

# Tata Motors

**BSE SENSEX**  
40,084

**S&P CNX**  
12,022

**CMP: INR173**
**TP: INR195(+12%)**
**Neutral**

## TATA MOTORS

### Stock Info

	TTMT IN
Bloomberg	
Equity Shares (m)	3,397
M.Cap.(INRb)/(USDb)	543.8 / 7.8
52-Week Range (INR)	315 / 142
1, 6, 12 Rel. Per (%)	-20/-7/-54
12M Avg Val (INR M)	4182
Free float (%)	61.6

### Financials Snapshot (INR b)

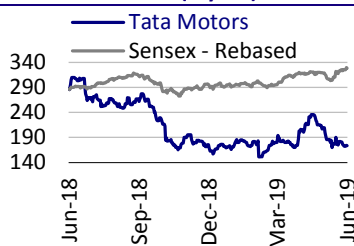
Y/E Mar	2019	2020E	2021E
Net Sales	3,019	3,127	3,275
EBITDA	297.9	386.8	430.8
PAT	-14.8	47.0	51.1
EPS (INR)	-4.4	13.8	15.0
Gr. (%)	-119.0	-417.6	8.8
BV/Sh (INR)	177.2	190.7	205.4
RoE (%)	-1.9	7.5	7.6
RoCE (%)	5.2	7.6	7.5
P/E (x)	-39.8	12.5	11.5
P/BV (x)	1.0	0.9	0.8

### Shareholding pattern (%)

As On	Mar-19	Dec-18	Mar-18
Promoter	38.4	37.3	36.4
DII	16.3	17.5	17.7
FII	19.1	19.0	20.3
Others	26.2	26.3	25.7

FII Includes depository receipts

### Stock Performance (1-year)



## JLR: Turnaround & transformation plan in place...

...needs flawless execution, China recovery and supportive macros

Jaguar Land Rover hosted 2<sup>nd</sup> edition of its Investors Day, where entire senior management of JLR presented on their strategy and focus areas for the sustainable turnaround ([link to the detailed presentation](#)). While JLR management reiterated its turnaround plan that hinged upon volume/pricing recovery, cost/margin improvement and controlling investment, it shared few details on cost control initiatives undertaken by them. However, it didn't share details on announcement of alliance with BMW for electronic drive units (EDU). Key highlights from the meet:

### Near term challenges remain, but strategic priorities intact

- Macro environment is challenging as industry volumes in all its key markets have declined. China particularly has been bad, as for the first time in 25 years Chinese auto volumes have declined (~10%). However, JLR has gained market share in FY19 in four of the five markets (except China).
- However, it expects Premium vehicle volumes to grow of 2.4% CAGR over FY20-25, driven by ~4.5% CAGR in China.
- Given the weak operating environment, its FY20 priorities are to a) have successful re-launch of iconic Defender, b) implementation of MLA platform, c) turnaround of China business, d) execution of turnaround projects Charge & Accelerate.
- Near term challenges notwithstanding, JLRs maintained its vision 'Destination Zero' i.e zero accidents, zero emissions and zero congestion.
- In that context, it expects share of electric vehicle to go up from current ~14% to ~39% by FY26, with share of battery electric vehicle increasing to ~23% (from 7%).
- As a result, it is adopting flexible approach in its powertrain strategy as it is investing in both ICE and batteries/EDUs.

### Reiterated outlook, but laid out roadmap for margins/ RoCE improvement

- JLR is committed to competitive, consistent and cash accretive growth over the medium to long term through volume/pricing recovery, cost/margin improvement and investment control.
- It expects long term (beyond FY23) EBIT margin target of 7-9% driven by a) model renewal, b) 3 new nameplates, c) China recovery, d) benefits of Project Charge & Accelerate and e) MLA architecture, though there are negative drivers of margins in form of model ageing, EV product cost and higher depreciation.
- Capital allocation would need to optimize between product programs (where it targets returns of 25) and non-product/infrastructure programs (where returns can be low or even negative).
- Apart from margin recovery, RoCE improvement would be driven by a) asset turn improvement led by volume recovery, b) investment control under Project Charge and Accelerate, c) modular platform and d) collaborations.

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

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

- For financial gearing, it is comfortable with 2.5x Debt:EBITDA.
- For 1QFY20 it is guiding for PBT loss due to seasonality and planned production cuts (for Brexit and potential WLTP 2 certification delays).

### **New product launches are largely focused on model upgrades/refreshes**

- In FY20, it will see full roll out of New Evoque (started from Feb-19), mid cycle refresh for XE (from Mar-19) and Discovery sport (from Aug-19). New Defender would be launched in late 2019.
- Defender would be a niche product though addressing large customer groups based on its detailed customer segmentation.
- It reiterated two new nameplates launch (excluding Defender) by FY22, taking total nameplates to ~16 in FY22.
- Also, based on media articles ([article 1](#) and [article 2](#)) it would be replacing current generation Jaguar XJ with BEV XJ by end 2020.

### **China: Challenging market condition, JLR re-orienting priorities**

- China auto market continues to be challenging, as reflected in flat FY19 volumes for the premium vehicle industry as well as very high discounts.
- JLR in China has undertaken several initiatives to drive recovery. It has cut production to reduce stock levels, reset dealer targets are realistic levels and consolidation of its dealer network and improve brand positioning.
- For next two years, it would focus on a) improve branding to create pull factor, b) optimize product portfolio (for profit optimization), c) capture new business opportunities, d) improve retailer profitability and business attractiveness, and e) efficient and effective organization.
- It expects recovery in China will take time, but has clear strategy to achieve both short and long term growth.
- For China, the foremost objective of JLR is profits, instead of trying to chase volumes/market share.

### **Targeted cost savings in FY20 at over GBP700m (250-300bp)**

- Project Charge which was implemented from last year has 3 main objectives of a) stabilize cash position, b) right-size structural cost and c) improve variable profit
- This project delivered above targets on cutting down on investments (70% achievement of targeted GBP1b) and working capital (80% achievement of targeted GBP0.5b). It is targeting further ~GBP100m reduction in inventory in FY20.
- However, cost cutting deliverance was only ~20% of targeted GBP1b, as in initial phase focus was higher on releasing cash from investments and working capital. It saved GBP150m in FY19, of which GBP120m was non-people cost and GBP30m was people related.
- In FY20, it is targeting total cost savings of over GBP700m (or 250-300bp margin accretion) through a) over GBP250m saving in RM cost, b) GBP200m from other costs and c) over GBP250m in staff cost based on lay-offs done (targeting staff cost as % of sales <10% in FY20 v/s ~11.6 in FY19).
- From structural cost savings perspective, it has taken two initiatives viz Product Tiger Team and Project Accelerate.

- Product Tiger Teams focuses on designing to value and has already undertaken 58 ideas for execution (of 350 ideas considered). It is targeting GBP25m savings in RM cost in FY20 (included in GBP250m savings mentioned above) and over GBP300m in next 5 years.
- Project Accelerate is addressing fundamental challenges for the organization to ensure that JLR operates at higher level of excellence. In long term, this program is expected to deliver higher value for the organization by structural reduction in cost through a) reducing delays and quality improvements, b) competitive material cost (through commonality of parts and reduced complexity) and c) enhanced sales performance.
- Both Project Charge and Accelerate are driven by Mr Adrian Mardell who is the Chief Transformation Officer as well as recently appointed CFO.

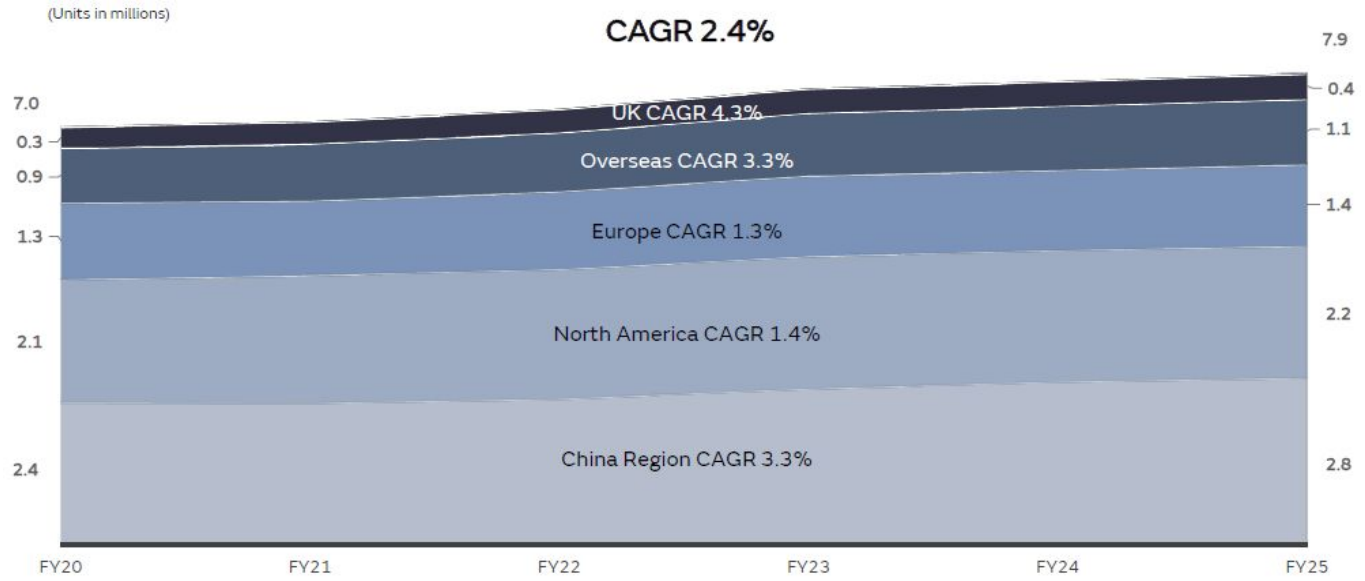
#### Other takeaways

- Very high focus on implementation of MLA architecture with focus on core portfolio, increasing commonality and reducing complexity.
- Rejuvenating the Jaguar brand is the key to improve its viability. It does not see Jaguar as independent brand but as a part of corporate portfolio of JLR. It would not be possible for JLR to meet future emission norms with just SUVs and hence Jaguar will play a big part in meeting stringent emission norms in future.
- It is completing testing for upcoming WLTP 2 norms in Europe. It is on-track to deliver on regulatory emission norms.

#### Valuation & view

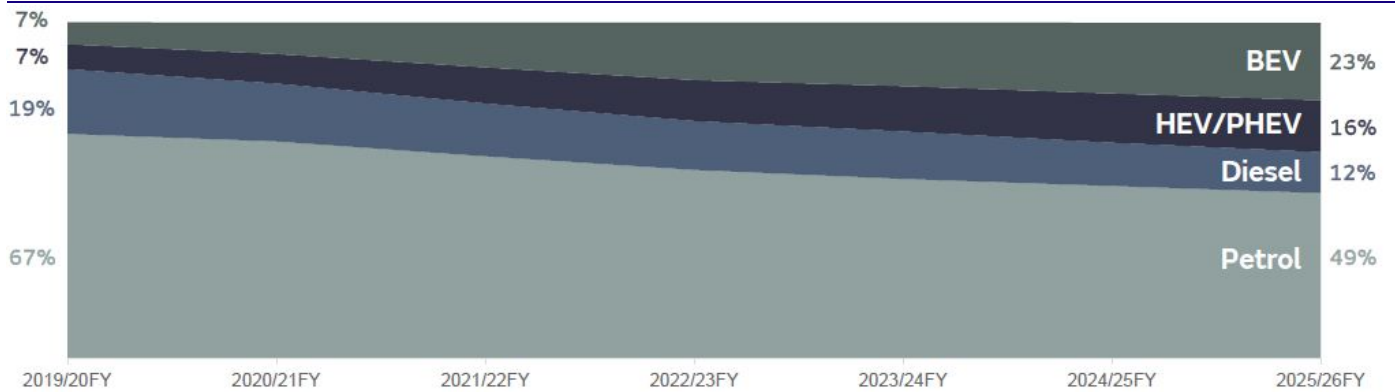
- Sustainable recovery in volumes in JLR, particularly in profitable markets of China and LR portfolio is the key to value accretive growth as well as stock performance. This is particularly important due to impending downcycle in cash cow CV business in FY21.
- India business weakening outlook off-sets for cost cutting led recovery at JLR. FY21 could be challenging year for India as well as JLR (run-out of most profitable RR/RR Sport). Further, noise around EVs, Brexit and trade-war adds to the uncertainty.
- The stock trades at 11.5x FY21 consol EPS, 3.1x EV/EBITDA and 0.8x P/BV (for ~7.6% RoE). Maintain Neutral with a target price of ~INR195 [Mar-21 SOTP].

**Exhibit 1: Premium vehicle segment estimated to grow at ~2.4% CAGR over next 5 years**



Source: Company

**Exhibit 2: JLR estimates EVs (including Hybrids) to contribute ~39% to volumes by FY26**



Source: Company

**Exhibit 3: China key challenges and JLRs response**



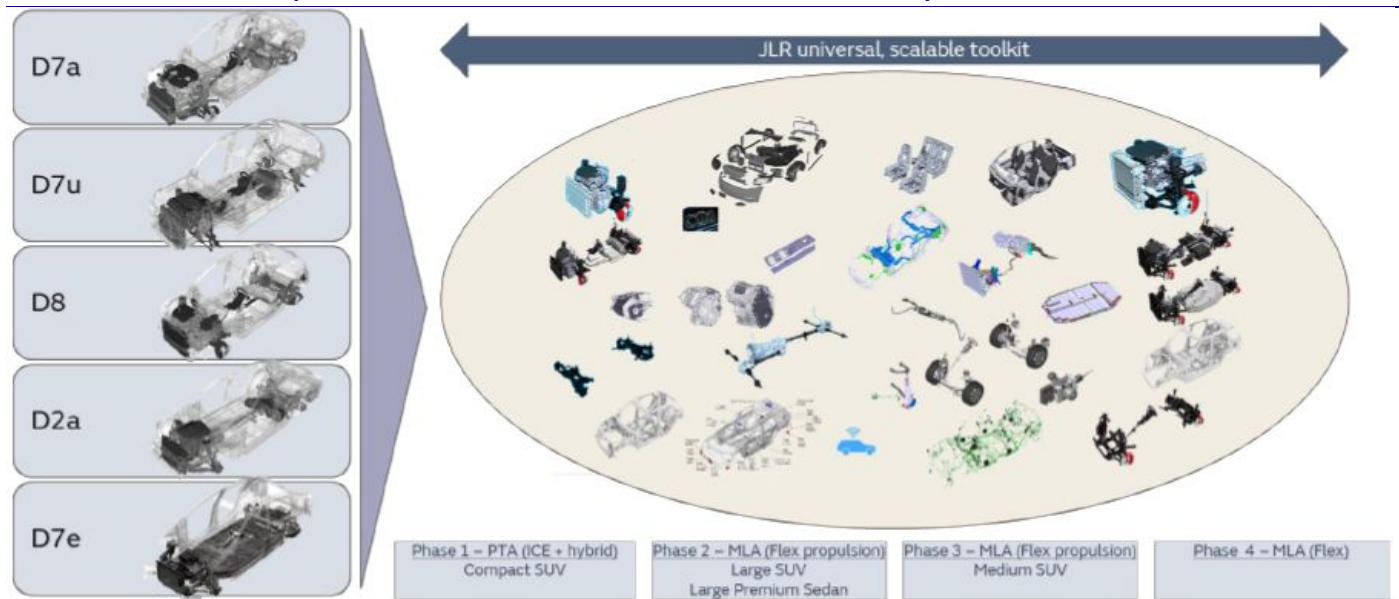
Source: Company

Exhibit 4: JLR's formula for turnaround China business



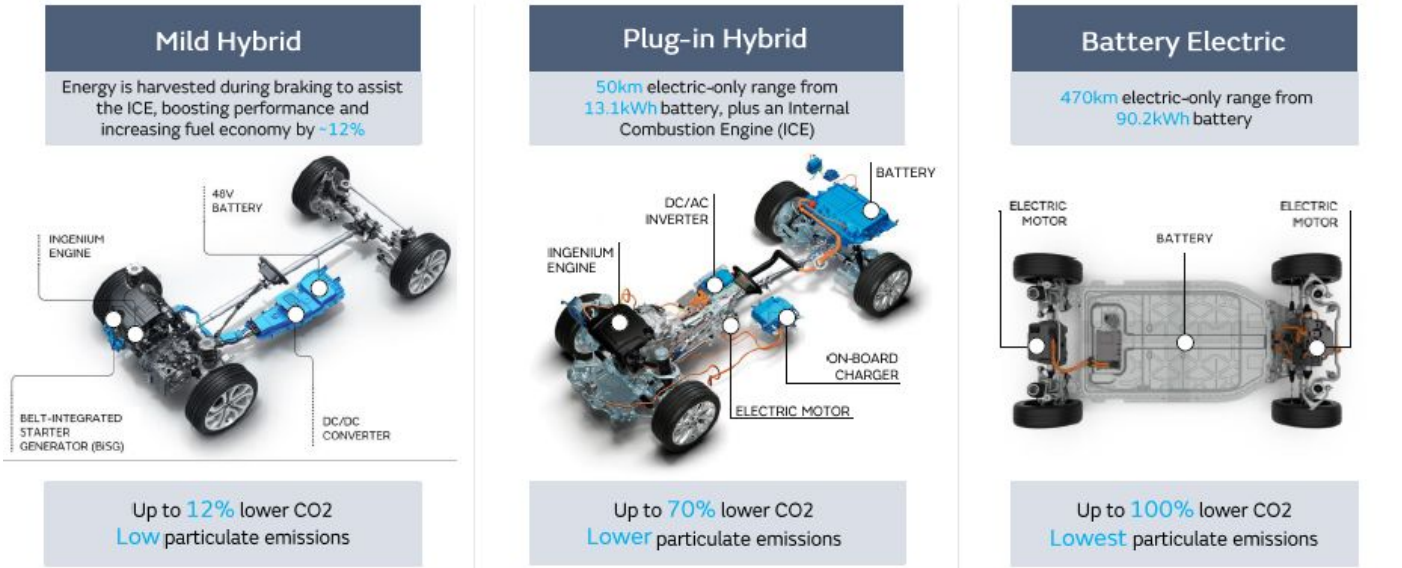
Source: Company, MOFSL

Exhibit 5: Phase 2 of MLA platform - Flexible, scalable toolkit to transform efficiency and cost



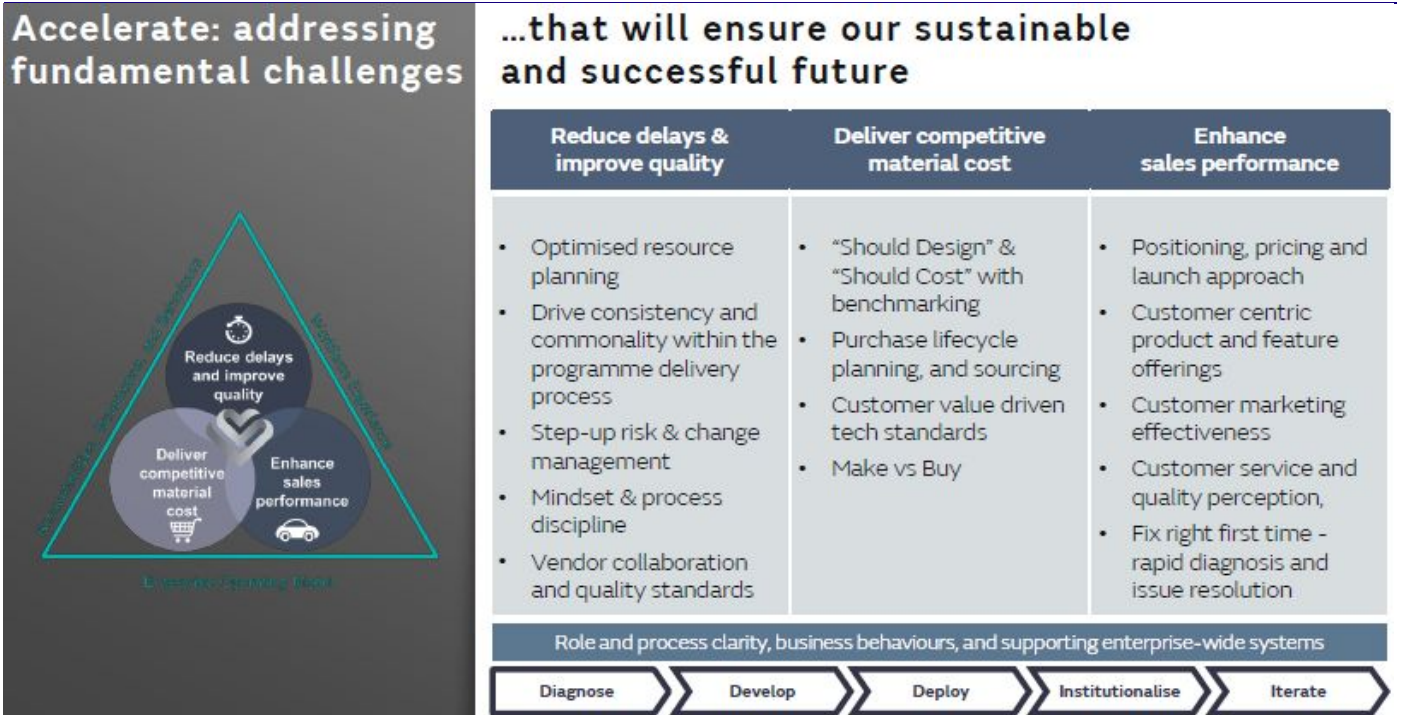
Source: Company

**Exhibit 6: Flexible architecture with flexible, efficient propulsion systems**



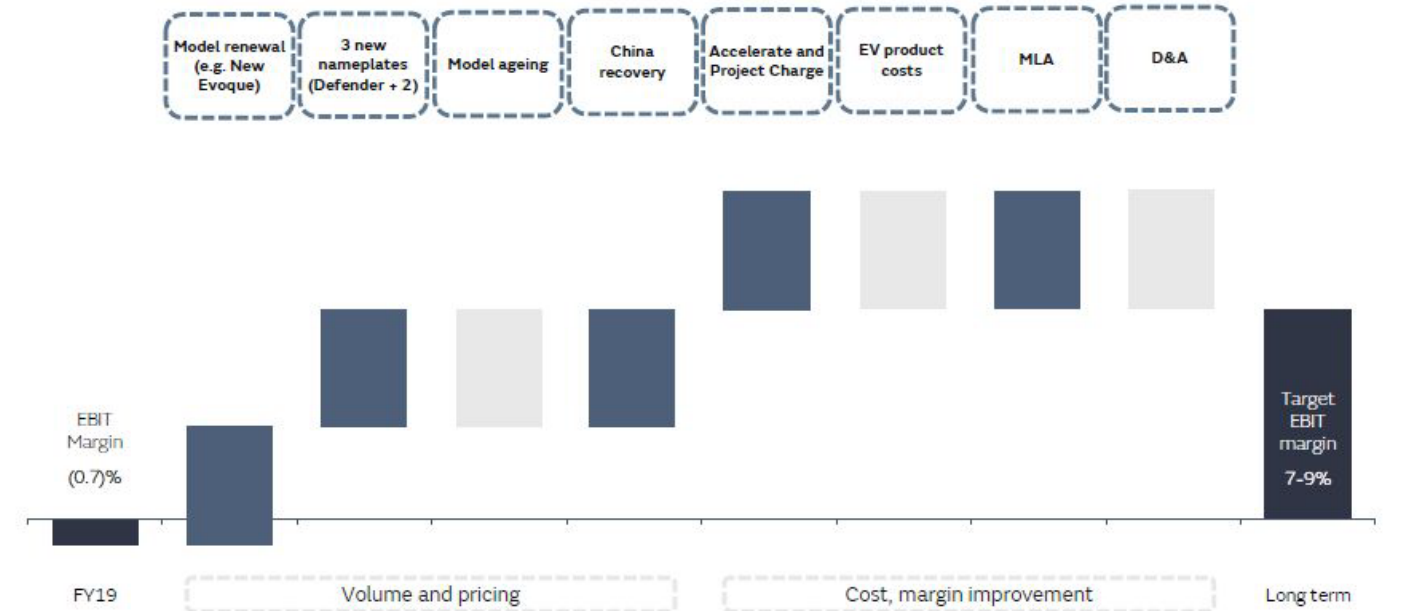
Source: Company

**Exhibit 7: Project Accelerate is targeting fundamental challenges faced by JLR**



Source: Company

**Exhibit 8: JLR long term EBIT margin target of 7-9% driven by new products and cost improvement**



Source: Company

**Exhibit 9: TATA MOTORS: Sum-of-the-parts valuation**

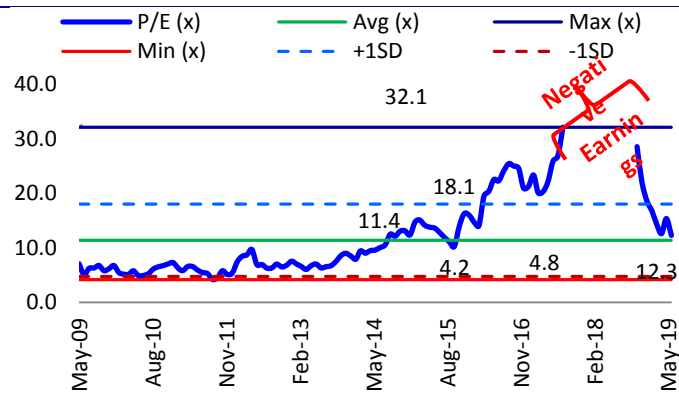
INR B	Valuation Parameter	Multiple (x)	FY20E	FY21E
<b>SOTP Value</b>				
Tata Motors - Standalone	EV/EBITDA	9	664	560
JLR (Adj for R&D capitalization)	EV/EBITDA	3.0	450	620
JLR - Chery JV EBITDA Share	EV/EBITDA	3.0	40	51
Tata Motors Finance	P/BV	1	44	46
<b>Total EV</b>			<b>1,197</b>	<b>1,277</b>
Less: Net Debt (Ex TMFL)			615	680
Tata Sons	50% discount		65	65
<b>Total Equity Value</b>			<b>647</b>	<b>662</b>
<b>Fair Value (INR/Sh) - Ord Sh</b>	<b>Fully Diluted</b>		<b>191</b>	<b>195</b>
<i>Upside (%)</i>			9.9	12.4

Source: Company

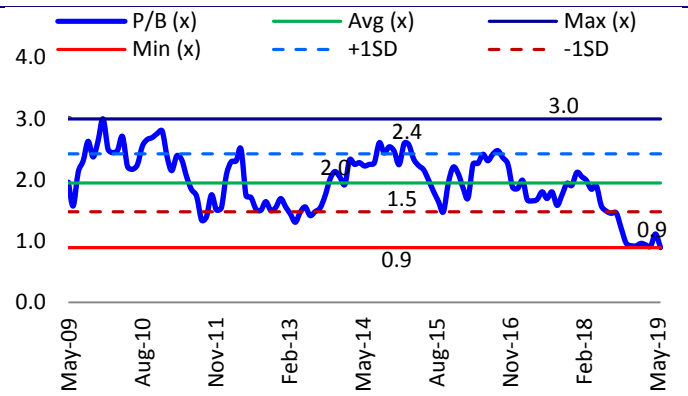
Exhibit 10: Comparative valuation

	CMP	Rating	TP	P/E (x)		EV/EBITDA (x)		RoE (%)		Div Yield (%)		EPS CAGR (%)
Auto OEM's	(INR)*		(INR)	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY19-21E
Bajaj Auto	2,990	Neutral	3,050	17.1	15.7	11.7	10.3	21.9	21.5	2.2	2.3	7.2
Hero MotoCorp	2,755	Neutral	2,912	15.6	14.9	9.1	8.4	26.1	24.8	3.3	3.4	4.4
TVS Motor	494	Neutral	480	27.2	21.6	14.1	11.5	23.5	24.6	0.8	0.8	27.4
M&M	651	Buy	810	14.0	14.2	10.3	10.6	13.7	11.9	1.5	1.5	3.8
Maruti Suzuki	7,050	Buy	8,047	25.4	21.1	14.6	12.2	16.4	18.1	1.8	2.0	16.2
<b>Tata Motors</b>	<b>173</b>	<b>Neutral</b>	<b>195</b>	<b>12.5</b>	<b>11.5</b>	<b>3.3</b>	<b>3.1</b>	<b>7.5</b>	<b>7.6</b>	<b>0.2</b>	<b>0.2</b>	<b>NA</b>
Ashok Leyland	93	Buy	107	12.8	14.9	7.2	7.8	24.2	19.2	3.7	3.7	-5.0
Eicher Motors	20,075	Buy	23,500	22.9	19.9	18.9	16.0	24.4	23.6	0.6	0.6	11.3
Escorts	604	Neutral	682	10.3	10.3	-0.6	-0.9	17.8	15.4	0.5	0.6	5.1
<b>Auto Ancillaries</b>												
Bharat Forge	463	Buy	595	18.9	17.2	10.6	9.9	19.8	19.1	1.3	1.3	10.3
Exide Industries	215	Buy	281	19.7	17.6	10.8	9.7	14.0	14.2	1.5	1.5	16.1
Amara Raja Batteries	638	Buy	761	19.2	16.8	9.9	8.5	16.1	16.4	1.3	1.5	15.9
BOSCH	17,416	Neutral	18,200	30.1	25.8	20.4	16.8	19.9	23.2	1.1	1.3	11.5
Endurance Tech	1,206	Buy	1,350	28.2	24.4	12.4	10.7	21.7	21.5	0.9	1.0	16.9
Motherson Sumi	115	Buy	146	19.2	15.8	1.8	1.0	16.5	18.5	1.4	1.7	19.4
Mahindra CIE	242	Buy	290	14.2	12.5	8.4	7.0	14.0	13.8	0.0	0.0	17.1
CEAT	1,012	Buy	1,277	13.8	11.1	3.3	3.1	10.3	11.7	1.2	1.3	19.7

Exhibit 11: Valuations – PE and PB band



Source: MOFSL

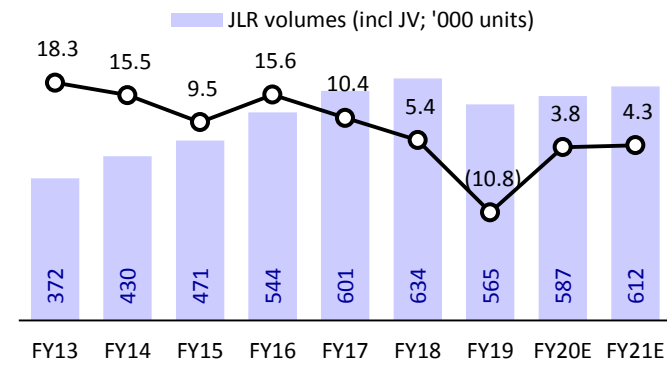


Source: MOFSL



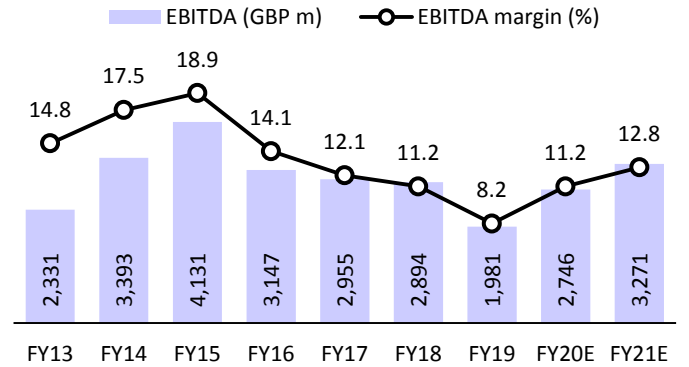
## Tata Motors | Story in Charts

**Exhibit 12: JLR volumes growth trajectory**



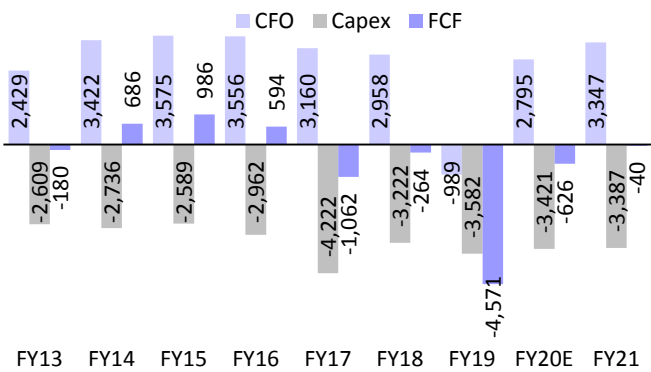
Source: Company, MOFSL

**Exhibit 13: JLR EBITDA and EBITDA margins trend**



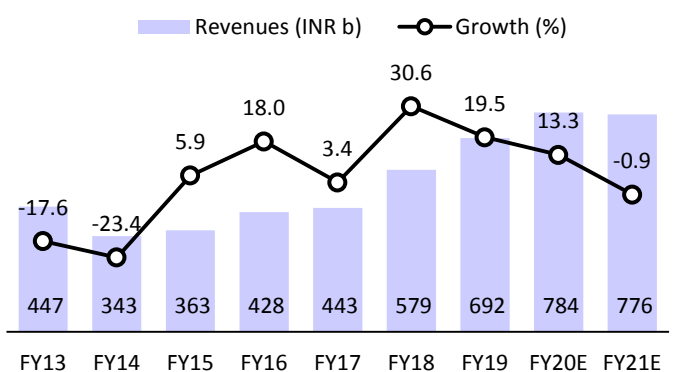
Source: Company, MOFSL

**Exhibit 14: JLR's CFO/Capex/FCF trend**



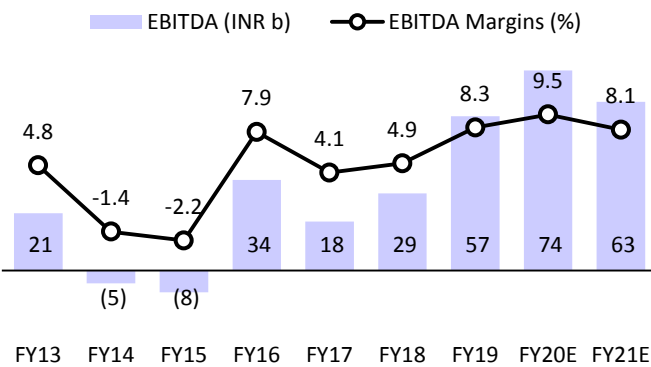
Source: Company, MOFSL

**Exhibit 15: S/A business growth trajectory in FY19-21E**



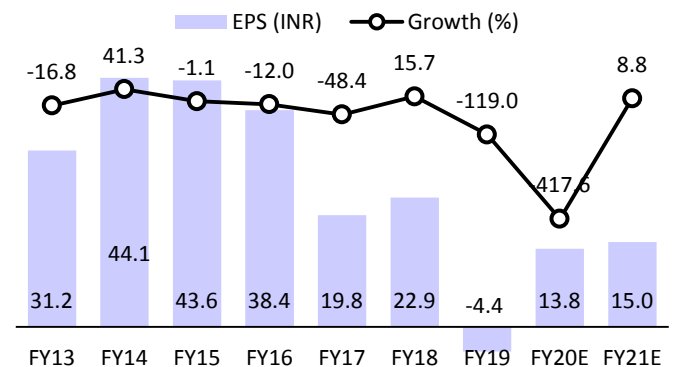
Source: Company, MOFSL

**Exhibit 16: S/A EBITDA and margins trend**



Source: Company, MOFSL

**Exhibit 17: Consolidated earnings trajectory**



Source: Company, MOFSL

## Key operating metrics

**Exhibit 18: Snapshot of Revenue model**

000 units	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>JLR</b>								
<b>Jaguar</b>	<b>79</b>	<b>76</b>	<b>102</b>	<b>179</b>	176	177	181	189
Growth (%)	37.2	-3.5	33.5	75.1	-1.4	0.7	2.0	4.4
% of Total JLR Vols	18.4	16.3	20.0	33.4	27.8	31.4	30.8	30.9
<b>Land Rover</b>	<b>351</b>	<b>394</b>	<b>442</b>	<b>422</b>	457	388	406	423
Growth (%)	11.6	12.4	12.2	-4.5	8.3	-15.2	4.7	4.2
% of Total JLR Vols	<b>81.6</b>	<b>83.7</b>	<b>86.8</b>	<b>78.9</b>	72.2	68.6	69.2	69.1
<b>Total Volumes (incl JV)</b>	<b>430</b>	<b>471</b>	<b>509</b>	<b>535</b>	634	565	587	612
Growth (%)	15.5	10.4	14.6	10.4	5.4	-10.8	3.8	4.3
<b>ASP (GBP '000/unit)</b>	<b>45</b>	<b>46</b>	<b>44</b>	<b>46</b>	47	48	47	47
Growth (%)	6.3	3.0	-5.8	4.0	3.9	0.8	-1.0	0.5
<b>Net JLR Sales (GBP b)</b>	<b>19</b>	<b>22</b>	<b>22</b>	<b>24</b>	26	24	24	26
Growth (%)	22.8	12.8	1.9	9.2	5.9	-6.1	1.0	4.5
<b>DOMESTIC</b>								
MH&CVs	122	143	176	176	192	225	255	236
Growth (%)	-19.7	16.5	23.6	-0.3	9.2	17.1	13.2	-7.3
LCVs	299	222	205	209	257	295	339	279
Growth (%)	-30.3	-25.8	-7.7	2.1	22.7	14.9	15.0	-17.8
<b>Total CVs</b>	<b>421</b>	<b>365</b>	<b>381</b>	<b>385</b>	<b>449</b>	<b>520</b>	<b>594</b>	<b>515</b>
Growth (%)	-27.5	-13.5	4.6	1.0	16.6	15.9	14.2	-13.3
Total PVs	145	138	152	157	190	211	226	236
Growth (%)	-36.5	-5.3	10.1	3.9	20.8	11.2	6.7	4.4
<b>Total Volumes</b>	<b>567</b>	<b>502</b>	<b>533</b>	<b>542</b>	639	731	819	751
Growth (%)	-30.1	-11.4	6.1	1.8	17.8	14.5	12.1	-8.4
<b>ASP (INR 000/unit)</b>	<b>605</b>	<b>723</b>	<b>804</b>	<b>818</b>	921	946	956	1,034
<b>Net S/A Sales (INR b)</b>	<b>343</b>	<b>363</b>	<b>428</b>	<b>444</b>	588	692	784	776
Growth (%)	-23.4	5.9	18.0	3.5	32.8	19.5	13.3	-0.9

## Financials and Valuations

Income Statement (Consolidated)							(INR m)	
Y/E March	2015	2016	2017	2018	2019	2020E	2021E	
<b>Total Income</b>	<b>2,631,590</b>	<b>2,730,456</b>	<b>2,696,925</b>	<b>2,915,505</b>	<b>3,019,384</b>	<b>3,127,487</b>	<b>3,275,333</b>	
Change (%)	13.0	3.8	-1.2	8.1	3.6	3.6	4.7	
Expenditure	2,210,452	2,312,693	2,327,802	2,577,462	2,721,436	2,740,652	2,844,500	
<b>EBITDA</b>	<b>421,138</b>	<b>417,763</b>	<b>369,124</b>	<b>338,043</b>	<b>297,948</b>	<b>386,835</b>	<b>430,833</b>	
% of Net Sales	16.0	15.3	13.7	11.6	9.9	12.4	13.2	
Depreciation	133,886	167,108	179,050	215,536	235,906	247,416	283,950	
<b>EBIT</b>	<b>287,252</b>	<b>250,655</b>	<b>190,074</b>	<b>122,507</b>	<b>62,042</b>	<b>139,418</b>	<b>146,883</b>	
Product Dev. Exp.	28,752	34,688	34,136	35,319	42,246	41,204	42,962	
Interest	48,615	48,891	42,380	46,818	57,586	58,138	60,076	
Other Income	8,987	8,854	7,545	39,576	29,653	26,571	26,571	
EO Exp/(Inc)	930	18,504	-11,146	-19,751	296,516	0	0	
Forex Gain/ (Loss)	-917	-16,169	-39,101	11,853	-9,059	0	0	
<b>PBT</b>	<b>217,026</b>	<b>141,258</b>	<b>93,148</b>	<b>111,550</b>	<b>-313,712</b>	<b>66,648</b>	<b>70,417</b>	
Tax	76,429	30,251	32,512	43,419	-24,375	20,908	22,967	
Effective Rate (%)	35.2	21.4	34.9	38.9	7.8	31.4	32.6	
<b>Reported PAT</b>	<b>140,597</b>	<b>111,007</b>	<b>60,636</b>	<b>68,131</b>	<b>-289,337</b>	<b>45,740</b>	<b>47,449</b>	
Change (%)	-0.3	-21.0	-45.4	12.4	-524.7	-115.8	3.7	
% of Net Sales	5.3	4.1	2.2	2.3	-9.6	1.5	1.4	
Minority Interest	-868	-989	-1,022	-1,025	-1,020	-1,187	-1,288	
Share of profit of associate	134	5,775	14,930	22,783	2,095	2,404	4,943	
<b>Net Profit</b>	<b>139,863</b>	<b>115,793</b>	<b>74,544</b>	<b>89,889</b>	<b>-288,262</b>	<b>46,957</b>	<b>51,105</b>	
<b>Adj. PAT</b>	<b>140,465</b>	<b>130,334</b>	<b>67,288</b>	<b>77,826</b>	<b>-14,785</b>	<b>46,957</b>	<b>51,105</b>	
Change (%)	-1.1	-7.2	-48.4	15.7	-119.0	-417.6	8.8	

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	6,792	6,792	
Reserves	556,181	782,732	573,827	947,487	595,003	640,856	690,857	
<b>Net Worth</b>	<b>562,619</b>	<b>789,524</b>	<b>580,619</b>	<b>954,279</b>	<b>601,795</b>	<b>647,648</b>	<b>697,648</b>	
Loans	692,115	619,612	744,891	779,944	911,239	911,239	911,239	
Deferred Tax	-13,900	44,748	11,740	19,671	-36,601	-36,601	-36,601	
<b>Capital Employed</b>	<b>1,245,167</b>	<b>1,458,212</b>	<b>1,341,781</b>	<b>1,759,144</b>	<b>1,481,664</b>	<b>1,528,704</b>	<b>1,579,993</b>	
Gross Fixed Assets	1,582,066	1,976,068	1,628,389	2,156,778	2,258,724	2,698,270	3,069,599	
Less: Depreciation	744,241	911,348	675,681	917,952	1,153,858	1,401,275	1,685,225	
<b>Net Fixed Assets</b>	<b>837,825</b>	<b>1,064,720</b>	<b>952,708</b>	<b>1,238,826</b>	<b>1,104,866</b>	<b>1,296,995</b>	<b>1,384,374</b>	
Capital WIP	286,401	259,189	336,988	400,335	318,838	250,000	250,000	
Goodwill	46,970	7,598	6,733	1,165	7,478	7,478	7,478	
Investments	153,367	237,670	203,379	208,128	157,707	63,749	68,692	
<b>Curr.Assets</b>	<b>1,034,685</b>	<b>1,102,234</b>	<b>1,237,735</b>	<b>1,423,465</b>	<b>1,431,544</b>	<b>1,324,277</b>	<b>1,323,158</b>	
Inventory	292,723	326,557	350,853	421,377	390,137	407,002	426,242	
Sundry Debtors	125,792	135,709	140,756	198,933	189,962	171,369	179,470	
Cash & Bank Bal.	321,158	304,604	360,779	346,139	326,488	175,950	102,489	
Loans & Advances	256,948	254,033	291,474	445,929	512,867	552,867	592,867	
<b>Current Liab. &amp; Prov.</b>	<b>1,114,081</b>	<b>1,213,200</b>	<b>1,395,762</b>	<b>1,512,775</b>	<b>1,538,770</b>	<b>1,413,795</b>	<b>1,453,709</b>	
Sundry Creditors	574,073	615,618	625,326	769,398	716,907	728,319	740,315	
Other Liabilities	328,305	460,226	622,314	538,766	601,347	514,107	515,977	
<b>Net Current Assets</b>	<b>-79,396</b>	<b>-110,965</b>	<b>-158,027</b>	<b>-89,309</b>	<b>-107,226</b>	<b>-89,518</b>	<b>-130,552</b>	
<b>Appl. of Funds</b>	<b>1,245,167</b>	<b>1,458,212</b>	<b>1,341,782</b>	<b>1,759,144</b>	<b>1,481,664</b>	<b>1,528,704</b>	<b>1,579,993</b>	

E: MOFSL Estimates

## Financials and Valuations

### Ratios (Con.)

Y/E March	2015	2016	2017	2018	2019	2020E	2021E
<b>Basic (INR)</b>							
EPS	43.6	38.4	19.8	22.9	-4.4	13.8	15.0
EPS Fully Diluted	43.6	38.4	19.8	22.9	-4.4	13.8	15.0
EPS Growth (%)	-1.1	-12.0	-48.4	15.7	-119.0	-417.6	8.8
Cash EPS	85.2	87.6	72.5	86.4	65.1	86.7	98.7
Book Value (Rs/Share)	174.8	232.5	171.0	281.0	177.2	190.7	205.4
DPS	0.0	0.0	0.0	0.0	0.3	0.3	0.3
Payout (Incl. Div. Tax) %	0.0	0.0	0.0	0.0	-7.5	2.4	2.2
<b>Valuation (x)</b>							
Consolidated P/E	4.0	4.5	8.8	7.6	-39.8	12.5	11.5
EV/EBITDA	1.8	1.6	2.1	2.4	3.4	3.3	3.1
EV/Sales	0.3	0.2	0.3	0.3	0.3	0.4	0.4
Price to Book Value	1.0	0.7	1.0	0.6	1.0	0.9	0.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.2	0.2	0.2
<b>Profitability Ratios (%)</b>							
RoE	23.1	19.3	9.8	10.1	-1.9	7.5	7.6
RoCE	15.7	15.1	9.2	6.4	5.2	7.6	7.5
RoIC	39.2	34.5	22.6	12.0	7.7	11.1	9.0
<b>Turnover Ratios</b>							
Debtors (Days)	17	18	19	25	23	20	20
Inventory (Days)	41	44	47	53	47	48	48
Creditors (Days)	80	82	85	96	87	85	83
Asset Turnover (x)	2.1	1.9	2.0	1.7	2.0	2.0	2.1
<b>Leverage Ratio</b>							
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	139,863	110,238	75,566	90,914	-288,262	46,957	51,105
Int/Div. Received	7,777	8,258	36,653	39,542	29,653	26,571	26,571
Depreciation	133,864	170,142	179,050	215,536	235,906	247,416	283,950
Direct Taxes Paid	-41,940	-19,939	-18,951	-30,212	-31,897	-20,908	-22,967
(Inc)/Dec in WC	-36,718	25,515	32,542	-64,337	-1,734	-168,246	-32,427
Other Items	136,570	96,855	8,954	23,333	-6,334	1,187	1,288
<b>CF from Op Activity</b>	<b>339,415</b>	<b>391,069</b>	<b>313,814</b>	<b>274,776</b>	<b>-62,668</b>	<b>132,978</b>	<b>307,519</b>
Extra-ordinary Items	20,191	8,857	-11,822	-36,202	-296,516	0	0
<b>CF after EO Items</b>	<b>359,606</b>	<b>399,925</b>	<b>301,992</b>	<b>238,574</b>	<b>-359,184</b>	<b>132,978</b>	<b>307,519</b>
(Inc)/Dec in FA+CWIP	-315,396	-326,232	-304,135	-350,486	-20,450	-370,707	-371,329
<b>Free Cash Flow</b>	<b>44,210</b>	<b>73,693</b>	<b>-2,143</b>	<b>-111,912</b>	<b>-379,634</b>	<b>-237,730</b>	<b>-63,810</b>
(Pur)/Sale of Invest.	-37,570	-68,134	-76,664	88,470	50,420	93,958	-4,943
<b>CF from Inv Activity</b>	<b>-352,966</b>	<b>-394,366</b>	<b>-380,799</b>	<b>-262,016</b>	<b>29,971</b>	<b>-276,749</b>	<b>-376,272</b>
Issue of Shares	0	74,332	46	0	-63,118	0	0
Inc/(Dec) in Debt	122,288	-47,483	116,583	75,183	131,296	0	0
Interest Paid	-63,070	-57,039	-53,363	-54,106	-57,586	-58,138	-60,076
Dividends Paid	-7,204	-1,739	-1,212	-960	-1,104	-1,104	-1,104
<b>CF from Fin Activity</b>	<b>52,014</b>	<b>-31,930</b>	<b>62,053</b>	<b>20,117</b>	<b>9,489</b>	<b>-59,242</b>	<b>-61,180</b>
<b>Inc/(Dec) in Cash</b>	<b>58,655</b>	<b>-26,371</b>	<b>-16,754</b>	<b>-3,325</b>	<b>-319,725</b>	<b>-203,013</b>	<b>-129,933</b>
Add: Beginning Bal.	152,629	211,283	171,536	139,868	136,543	-183,182	-386,195
<b>Closing Balance</b>	<b>211,283</b>	<b>184,913</b>	<b>154,782</b>	<b>136,543</b>	<b>-183,182</b>	<b>-386,195</b>	<b>-516,128</b>

E: MOFSL Estimates

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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