3.8	-35.6	57.9	22.7	1.7	-3.7	-24.3	-4.3
<b>PAT</b>	<b>-34.3</b>	<b>1.8</b>	<b>19.5</b>	<b>-96.7</b>	<b>-83.8</b>	<b>-3.4</b>	<b>32.2</b>	<b>-75.1</b>	<b>-109.8</b>	<b>-130.2</b>	<b>-109.5</b>
Minority Interest	-0.2	-0.3	-0.2	-0.3	0.1	-0.1	-0.4	-0.2	-1.0	-0.6	-0.4
Share in profit of Associate	-2.5	-3.6	-2.0	-1.9	-0.6	0.4	-2.8	-0.7	-10.0	-3.8	-2.2
<b>Reported PAT</b>	<b>-37.0</b>	<b>-2.2</b>	<b>17.4</b>	<b>-98.9</b>	<b>-84.4</b>	<b>-3.1</b>	<b>29.1</b>	<b>-76.1</b>	<b>-120.7</b>	<b>-134.5</b>	<b>-112.1</b>
<b>Adj PAT</b>	<b>-35.9</b>	<b>-2.6</b>	<b>17.4</b>	<b>-69.9</b>	<b>-84.4</b>	<b>-3.2</b>	<b>32.3</b>	<b>57.4</b>	<b>-90.9</b>	<b>2.2</b>	<b>36.4</b>
Growth (%)	88.5	-54.1	-250.6	-426.8	135.5	23.1	85.9	-182.1	515.0	-102.4	-152.1

E: MOFSL estimates



## JLR: Key takeaways from the management commentary

- **FY22 outlook:** Volume growth is expected to be over 20%. EBIT target of 4% is on the conservative side owing to volume uncertainty, led by the semiconductor shortage. It expects to break even at the FCF level post investment of GBP2.5b and restructuring costs of GBP0.5b. EBIT may be negative in 1QFY22 due to the impact of weaker volumes on account of the semiconductor shortage.
- EBIT margin has been retained over 4%/7%/10% in FY22/FY24/FY26.
- JLR's market share has been growing QoQ, with 4QFY21 overall share at 6% (v/s 4.4% in 1Q).
- It has an order book of ~0.1m units (~60% of orders are from Europe and the UK). Defender's order book stands at over 22,000 units. PHEVs have a very high waiting period of up to 12 months.
- Adverse mix led to a sequential decline in realization as China contribution was lower and Jaguar was higher.
- The shortage of semiconductors in 4QFY21 had a limited impact. However, the management expects the shortage to continue and impact volumes in 1HFY22. An improvement is expected only in 2HFY22 as new capacity comes online. It lost ~7,000 units in FY21 due to the semiconductor shortage as well as Brexit.
- Charge+ program contributed cost savings of ~GBP100m in 4QFY21.
- The refocus program will increase focus on program efficiency and customer satisfaction. In value terms, it is expected to deliver ~GBP1b in FY22.
- The company has taken an exceptional expense of GBP1.5b (GBP952m of non-cash write downs on prior investments + GBP534m of restructuring cost). This will lead to a GBP150m reduction in depreciation on an annual basis. It will reduce its headcount by 2,000 over the next 3-6 months, which will lead to savings of GBP100m.
- Reimagine – its new global strategy – will have 11 MHEVs, eight PHEVs, and one BEV. The management reiterated its electrification targets: 1) an all-electric Jaguar will be launched in CY25, 2) the first all-electric LR will be launched in CY24, and five more pure electric variants will be rolled out in five years; 3) all Jaguar and LR nameplates will have a pure electric form by CY30-end.
- An improvement in CJLR's performance is expected in subsequent quarters. The focus remains on cost reduction efforts.

## JLR: Quarterly performance (IFRS, GBP m)

Y/E March (GBP m)	FY20				FY21				FY20	FY21	4QFY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
<b>Total Volumes (Incl. JV)</b>	<b>118,550</b>	<b>134,489</b>	<b>147,416</b>	<b>124,947</b>	<b>65,425</b>	<b>91,367</b>	<b>119,658</b>	<b>136,461</b>	<b>525,402</b>	<b>412,911</b>	<b>124,783</b>
Growth (%)	-9.9	2.9	4.1	-22.7	-44.8	-32.1	-18.8	9.2	-7.1	-21.4	-0.1
<b>Realization (GBP/unit)</b>	<b>48,698</b>	<b>50,246</b>	<b>48,477</b>	<b>45,729</b>	<b>58,452</b>	<b>59,250</b>	<b>58,315</b>	<b>53,289</b>	<b>48,291</b>	<b>56,758</b>	<b>58,719</b>
Change YoY (%)	1.5	4.9	1.3	-2.9	20.0	17.9	20.3	16.5	1.3	17.5	28.4
<b>Revenue</b>	<b>5,074</b>	<b>6,086</b>	<b>6,398</b>	<b>5,426</b>	<b>2,859</b>	<b>4,352</b>	<b>5,982</b>	<b>6,538</b>	<b>22,984</b>	<b>19,731</b>	<b>6,522</b>
Growth (%)	-2.8	8.0	2.8	-23.9	-43.7	-28.5	-6.5	20.5	-5.1	-14.2	20.2
RM/Sales (%)	64.7	61.1	64.7	65.3	64.1	61.9	62.6	62.2	63.9	62.5	63.9
Staff Cost/Sales (%)	12.9	10.4	10.2	11.5	15.2	11.3	9.9	9.5	11.2	10.9	9.1
Other Exp./Sales (%)	18.2	15.1	14.9	18.4	17.1	15.7	11.7	13.0	16.2	13.8	11.5
<b>EBITDA</b>	<b>213</b>	<b>818</b>	<b>651</b>	<b>259</b>	<b>102</b>	<b>481</b>	<b>946</b>	<b>1,001</b>	<b>2,000</b>	<b>2,531</b>	<b>1,006</b>
EBITDA Margin (%)	4.2	13.4	10.2	4.8	3.6	11.1	15.8	15.3	8.7	12.8	15.4
Depreciation and Amortization	463	504	453	490	491	469	515	501	1,910	1,976	549
FX loss/(gain)	70	68	-178	193	-26	-104	-143	-116	153	-389	0
Net Finance Cost	35	39	33	50	50	52	65	73	157	240	55
Share of JVs PAT	-28	-41	-25	-20	0	1	-33	-9	-114	-41	-28
<b>PBT before EO Exp.</b>	<b>-383</b>	<b>166</b>	<b>318</b>	<b>-494</b>	<b>-413</b>	<b>65</b>	<b>476</b>	<b>534</b>	<b>-334</b>	<b>663</b>	<b>374</b>
EO Exp./(Inc.)	12	10	0	7	0	0	37	1,486	29	1,523	1,500
<b>PBT after EO Exp.</b>	<b>-395</b>	<b>156</b>	<b>318</b>	<b>-501</b>	<b>-413</b>	<b>65</b>	<b>439</b>	<b>-952</b>	<b>-363</b>	<b>-860</b>	<b>-1,126</b>
Tax rate (%)	-1.8	35.9	-17.0	-7.6	-56.9	-80.0	20.0	3.4	-12.9	-27.8	-0.3
<b>Adj. PAT</b>	<b>-388</b>	<b>111</b>	<b>372</b>	<b>-531</b>	<b>-648</b>	<b>117</b>	<b>388</b>	<b>566</b>	<b>-377</b>	<b>423</b>	<b>371</b>
Growth (%)	85.0	-210.2	-236.8	-308.0	66.8	5.1	4.3	-206.6	15.1	-212.1	-169.8

E: MOFSL estimates

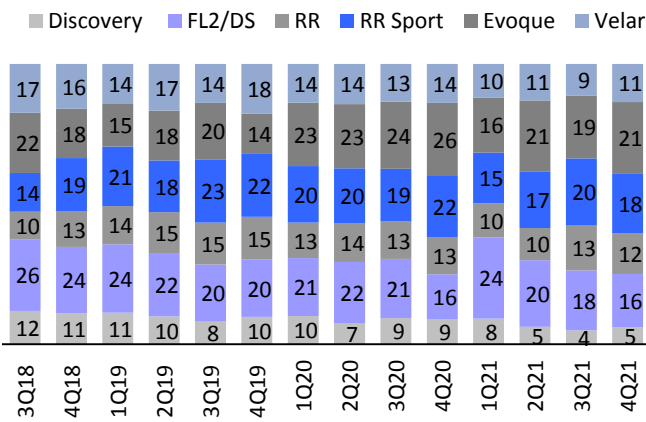
## JLR: Key performance indicators

	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Net Debt (IFRS)	2,138	2,300	2,177	2,220	2,748	3,346	2,678	1,915	2,220	1,915
CFO	76	777	748	991	-964	994	1,237	1,318	2,592	2,528
Capex	795	841	892	766	548	531	675	589	3,294	2,343
FCF	-719	-64	-144	225	-1,512	463	562	729	-702	185

E: MOFSL estimates

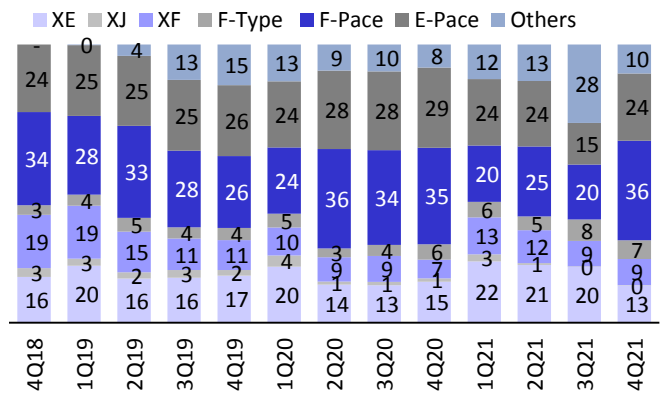
Key exhibits

Exhibit 1: Land Rover – wholesale product mix (%)



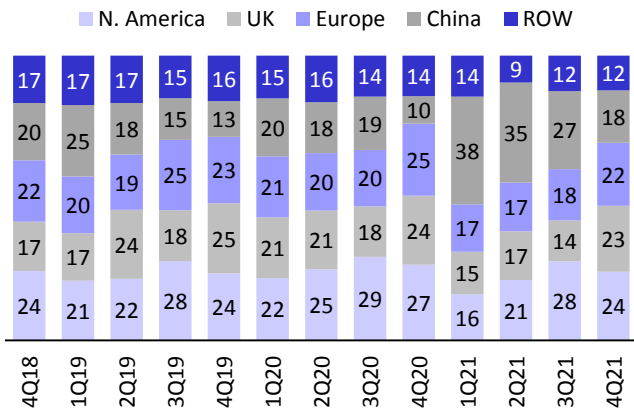
Source: Company, MOFSL

Exhibit 2: Jaguar – wholesale product mix (%)



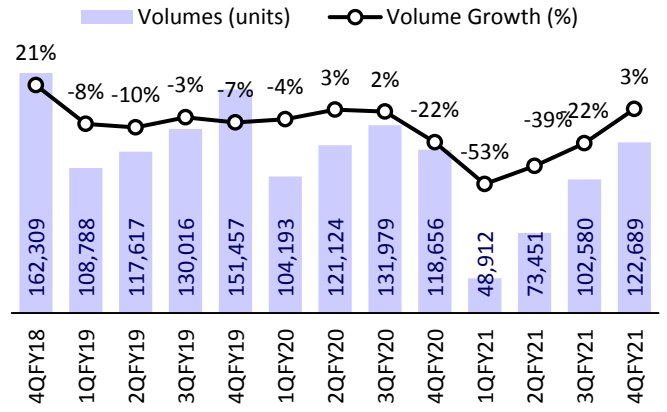
Source: Company, MOFSL

Exhibit 3: JLR – wholesale market mix (%)



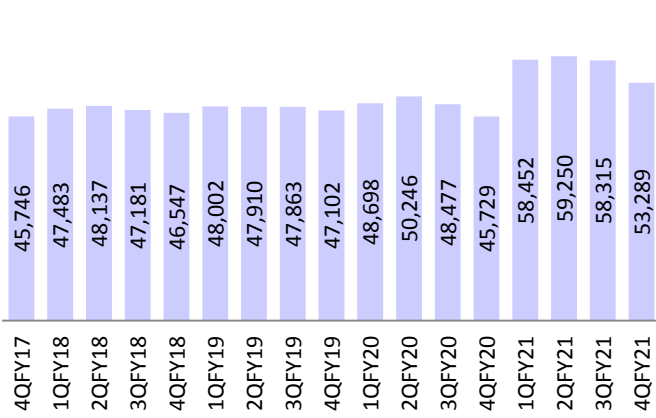
Source: Company, MOFSL

Exhibit 4: JLR – trend in volumes (excluding JV)



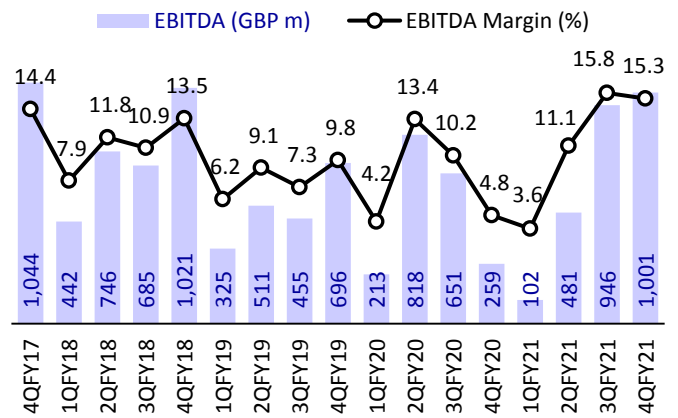
Source: Company, MOFSL

Exhibit 5: Trend in JLR realization (GBP/unit)



Source: Company, MOFSL

Exhibit 6: Trends in JLR EBITDA and EBITDA margin



Source: Company, MOFSL



### India: Key takeaways from the management commentary

- **FY22 target:** EBIT margin of over 2.5%, with positive free cash flow. Capex at INR30-35b.
- The company achieved cost savings of INR22b during FY21 (v/s the targeted INR15b) and is largely sustainable going forward.
- Volumes in 1QFY22 TD have been severely impacted by the lockdown as almost 80% of dealerships are shut. Sales in Apr'21 fell ~50% and is worse in May'21.
- Demerger of the PV subsidiary is on track as the final hearing in NCLT is scheduled on 14<sup>th</sup> Jun'21.
- The impact of the commodity inflation is being passed on gradually via price increases. In CVs, it raised prices by 1-1.5% in Jan'21 and 2.5% in Apr'21. In PVs, price hikes stood at 1.6% in Jan'21 and 1.8% in May'21.
- TMFL is expected to see some NPA challenges in the next few months. Its collection system was impacted as 900 personnel were infected by COVID-19. While collections were back to pre-COVID levels in 4QFY21, the same fell to 80% in Apr'21.

#### Exhibit 7: Quarterly performance (standalone, (INR b))

Y/E March	FY20				FY21				FY20	FY21	4Q FY21E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
<b>Total Volumes (units)</b>	<b>137,475</b>	<b>105,031</b>	<b>129,381</b>	<b>101,490</b>	<b>25,047</b>	<b>110,379</b>	<b>158,208</b>	<b>191,730</b>	<b>473,377</b>	<b>485,364</b>	<b>1,91,730</b>
Change (%)	-22.1	-44.9	-24.6	-47.4	-81.8	5.1	22.3	88.9	-35.3	2.5	88.9
<b>Average realization (INR'000/unit)</b>	<b>971</b>	<b>952</b>	<b>831</b>	<b>959</b>	<b>1,073</b>	<b>876</b>	<b>922</b>	<b>1,041</b>	<b>926</b>	<b>966</b>	<b>989</b>
Change (%)	2.8	2.1	-12.0	-0.4	10.5	-8.0	10.9	8.5	-2.1	4.3	3.1
<b>Net Sales</b>	<b>133.5</b>	<b>100.0</b>	<b>107.6</b>	<b>97.3</b>	<b>26.9</b>	<b>96.7</b>	<b>145.8</b>	<b>199.6</b>	<b>438.4</b>	<b>468.9</b>	<b>189.6</b>
Change (%)	-19.9	-43.7	-33.6	-47.6	-79.9	-3.3	35.6	105.0	-36.7	7.0	94.8
RM Cost (% of Sales)	71.9	74.8	74.8	76.6	72.2	75.0	74.6	77.0	74.3	75.6	75.2
Staff Costs (% of sales)	8.6	10.7	9.5	11.8	36.0	10.9	7.6	5.4	10.0	9.0	5.9
Other Exp. (% of sales)	13.1	16.2	12.9	15.9	18.0	11.2	10.7	9.3	14.4	10.6	9.9
<b>EBITDA</b>	<b>8.6</b>	<b>-1.7</b>	<b>3.1</b>	<b>-4.3</b>	<b>-7.0</b>	<b>2.8</b>	<b>10.4</b>	<b>16.5</b>	<b>5.7</b>	<b>22.6</b>	<b>17.0</b>
EBITDA Margin (%)	6.4	-1.7	2.9	-4.4	-26.2	2.9	7.1	8.3	1.3	4.8	8.9
Non-Operating Income	4.0	3.6	3.5	2.7	1.3	2.4	2.1	2.6	13.8	8.4	2.4
Interest	4.4	5.0	4.8	5.6	5.5	6.3	6.6	5.1	19.7	23.6	6.6
Depreciation and Amort.	7.8	7.6	8.5	9.8	8.6	9.1	9.5	9.6	33.8	36.8	9.7
Product Dev. Expenses	1.2	2.1	2.1	3.0	1.4	1.8	2.4	3.6	8.3	9.1	2.3
<b>PBT before EO Exp.</b>	<b>-0.4</b>	<b>-13.4</b>	<b>-8.6</b>	<b>-22.2</b>	<b>-21.4</b>	<b>-11.7</b>	<b>-5.9</b>	<b>0.5</b>	<b>-44.7</b>	<b>-38.4</b>	<b>0.9</b>
EO Exp./(Inc.)	0.1	-0.7	1.6	25.7	0.5	0.5	0.1	-16.4	26.7	-15.3	0.0
<b>PBT after EO Exp.</b>	<b>-0.5</b>	<b>-12.7</b>	<b>-10.2</b>	<b>-47.9</b>	<b>-21.9</b>	<b>-12.1</b>	<b>-6.0</b>	<b>16.9</b>	<b>-71.3</b>	<b>-23.1</b>	<b>0.9</b>
Tax	0.5	0.1	0.2	0.9	0.0	0.0	0.4	0.4	1.6	0.8	0.4
Effective Tax Rate (%)	-103.7	-0.9	-1.5	-1.8	0.0	0.0	-6.2	2.6	-2.3	-3.6	44.8
<b>PAT</b>	<b>-1.0</b>	<b>-12.8</b>	<b>-10.4</b>	<b>-48.7</b>	<b>-21.9</b>	<b>-12.1</b>	<b>-6.4</b>	<b>16.5</b>	<b>-73.0</b>	<b>-24.0</b>	<b>0.5</b>
Change (%)	-108.2	-1,274.6	-268.3	-4,687.1	2,156.1	-5.4	-38.6	-133.8	-461.1	-67.2	-101.0
<b>Adj. PAT</b>	<b>-0.9</b>	<b>-13.6</b>	<b>-8.8</b>	<b>-22.4</b>	<b>-21.4</b>	<b>-11.7</b>	<b>-6.3</b>	<b>0.1</b>	<b>-45.7</b>	<b>-39.8</b>	<b>0.5</b>
Change (%)	LP	-822.2	-236.6	-1,381.2	2,306.8	-14.0	-28.2	-100.4	LP	LP	-102.2

E: MOFSL estimates

**Exhibit 8: Key performance indicators (standalone)**

Trend in segment mix	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Volumes (units)</b>										
M&HCVs	39,055	27,826	30,515	27,050	3,106	13,436	28,951	44,662	1,24,446	90,155
Contribution (%)	28.4	26.5	23.6	57.5	12.4	12.2	18.3	41.6	36.5	34.3
LCVs	61,232	50,776	62,157	19,961	7,370	42,051	60,372	62,825	2,16,254	1,72,618
Contribution (%)	44.5	48.3	48.0	42.5	29.4	38.1	38.2	58.4	63.5	65.7
<b>Total CVs</b>	<b>1,00,287</b>	<b>78,602</b>	<b>92,672</b>	<b>47,011</b>	<b>10,476</b>	<b>55,487</b>	<b>89,323</b>	<b>1,07,487</b>	<b>3,40,700</b>	<b>2,62,773</b>
Contribution (%)	72.9	74.8	71.6	100.0	41.8	50.3	56.5	100.0	100.0	100.0
Cars	17,913	14,587	19,764	19,961	10,094	34,929	43,093	47,811	72,225	1,35,927
Contribution (%)	13.0	13.9	15.3	42.5	40.3	31.6	27.2	44.5	21.2	51.7
UVs	19,275	11,842	16,945	12,390	4,477	19,963	25,792	36,432	60,452	86,664
Contribution (%)	14.0	11.3	13.1	26.4	17.9	18.1	16.3	33.9	17.7	33.0
<b>Total volumes</b>	<b>1,37,475</b>	<b>1,05,031</b>	<b>1,29,381</b>	<b>79,362</b>	<b>25,047</b>	<b>1,10,379</b>	<b>1,58,208</b>	<b>1,91,730</b>	<b>4,73,377</b>	<b>4,85,364</b>

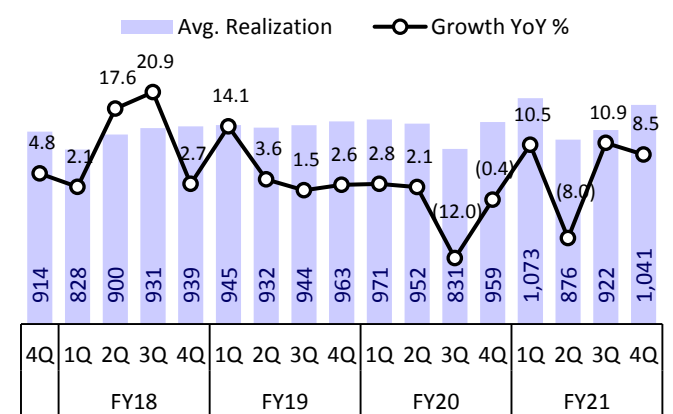
E: MOFSL estimates

**Exhibit 9: Key performance indicators**

Trend in segment mix	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Realizations (INR'000/unit)</b>										
CVs	1,018	991	855	1,015	1,373	1,001	1,071	1,241	966.6	1,138
PVs	832	827	762	833	839	742	725	779	811.9	757
<b>EBITDA Margin (%)</b>										
CVs	8.6	3.8	2.2	-0.4	-40.3	3.2	8.0	9.1	4.0	5.3
PVs	1.2	-21.4	-3.6	-17.9	-14.5	1.6	3.8	4.9	-9.4	2.2
<b>EBIT Margin</b>										
CVs	4.7	-0.8	-2.5	-6.1	-64.5	-3.8	3.7	6.0	-0.6	0.1
PVs	-10.0	-38.7	-19.9	-37.6	-52.8	-10.3	-6.3	-2.9	-25.3	-9.3
<b>Net Debt (standalone, INR b)</b>	<b>217.2</b>	<b>236.9</b>	<b>179.1</b>	<b>208.8</b>	<b>257.0</b>	<b>233.4</b>	<b>213.2</b>	<b>155.4</b>	<b>209</b>	<b>155.4</b>

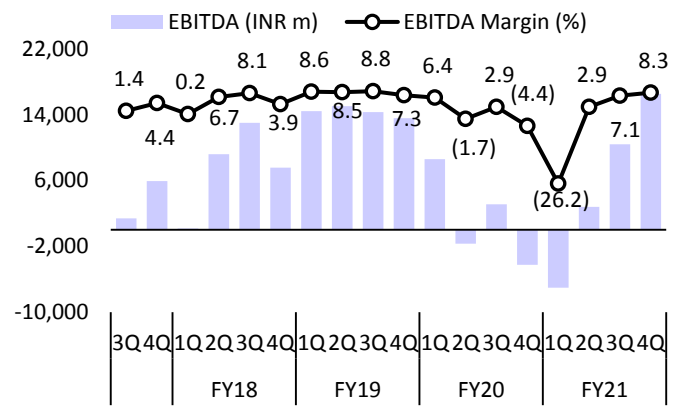
E: MOFSL estimates

**Exhibit 10: Trend in standalone realization (INR'000)**



Source: Company, MOFSL

**Exhibit 11: Standalone EBITDA margin trend**



Source: Company, MOFSL



### Valuation and view

- **Growth in JLR's volumes in FY22 to be driven by market recovery and ramp-up in the newly launched Defender:** JLR's volumes have been under pressure since FY19 due to several headwinds. However, there were early signs of a recovery in 2H CY19, driven by the new Evoque, ramp-up in I-Pace, and course correction in China, which got derailed due to the impact of COVID-19. Volumes are back on track now, with a good recovery seen in China and the US and expected recovery in the EU/UK (as the order book is strong). JLR should also gain from a ramp-up in Defender. We expect JLR's volumes (including JV) to grow at 14% CAGR over FY21-23E (after a 13.3% CAGR decline over FY18-21). This, coupled with the possibility of an improvement in mix and reduced variable marketing spend, would drive further improvement in realizations.
- **JLR's profitability to improve led by mix, cost-cutting, and operating leverage:** JLR has several levers, both cyclical and structural, in the form of: a) variable and fixed cost-cutting initiatives, b) mix improvement (growth in LR and China), c) operating leverage, and d) cost savings from its modular platform (on a full rollout of its modular strategy). The convergence of multiple factors stated above could aid recovery in 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. While the management expects a conservative 4% EBIT margin in FY22, owing to volume uncertainty led by the semiconductor shortage, we estimate JLR's EBIT margin at 5.1%/6.1% in FY22/FY23E (v/s -0.1%/+2.6 in FY20/FY21).
- **Near term outlook for the India business impacted by the second COVID wave; PV nearing cash breakeven:** Recovery in the India business has been severely impacted by the second COVID wave. Although TTMT's India CV business is on a strong footing, recovery in M&HCV volumes may pause for now. TTMT's refreshed product portfolio has helped its PV business recover rapidly, gain market share, and achieve FCF breakeven by FY23E.
- **Valuation and view:** Over the last three years, JLR had suffered from adverse product (growth led by Jaguar), market mix (decline in China contribution), and increased capex, resulting in negative FCFF over FY18-20. JLR has focused on cutting capex and cost, the benefits of which have now started to reflect. Despite the impact of COVID-19, we should see the mix normalizing – with a recovery in LR and China. Recovery in the India business was impacted by the COVID-led situation. However, it is expected to make a strong comeback once the lockdown is lifted. We maintain our FY22E/FY23E consolidated EBITDA. Maintain Buy with a TP of INR400/share (Mar'23E SoTP).



## Exhibit 12: Revised estimates

Key assumptions	FY22E			FY23E		
	Revised	Old	Change (%)	Revised	Old	Change (%)
<b>Consolidated</b>						
Net Sales	3,161	3,090	2.3	3,614	3,532	2.3
EBITDA	436	433	0.7	523	518	0.9
EBITDA Margin (%)	13.8	14.0	-20bp	14.5	14.7	-20bp
Net Profit	88	91	-3.0	127	127	-0.2
EPS	23.0	23.7	-3.0	33.1	33.2	-0.2
<b>JLR (IFRS, GBP m)</b>						
Volumes ('000 units) incl. JV	494	463	6.8	533	499	6.8
EBITDA	3,225	3,238	-0.4	3,704	3,703	0.0
EBITDA Margin (%)	13.7	14.0	-30bp	14.4	14.6	-20bp
Net Profit	999	1,031	-3.1	1,203	1,198	0.4
<b>Standalone</b>						
Volumes ('000 units)	692	705	-1.9	826	842	-1.9
EBITDA	53	51	3.9	80	78	2.6
EBITDA Margin (%)	7.5	7.5	0bp	9.3	9.3	-10bp
Net Profit	(8.7)	(5.8)	50.5	16.6	19.4	-14.5

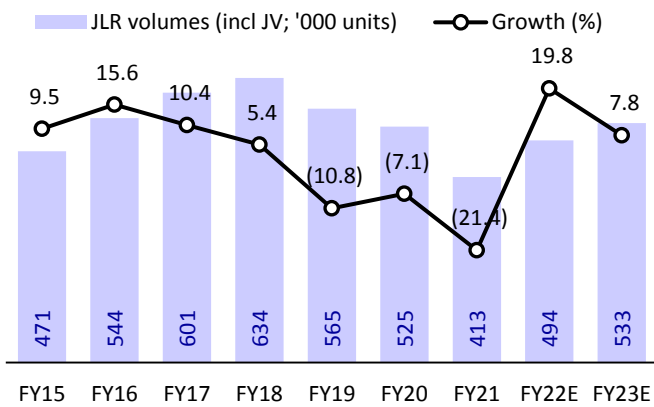
Source: MOFSL

## Exhibit 13: TTMT: Sum-of-the-parts (SoTP) valuation

INR b	Valuation parameter	Multiple (x)	FY22E	FY23E
<b>SoTP value</b>				
Tata Motors - Standalone	EV/EBITDA	12	633	954
JLR (Adjusted for R&D capitalization)	EV/EBITDA	2	605	713
JLR - Chery JV EBITDA share	EV/EBITDA	2	20	27
Tata Motors Finance	P/BV	1.0	43	47
<b>Total EV</b>			<b>1,300</b>	<b>1,742</b>
Less: Net debt (excluding TMFL)			540	367
Tata Sons	50% discount		158	158
<b>Total equity value</b>			<b>918</b>	<b>1,533</b>
<b>Fair value (INR/share) – ordinary share</b>	<b>Fully diluted</b>		<b>240</b>	<b>400</b>
<i>Upside (%)</i>			-27.8	20.4

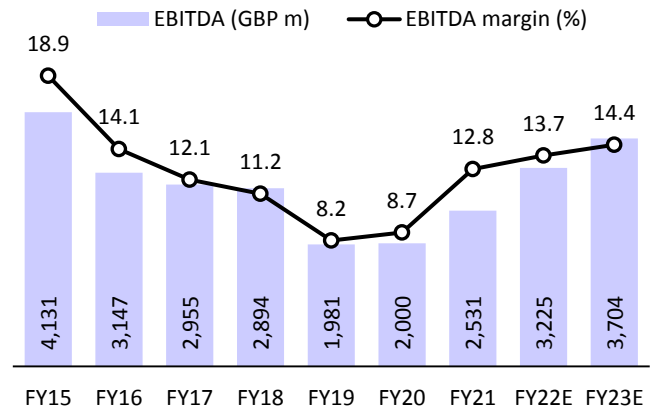
Tata Motors | Story in charts

Exhibit 14: JLR's volume growth trajectory



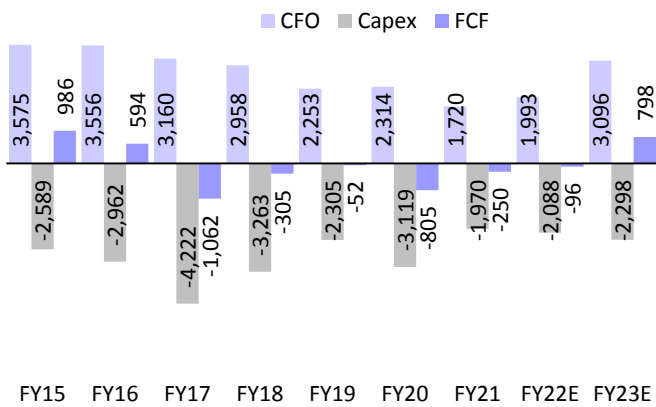
Source: Company, MOFSL

Exhibit 15: JLR's EBITDA and EBITDA margin trend



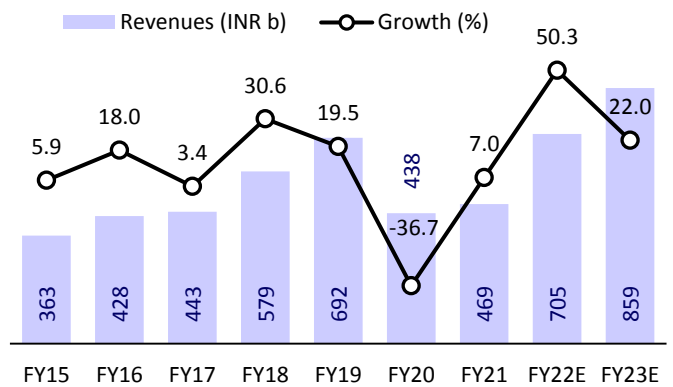
Source: Company, MOFSL

Exhibit 16: JLR's CFO/capex/FCF trend (GBP m)



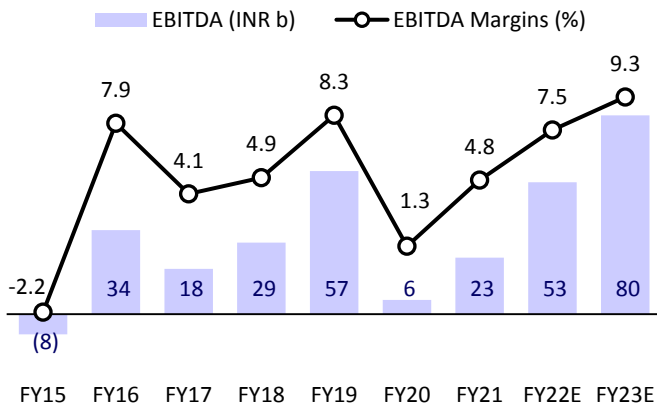
Source: Company, MOFSL

Exhibit 17: Standalone business growth trajectory over FY20-22E



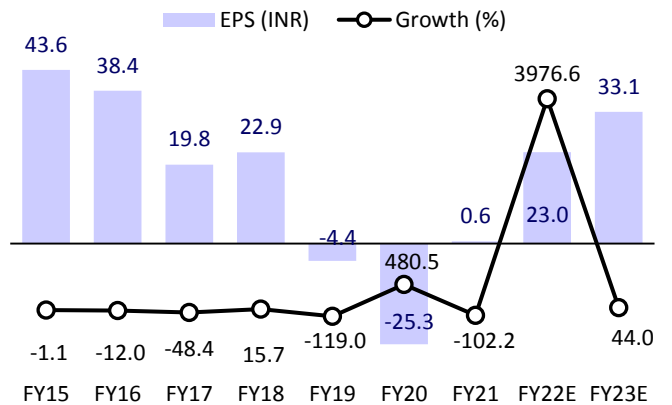
Source: Company, MOFSL

Exhibit 18: Standalone EBITDA and margin trend



Source: Company, MOFSL

Exhibit 19: Consolidated earnings trajectory



Source: Company, MOFSL

## Key operating metrics

'000 units	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>JLR</b>										
<b>Jaguar</b>	79	76	102	179	176	177	144	90	99	105
<i>Growth (%)</i>	37.2	-3.5	33.5	75.1	-1.4	0.7	-18.7	-37.3	9.6	6.3
<i>% of Total JLR Volumes</i>	18.4	16.1	18.8	29.8	27.8	31.4	27.5	21.9	20.0	19.8
<b>Land Rover</b>	351	394	442	422	457	388	381	322	395	428
<i>Growth (%)</i>	11.6	12.4	12.2	-4.5	8.3	-15.2	-1.7	-15.4	22.6	8.2
<i>% of Total JLR Volumes</i>	81.6	83.0	81.2	70.2	72.2	68.6	72.5	78.1	80.0	80.2
<b>Total JLR Volumes (incl. JV)</b>	430	475	544	601	634	565	525	413	494	533
<i>Growth (%)</i>	15.5	10.4	14.6	10.4	5.4	-10.8	-7.1	-21.4	19.8	7.8
<b>ASP (GBP'000/unit)</b>	45	46	44	46	47	48	48	57	56	57
<i>Growth (%)</i>	6.3	3.0	-5.8	4.0	3.9	0.8	1.3	17.5	-1.0	1.5
<b>Net JLR Sales (GBP b)</b>	19	22	22	24	26	24	23	20	24	26
<i>Growth (%)</i>	22.8	12.8	1.9	9.2	5.9	-6.1	-5.1	-14.2	19.3	9.3
<b>INDIA</b>										
MH&CVs	122	143	176	176	192	225	124	90	141	182
<i>Growth (%)</i>	-19.7	16.5	23.6	-0.3	9.2	17.1	-44.7	-27.6	56.9	28.6
LCVs	299	222	205	209	257	295	216	173	211	252
<i>Growth (%)</i>	-30.3	-25.8	-7.7	2.1	22.7	14.9	-26.7	-20.2	22.2	19.3
<b>Total CVs</b>	<b>421</b>	<b>365</b>	<b>381</b>	<b>385</b>	<b>449</b>	<b>520</b>	<b>341</b>	<b>263</b>	<b>352</b>	<b>434</b>
<i>Growth (%)</i>	-27.5	-13.5	4.6	1.0	16.6	15.9	-34.5	-22.9	34.1	23.0
Total PVs	145	138	152	157	190	211	133	223	339	392
<i>Growth (%)</i>	-36.5	-5.3	10.1	3.9	20.8	11.2	-37.3	67.8	52.4	15.7
<b>Total Volumes</b>	567	502	533	542	639	731	473	485	692	826
<i>Growth (%)</i>	-30.1	-11.4	6.1	1.8	17.8	14.5	-35.3	2.5	42.5	19.4
<b>ASP (INR'000/unit)</b>	605	723	804	817	906	946	926	966	1,019	1,041
<b>Net standalone Sales (INR b)</b>	<b>343</b>	<b>363</b>	<b>428</b>	<b>443</b>	<b>579</b>	<b>692</b>	<b>438</b>	<b>469</b>	<b>705</b>	<b>859</b>
<i>Growth (%)</i>	-23.4	5.9	18.0	3.4	30.6	19.5	-36.7	7.0	50.3	22.0

## Financials and valuations - (Consolidated)

Income Statement							(INR m)	
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Total Income</b>	<b>27,30,456</b>	<b>26,96,925</b>	<b>29,15,505</b>	<b>30,19,384</b>	<b>26,10,680</b>	<b>24,97,948</b>	<b>31,60,539</b>	<b>36,13,528</b>
Change (%)	3.8	-1.2	8.1	3.6	-13.5	-4.3	26.5	14.3
Expenditure	23,12,693	23,27,802	25,77,462	27,21,436	23,71,537	21,40,128	27,24,786	30,91,012
<b>EBITDA</b>	<b>4,17,763</b>	<b>3,69,124</b>	<b>3,38,043</b>	<b>2,97,948</b>	<b>2,39,143</b>	<b>3,57,819</b>	<b>4,35,754</b>	<b>5,22,516</b>
% of Net Sales	15.3	13.7	11.6	9.9	9.2	14.3	13.8	14.5
Depreciation	1,67,108	1,79,050	2,15,536	2,35,906	2,14,254	2,35,467	2,45,068	2,65,016
<b>EBIT</b>	<b>2,50,655</b>	<b>1,90,074</b>	<b>1,22,507</b>	<b>62,042</b>	<b>24,889</b>	<b>1,22,352</b>	<b>1,90,685</b>	<b>2,57,500</b>
Product Dev. Exp.	34,688	34,136	35,319	42,246	41,885	52,266	45,404	47,941
Interest	48,891	42,380	46,818	57,586	72,433	80,972	75,793	74,128
Other Income	8,854	7,545	39,576	29,653	29,732	26,432	25,200	21,571
EO Exp./ (Inc.)	18,504	-11,146	-19,751	2,96,516	28,714	1,37,610	0	0
Forex Gain/ (Loss)	-16,169	-39,101	11,853	-9,059	-17,387	17,322	10,020	10,220
<b>PBT</b>	<b>1,41,258</b>	<b>93,148</b>	<b>1,11,550</b>	<b>-3,13,712</b>	<b>-1,05,800</b>	<b>-1,04,743</b>	<b>1,04,709</b>	<b>1,67,222</b>
Tax	30,251	32,512	43,419	-24,375	3,953	25,419	15,648	41,933
Effective Rate (%)	21.4	34.9	38.9	7.8	-3.7	-24.3	14.9	25.1
<b>Reported PAT</b>	<b>1,11,007</b>	<b>60,636</b>	<b>68,131</b>	<b>-2,89,337</b>	<b>-1,09,752</b>	<b>-1,30,161</b>	<b>89,060</b>	<b>1,25,290</b>
Change (%)	-21.0	-45.4	12.4	-524.7	-62.1	18.6	-168.4	40.7
% of Net Sales	4.1	2.2	2.3	-9.6	-4.2	-5.2	2.8	3.5
Minority Interest	-989	-1,022	-1,025	-1,020	-956	-563	-274	-366
Share of profit of associate	5,775	14,930	22,783	2,095	-10,000	-3,790	-795	1,764
<b>Net Profit</b>	<b>1,15,793</b>	<b>74,544</b>	<b>89,889</b>	<b>-2,88,262</b>	<b>-1,20,709</b>	<b>-1,34,514</b>	<b>87,992</b>	<b>1,26,689</b>
<b>Adj. PAT</b>	<b>1,30,334</b>	<b>67,288</b>	<b>77,826</b>	<b>-14,785</b>	<b>-90,921</b>	<b>2,158</b>	<b>87,992</b>	<b>1,26,689</b>
Change (%)	-7.2	-48.4	15.7	-119.0	515.0	-102.4	3,977.1	44.0

Balance Sheet							(INR m)	
Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Share Capital	6,792	6,792	6,792	6,792	7,195	7,658	7,659	7,659
Reserves	7,82,732	5,73,827	9,47,487	5,95,003	6,23,590	5,44,809	6,32,801	7,55,635
<b>Net Worth</b>	<b>7,89,524</b>	<b>5,80,619</b>	<b>9,54,279</b>	<b>6,01,795</b>	<b>6,30,785</b>	<b>5,52,467</b>	<b>6,40,460</b>	<b>7,63,294</b>
Loans	6,19,612	7,44,891	7,79,944	9,11,239	9,96,782	11,47,756	11,47,756	11,57,756
Deferred Tax	44,748	11,740	19,671	-36,601	-35,160	-29,645	-29,645	-29,645
<b>Capital Employed</b>	<b>14,58,212</b>	<b>13,41,781</b>	<b>17,59,144</b>	<b>14,81,664</b>	<b>16,00,542</b>	<b>16,86,313</b>	<b>17,74,580</b>	<b>19,07,779</b>
Gross Fixed Assets	19,76,068	16,28,389	21,56,778	22,58,724	26,01,413	29,82,619	31,87,948	34,61,742
Less: Depreciation	9,11,348	6,75,681	9,17,952	11,53,858	13,68,113	16,03,580	18,48,648	21,13,664
<b>Net Fixed Assets</b>	<b>10,64,720</b>	<b>9,52,708</b>	<b>12,38,826</b>	<b>11,04,866</b>	<b>12,33,301</b>	<b>13,79,039</b>	<b>13,39,300</b>	<b>13,48,078</b>
Capital WIP	2,59,189	3,36,988	4,00,335	3,18,838	3,56,223	2,09,639	2,50,000	2,50,000
Goodwill	7,598	6,733	1,165	7,478	7,771	8,037	8,037	8,037
Investments	2,37,670	2,03,379	2,08,128	1,57,707	1,63,085	2,46,203	46,761	48,525
<b>Curr. Assets</b>	<b>11,02,234</b>	<b>12,37,735</b>	<b>14,23,465</b>	<b>14,31,544</b>	<b>14,06,255</b>	<b>15,43,136</b>	<b>16,57,306</b>	<b>19,85,652</b>
Inventory	3,26,557	3,50,853	4,21,377	3,90,137	3,74,569	3,60,886	3,89,656	4,65,304
Sundry Debtors	1,35,709	1,40,756	1,98,933	1,89,962	1,11,727	1,26,791	1,73,180	2,17,802
Cash and Bank Bal.	3,04,604	3,60,779	3,46,139	3,26,488	3,37,270	4,67,925	4,68,935	6,42,012
Loans and Advances	2,54,033	2,91,474	4,45,929	5,12,867	5,69,741	5,68,849	6,01,849	6,31,849
<b>Current Liab. and Prov.</b>	<b>12,13,200</b>	<b>13,95,762</b>	<b>15,12,775</b>	<b>15,38,770</b>	<b>15,66,092</b>	<b>16,99,741</b>	<b>15,26,824</b>	<b>17,32,514</b>
Sundry Creditors	6,15,618	6,25,326	7,69,398	7,16,907	6,63,982	6,81,798	7,96,629	8,71,207
Other Liabilities	4,60,226	6,22,314	5,38,766	6,01,347	6,51,452	7,53,395	5,57,015	6,63,305
<b>Net Current Assets</b>	<b>-1,10,965</b>	<b>-1,58,027</b>	<b>-89,309</b>	<b>-1,07,226</b>	<b>-1,59,837</b>	<b>-1,56,605</b>	<b>1,30,482</b>	<b>2,53,139</b>
<b>Appl. of Funds</b>	<b>14,58,212</b>	<b>13,41,782</b>	<b>17,59,144</b>	<b>14,81,664</b>	<b>16,00,542</b>	<b>16,86,313</b>	<b>17,74,580</b>	<b>19,07,779</b>

## Financials and valuations - Consolidated

### Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
<b>Basic (INR)</b>								
EPS	38.4	19.8	22.9	-4.4	-25.3	0.6	23.0	33.1
EPS Fully Diluted	38.4	19.8	22.9	-4.4	-25.3	0.6	23.0	33.1
EPS Growth (%)	-12.0	-48.4	15.7	-119.0	480.5	-102.2	3,976.6	44.0
Cash EPS	87.6	72.5	86.4	65.1	34.3	62.1	87.0	102.3
Book Value (INR/Share)	232.5	171.0	281.0	177.2	175.3	144.3	167.2	199.3
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	3.0
<b>Valuation (x)</b>								
Consolidated P/E	8.7	16.8	14.5	-76.3	-13.2	589.7	14.5	10.0
EV/EBITDA	2.9	3.5	4.0	5.2	7.1	4.8	4.4	3.3
EV/Sales	0.4	0.5	0.5	0.5	0.6	0.7	0.6	0.5
Price-to-Book Value	1.4	1.9	1.2	1.9	1.9	2.3	2.0	1.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
<b>Profitability Ratios (%)</b>								
RoE	19.3	9.8	10.1	-1.9	-14.8	0.4	14.8	18.0
RoCE	15.1	9.2	6.4	5.2	3.7	11.3	10.6	11.4
RoIC	34.5	22.6	12.0	7.7	3.6	20.2	18.3	19.5
<b>Turnover Ratios</b>								
Debtors (Days)	18	19	25	23	16	19	20	22
Inventory (Days)	44	47	53	47	52	53	45	47
Creditors (Days)	82	85	96	87	93	100	92	88
Asset Turnover (x)	1.9	2.0	1.7	2.0	1.6	1.5	1.8	1.9
<b>Leverage Ratio</b>								
Debt/Equity (x)	0.8	1.3	0.8	1.5	1.6	2.1	1.8	1.5

### Cash Flow Statement

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
OP/(Loss) before Tax	1,10,238	75,566	90,914	-2,87,242	-1,19,752	-1,33,951	87,992	1,26,689
Int./Div. Received	8,258	36,653	39,542	-4,413	-11,913	-5,109	25,200	21,571
Depreciation	1,70,142	1,79,050	2,15,536	2,35,906	2,14,254	2,35,467	2,45,068	2,65,016
Direct Taxes Paid	-19,939	-18,951	-30,212	-26,594	-17,489	-21,046	-15,648	-41,933
(Inc.)/Dec. in WC	25,515	32,542	-64,337	-72,123	50,636	-926	-2,86,077	50,420
Other Items	96,855	8,954	23,333	64,994	1,25,105	2,34,023	274	366
<b>CF from Op. Activity</b>	<b>3,91,069</b>	<b>3,13,814</b>	<b>2,74,776</b>	<b>-89,472</b>	<b>2,40,841</b>	<b>3,08,459</b>	<b>56,809</b>	<b>4,22,129</b>
Extra-ordinary Items	8,857	-11,822	-36,202	2,78,379	25,488	-18,454	-50,099	0
<b>CF after EO Items</b>	<b>3,99,925</b>	<b>3,01,992</b>	<b>2,38,574</b>	<b>1,88,908</b>	<b>2,66,329</b>	<b>2,90,005</b>	<b>6,710</b>	<b>4,22,129</b>
(Inc.)/Dec. in FA+CWIP	-3,26,232	-3,04,135	-3,50,486	-3,52,363	-2,95,306	-1,98,548	-2,45,690	-2,73,795
<b>Free Cash Flow</b>	<b>73,693</b>	<b>-2,143</b>	<b>-1,11,912</b>	<b>-1,63,455</b>	<b>-28,976</b>	<b>91,457</b>	<b>-2,38,980</b>	<b>1,48,335</b>
(Pur.)/Sale of Invest.	-59,542	-91,579	99,095	1,43,582	-35,840	-58,177	1,99,442	-1,764
<b>CF from Inv. Activity</b>	<b>-3,85,774</b>	<b>-3,95,714</b>	<b>-2,51,391</b>	<b>-2,08,781</b>	<b>-3,31,146</b>	<b>-2,56,725</b>	<b>-46,248</b>	<b>-2,75,559</b>
Issue of Shares	74,332	46	0	0	38,888	26,025	1	0
Inc./(Dec.) in Debt	-47,483	1,16,583	75,183	1,59,302	70,761	1,54,549	0	10,000
Interest Paid	-57,039	-53,363	-54,106	-70,051	-75,184	-81,229	-75,793	-74,128
Dividends Paid	-1,739	-1,212	-960	-947	-568	-303	0	-3,855
<b>CF from Fin Activity</b>	<b>-31,930</b>	<b>62,053</b>	<b>20,117</b>	<b>88,304</b>	<b>33,896</b>	<b>99,042</b>	<b>-75,792</b>	<b>-67,983</b>
<b>Inc./(Dec.) in Cash</b>	<b>-17,779</b>	<b>-31,669</b>	<b>7,300</b>	<b>68,431</b>	<b>-30,920</b>	<b>1,32,322</b>	<b>-1,15,329</b>	<b>78,588</b>
Add: Beginning Bal.	2,11,283	1,71,536	1,39,867	1,47,168	2,15,598	1,84,678	3,17,000	2,01,671
<b>Closing Balance</b>	<b>1,93,505</b>	<b>1,39,867</b>	<b>1,47,167</b>	<b>2,15,598</b>	<b>1,84,678</b>	<b>3,17,000</b>	<b>2,01,671</b>	<b>2,80,259</b>

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.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd., (PIMPL). MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online-reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

#### Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months



- other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### **Analyst Certification**

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

#### **Terms & Conditions:**

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential 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 MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### **Disclaimer:**

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. This report and information herein is solely for informational purpose and may 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. 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. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. 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 MOFSL 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. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website [www.motilaloswal.com](http://www.motilaloswal.com). CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai-400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)\*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.:022-71881085.

\* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.