

BSE SENSEX 40,240 S&P CNX 11,857

CMP: INR160 TP: INR195(+22%)

Buy

TATA MOTORS

Stock Info

Bloomberg	TTMT IN
Equity Shares (m)	3,397
M.Cap.(INRb)/(USDb)	494.4 / 7
52-Week Range (INR)	239 / 106
1, 6, 12 Rel. Per (%)	-5/-6/-13
12M Avg Val (INR M)	5011
Free float (%)	61.6

Financials Snapshot (INR b)

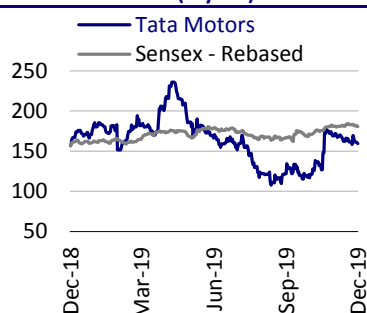
Y/E March	2019	2020E	2021E
Net Sales	3,019	2,851	3,114
EBITDA	297.9	336.5	396.9
NP	-14.8	-1.2	42.0
Adj. EPS (INR)	-4.4	-0.3	11.7
EPS Gr. (%)	-119	-93	-3,705.2
BV/Sh. (INR)	177.2	177.6	189.0
RoE (%)	-1.9	-0.2	6.4
RoCE (%)	5.2	5.1	8.3
P/E (x)	NA	NA	13.7
P/BV (x)	0.9	0.9	0.8

Shareholding pattern (%)

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

FII Includes depository receipts

Stock Performance (1-year)



JLR – wholesales down marginally in Nov'19

Double-digit growth in China retails for fifth straight month

- JLR's wholesale volumes declined marginally by 2.4% YoY to ~48.1k units (our estimate: ~45.5k) in Nov'19.
- Jaguar volumes declined ~29% YoY to ~10.8k units (our estimate: 12.5k), whereas Land Rover (LR) volumes increased ~9% YoY to ~37.3k units (our estimate: 33k).
- JLR's retail volumes declined 3.4% YoY in Nov'19 as the recovery in China (+29%) and North America (~+5%) was offset by the fall in the UK (~-11%), Europe (~-17%) and RoW (~-17%). China witnessed the fifth consecutive month of a recovery in volumes.
- Jaguar's retail volumes declined ~23% YoY in Nov'19.
- LR's retail volumes were up 5.5% YoY, driven by higher sales of new RR Evoque (~+25%), new LR Discovery Sports (+4.4%), LR Discovery (+15.5%) and RR Sport (~+5%).
- Mr Felix Brautigam, Jaguar Land Rover Chief Commercial Officer said,** "Against the backdrop of a downturn in the global automotive market, we were pleased to see our sales grow in the US and China. Despite the ongoing headwinds in China, we continue to see green shoots of recovery in our sales there. The intensive work with our retailers in the region, combined with Significant process and product improvements are starting to gain traction. For Jaguar globally, we were very excited to launch our new Jaguar F-TYPE at the beginning of December, to initial very positive customer and media reaction. Land Rover continues to perform well overall, with a very rich mix of models. Sales of our comprehensively updated Land Rover Discovery Sport are also gathering momentum while appreciation of the all-new Range Rover Evoque is growing apace as customers opt for its combination of dynamic on-road handling, luxurious refinement and trademark Land Rover all-terrain capability."
- The stock trades at 13.7x FY21E consol. EPS and 0.8x P/B. Maintain **Buy** with a target price of INR195 (Sep'21 SOTP-based).

TATA MOTORS : JLR [Wholesale]

Company Sales	YoY			MoM		FY20 YTD FY19 YTD (%) chg			FY20 estimate	Gr. (%)	Residual Growth (%)	Residual Monthly Run rate	FY20 Monthly Run rate
	Nov-19	Nov-18	YoY (%) chg	Oct-19	MoM (%) chg								
JLR	48,105	49,312	-2.4	47,278	1.7	3,48,422	3,58,290	-2.8	5,72,774	1.3	8.4	56,088	43,553
Jaguar	10,801	15,114	-28.5	12,367	-12.7	98,588	1,14,547	-13.9	1,66,312	-6.3	7.7	16,931	12,324
Land rover	37,304	34,198	9.1	34,911	6.9	2,49,834	2,43,743	2.5	4,06,462	4.8	8.7	39,157	31,229

TATA MOTORS : JLR [Retail]

Company Sales	Nov-19	Nov-18	YoY (%) chg	Oct-19	MoM (%) chg	FY20 YTD	FY19 YTD	(%) chg
JLR	46,542	48,160	-3.4	41,866	11.2	3,45,976	3,67,839	-5.9
Jaguar	11,464	14,909	-23.1	10,606	8.1	98,930	1,14,737	-13.8
Land rover	35,078	33,251	5.5	31,260	12.2	2,47,046	2,53,102	-2.4

Region-wise Retail Sales

Region	Nov-19	Nov-18	YoY %	Oct-19	MoM %	FY20 YTD	FY19 YTD	YoY %
UK	8,183	9,170	-10.8	8,441	-3.1	71,865	75,616	-5.0
US	13,538	12,907	4.9	11,666	16.0	85,887	85,785	0.1
Europe	9,672	11,629	-16.8	8,284	16.8	71,883	77,213	-6.9
China	8,780	6,804	29.0	7,300	20.3	66,627	68,539	-2.8
RoW	6,369	7,650	-16.7	6,175	3.1	49,714	60,686	-18.1
Total JLR	46,542	48,160	-3.4	41,866	11.2	3,45,976	3,67,839	-5.9

Brand-wise Retail Sales

Brands	Nov-19	Nov-18	YoY %	Oct-19	MoM %	FY20 YTD	FY19 YTD	YoY %
XF	1,134	1,691	-32.9	1,147	-1.1	8,213	19,165	-57.1
XJ	173	261	-33.7	151	14.6	2,777	2,792	-0.5
F-Pace	4,082	4,121	-0.9	3,643	12.1	29,547	33,707	-12.3
E-Pace	3,309	4,016	-17.6	3,133	5.6	26,773	29,230	-8.4
XE	911	2,184	-58.3	850	7.2	16,106	20,067	-19.7
F-type	463	441	5.0	373	24.1	4,513	5,113	-11.7
I-Pace	1,392	2,195	-36.6	1,309	6.3	11,001	4,663	135.9
Total Jaguar	11,464	14,909	-23.1	10,606	8.1	98,930	1,14,737	-13.8
Discovery	3,289	2,848	15.5	2,901	13.4	22,646	27,844	-18.7
Freelander/Dis. Sport	7,704	7,378	4.4	6,727	14.5	51,574	57,373	-10.1
Range Rover (incl. new)	4,313	4,982	-13.4	4,053	6.4	31,423	34,865	-9.9
RR Evoque	7,960	6,358	25.2	6,789	17.2	54,165	43,028	25.9
RR Sport (incl. new model)	6,889	6,571	4.8	6,520	5.7	50,628	49,107	3.1
RR Velar	4,923	5,114	-3.7	4,270	15.3	36,608	40,885	-10.5
Total Land Rover	35,078	33,251	5.5	31,260	12.2	2,47,046	2,53,107	-2.4

Financials and valuations

Income Statement (Consolidated)							(INR M)
Y/E March	2015	2016	2017	2018	2019	2020E	2021E
Total Income	26,31,590	27,30,456	26,96,925	29,15,505	30,19,384	28,51,467	31,14,393
Change (%)	13.0	3.8	-1.2	8.1	3.6	-5.6	9.2
Expenditure	22,10,452	23,12,693	23,27,802	25,77,462	27,21,436	25,14,999	27,17,516
EBITDA	4,21,138	4,17,763	3,69,124	3,38,043	2,97,948	3,36,468	3,96,877
% of Net Sales	16.0	15.3	13.7	11.6	9.9	11.8	12.7
Depreciation	1,33,886	1,67,108	1,79,050	2,15,536	2,35,906	2,21,375	2,48,603
EBIT	2,87,252	2,50,655	1,90,074	1,22,507	62,042	1,15,093	1,48,273
Product Dev. Exp.	28,752	34,688	34,136	35,319	42,246	38,683	40,084
Interest	48,615	48,891	42,380	46,818	57,586	64,513	65,729
Other Income	8,987	8,854	7,545	39,576	29,653	29,111	33,200
EO Exp/(Inc)	930	18,504	-11,146	-19,751	2,96,516	697	0
Forex Gain/ (Loss)	-917	-16,169	-39,101	11,853	-9,059	-20,590	-13,562
PBT	2,17,026	1,41,258	93,148	1,11,550	-3,13,712	19,721	62,098
Tax	76,429	30,251	32,512	43,419	-24,375	9,211	18,603
Effective Rate (%)	35.2	21.4	34.9	38.9	7.8	46.7	30.0
Reported PAT	1,40,597	1,11,007	60,636	68,131	-2,89,337	10,510	43,495
Change (%)	-0.3	-21.0	-45.4	12.4	-524.7	-103.6	313.8
% of Net Sales	5.3	4.1	2.2	2.3	-9.6	0.4	1.4
Minority Interest	-868	-989	-1,022	-1,025	-1,020	-362	-463
Share of profit of associate	134	5,775	14,930	22,783	2,095	-11,684	-1,052
Net Profit	1,39,863	1,15,793	74,544	89,889	-2,88,262	-1,536	41,980
Adj. PAT	1,40,465	1,30,334	67,288	77,826	-14,785	-1,164	41,980
Change (%)	-1.1	-7.2	-48.4	15.7	-119.0	-92.1	-3,705.2

Balance Sheet (Cons.)							(INR M)
Y/E March	2015	2016	2017	2018	2019	2020E	2021E
Share Capital	6,438	6,792	6,792	6,792	6,792	7,196	7,196
Reserves	5,56,181	7,82,732	5,73,827	9,47,487	5,95,003	6,31,983	6,72,794
Net Worth	5,62,619	7,89,524	5,80,619	9,54,279	6,01,795	6,39,179	6,79,990
Loans	6,92,115	6,19,612	7,44,891	7,79,944	9,11,239	9,11,239	9,11,239
Deferred Tax	-13,900	44,748	11,740	19,671	-36,601	-36,601	-36,601
Capital Employed	12,45,167	14,58,212	13,41,781	17,59,144	14,81,664	15,19,411	15,60,685
Gross Fixed Assets	15,82,066	19,76,068	16,28,389	21,56,778	22,58,724	26,74,021	30,24,249
Less: Depreciation	7,44,241	9,11,348	6,75,681	9,17,952	11,53,858	13,75,234	16,23,837
Net Fixed Assets	8,37,825	10,64,720	9,52,708	12,38,826	11,04,866	12,98,788	14,00,412
Capital WIP	2,86,401	2,59,189	3,36,988	4,00,335	3,18,838	2,50,000	2,50,000
Goodwill	46,970	7,598	6,733	1,165	7,478	7,478	7,478
Investments	1,53,367	2,37,670	2,03,379	2,08,128	1,57,707	49,661	48,609
Curr.Assets	10,34,685	11,02,234	12,37,735	14,23,465	14,31,544	13,19,686	14,07,116
Inventory	2,92,723	3,26,557	3,50,853	4,21,377	3,90,137	2,73,428	3,83,966
Sundry Debtors	1,25,792	1,35,709	1,40,756	1,98,933	1,89,962	1,56,245	1,70,652
Cash & Bank Bal.	3,21,158	3,04,604	3,60,779	3,46,139	3,26,488	3,45,057	2,97,541
Loans & Advances	2,56,948	2,54,033	2,91,474	4,45,929	5,12,867	5,32,867	5,42,867
Current Liab. & Prov.	11,14,081	12,13,200	13,95,762	15,12,775	15,38,770	14,06,203	15,52,930
Sundry Creditors	5,74,073	6,15,618	6,25,326	7,69,398	7,16,907	6,64,040	7,42,335
Other Liabilities	3,28,305	4,60,226	6,22,314	5,38,766	6,01,347	5,46,857	5,97,281
Net Current Assets	-79,396	-1,10,965	-1,58,027	-89,309	-1,07,226	-86,517	-1,45,814
Appl. of Funds	12,45,167	14,58,212	13,41,782	17,59,144	14,81,664	15,19,411	15,60,685

E: MOFSL Estimates

Financials and valuations

Ratios (Con.)

Y/E March	2015	2016	2017	2018	2019	2020E	2021E
Basic (INR)							
EPS	43.6	38.4	19.8	22.9	-4.4	-0.3	11.7
EPS Fully Diluted	43.6	38.4	19.8	22.9	-4.4	-0.3	11.7
EPS Growth (%)	-1.1	-12.0	-48.4	15.7	-119.0	-92.6	-3,705.2
Cash EPS	85.2	87.6	72.5	86.4	65.1	61.2	80.8
Book Value (Rs/Share)	174.8	232.5	171.0	281.0	177.2	177.6	189.0
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Payout (Incl. Div. Tax) %	0.0	0.0	0.0	0.0	0.0	0.0	2.8
Valuation (x)							
Consolidated P/E	3.7	4.2	8.1	7.0	-36.7	-493.3	13.7
EV/EBITDA	1.7	1.5	2.0	2.3	3.3	3.2	2.9
EV/Sales	0.3	0.2	0.3	0.3	0.3	0.4	0.4
Price to Book Value	0.9	0.7	0.9	0.6	0.9	0.9	0.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Profitability Ratios (%)							
RoE	23.1	19.3	9.8	10.1	-1.9	-0.2	6.4
RoCE	15.7	15.1	9.2	6.4	5.2	5.1	8.3
RoIC	39.2	34.5	22.6	12.0	7.7	7.9	11.3
Turnover Ratios							
Debtors (Days)	17	18	19	25	23	20	20
Inventory (Days)	41	44	47	53	47	35	45
Creditors (Days)	80	82	85	96	87	85	87
Asset Turnover (x)	2.1	1.9	2.0	1.7	2.0	1.9	2.0
Leverage Ratio							
Debt/Equity (x)	1.2	0.8	1.3	0.8	1.5	1.4	1.3

Cash Flow Statement

Y/E March	2015	2016	2017	2018	2019	2020E	2021E
OP/(Loss) before Tax	1,39,863	1,10,238	75,566	90,914	-2,88,262	-1,536	41,980
Int/Div. Received	7,777	8,258	36,653	39,542	29,653	29,111	33,200
Depreciation	1,33,864	1,70,142	1,79,050	2,15,536	2,35,906	2,21,375	2,48,603
Direct Taxes Paid	-41,940	-19,939	-18,951	-30,212	-31,897	-9,211	-18,603
(Inc)/Dec in WC	-36,718	25,515	32,542	-64,337	-1,734	-2,141	11,782
Other Items	1,36,570	96,855	8,954	23,333	-6,334	362	463
CF from Op Activity	3,39,415	3,91,069	3,13,814	2,74,776	-62,668	2,37,961	3,17,426
Extra-ordinary Items	20,191	8,857	-11,822	-36,202	-2,96,516	-697	0
CF after EO Items	3,59,606	3,99,925	3,01,992	2,38,574	-3,59,184	2,37,264	3,17,426
(Inc)/Dec in FA+CWIP	-3,15,396	-3,26,232	-3,04,135	-3,50,486	-20,450	-3,46,459	-3,50,228
Free Cash Flow	44,210	73,693	-2,143	-1,11,912	-3,79,634	-1,09,195	-32,802
(Pur)/Sale of Invest.	-37,570	-68,134	-76,664	88,470	50,420	1,08,046	1,052
CF from Inv Activity	-3,52,966	-3,94,366	-3,80,799	-2,62,016	29,971	-2,38,413	-3,49,175
Issue of Shares	0	74,332	46	0	-64,221	38,920	0
Inc/(Dec) in Debt	1,22,288	-47,483	1,16,583	75,183	1,31,296	0	0
Interest Paid	-63,070	-57,039	-53,363	-54,106	-57,586	-64,513	-65,729
Dividends Paid	-7,204	-1,739	-1,212	-960	0	0	-1,169
CF from Fin Activity	52,014	-31,930	62,053	20,117	9,489	-25,593	-66,898
Inc/(Dec) in Cash	58,655	-26,371	-16,754	-3,325	-3,19,725	-26,742	-98,647
Add: Beginning Bal.	1,52,629	2,11,283	1,71,536	1,39,868	1,36,543	-1,83,182	-2,09,924
Closing Balance	2,11,283	1,84,913	1,54,782	1,36,543	-1,83,182	-2,09,924	-3,08,571

E: MOFSL Estimates

NOTES

Explanation of Investment Rating	Expected return (over 12-month)
Investment Rating	
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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Tata Motors

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