

Tata Motors Ltd(TML)

-CV cycle revival & JLR key catalyst



Tata Motors Ltd– Investment Snapshot

Recommendation :- BUY

Maximum Portfolio Allocation :- 5%

Investment Phases & Buying Strategy

1st Phase (Now) of Accumulation :- 50%

Current Accumulation Range :- 445-460 Rs

Tata Motors is our medium to long term stock, which is a high growth stock and is a Good Investment under current Market conditions. It has a presence in a space which offers enormous potential and is also trading at reasonable valuations which will deliver superior returns in the long run.

Core Investment Thesis :

The company is a play in the Automobile space and is predominantly engaged in the manufacture of CV, passenger cars and utility vehicles The company is likely to benefit from revival in the CV space which will drive its growth.

Current Market Price – Rs.453.00

Current Dividend Yield -0.11%

**Bloomberg / Reuters Code –TTMT.
IN/ TAMO.NS**

BSE / NSE Code – 500570/TATAMOTORS

Market Cap (In Rs. Cr) - 153722

Share Cap [Cr]– 679.18

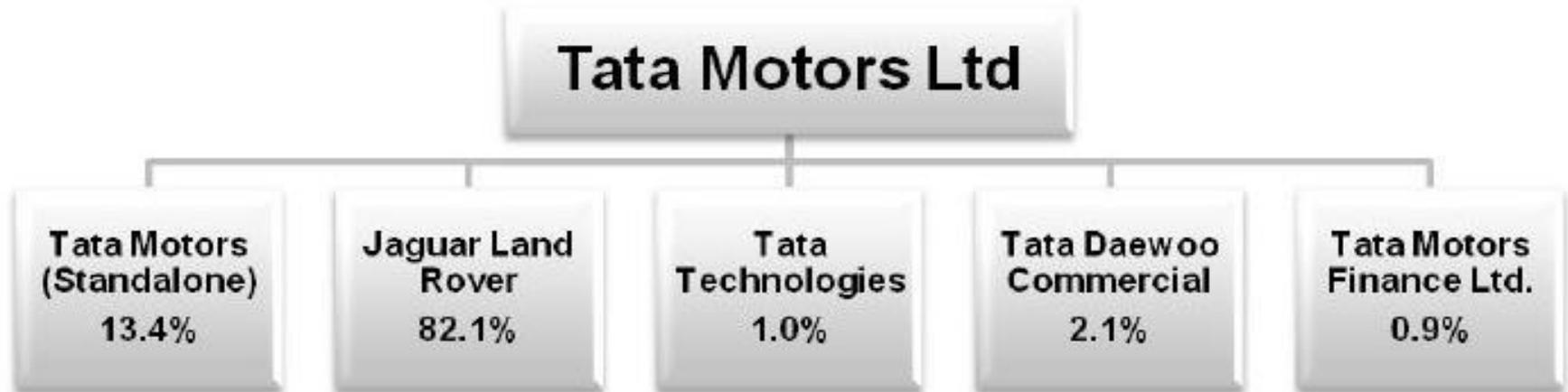
Face Value – Rs.2

**52 Week High/Low - Rs.598.40/
Rs.290.25**

Pro oter's Holdi g – 33.00%

Other Holdings - 67.00%

Company Snapshot



- Tata Motors is now **India's** largest automobile company, and is the leader in the commercial vehicle segment and is predominantly engaged in the manufacture of CV, passenger cars and utility vehicles .
- The company through its subsidiaries and associate companies, it is also engaged in the manufacturing of engineering and automotive solutions, construction equipment and supply chain activities.
- Tata Motors acquisition of UK based Jaguar Land Rover has helped Tata Motors foray into international markets and the iconic brands of Jaguar and Land Rover have become the key drivers of future growth .
- Tata Motors continues to be the market leader in the CV space with a market share of about 49.7% in FY15 which will drive its growth on revival of the sector.

New Product Launches

- New Product launches - PRIMA LX range of trucks , new ULTRA range, Super Ace Mint



- Product Launches / Refreshes in PV- Nano Twist, Revotron, Zest, Bolt



Jaguar - Likely Revival



- Tata Motors Jaguar Land Rover (JLR), is **UK's** largest automotive manufacturing business is built around two iconic British car brands- Land Rover and Jaguar .
- Post its acquisition by Tata Motors in 2008, **JLR's** success story has flourished with **JLR's** sales volumes growing at a robust 18.5% CAGR over the period FY09 to FY15 to 6,04,550 units.
- Tata Motors growth was largely spearheaded by Land Rover, whose volumes have catapulted at 21.4% CAGR over the same period while **Jaguar's** volume growth has been tepid at 8.5% CAGR.
- Tata Motors phenomenal growth was primarily spearheaded by **JLR's** successful foray into the Chinese market as the Chinese penchant for luxury products helped drive demand and in a short span of 6 years, China became the largest market for JLR.

MHCV Revival - Growth Trigger



- The MHCV demand had been on a downtrend reflecting the gloom prevalent in the economy. However the industry expects the MHCV sales volumes to grow at a robust 11% over the next three years given the extremely strong replacement demand and expected pick up from new vehicle purchases .
- The replacement demand is expected to come in from the two cycles of replacement of 5-6 years and 10-12 years which have coincided .
- The new vehicle demand is expected to pick up over the next 3-4 quarters once road activity and mining pick up. It is expected that this pick up will be steady result in 10-15% growth for the next 3-4 years .
- Tata Motors Wide and compelling product range- with several new launches in FY 16 across Prima and Ultra Range, refreshes/variants in SCV and pick ups- Ace Mega/Super Ace Mint, provides strong foundation for growth .

Consolidated P&L

Consolidated Profit & Loss account(Rs.Cr)	Mar '12	Mar '13	Mar '14	Mar '15	Mar '16
Income					
Sales Turnover	1,70,677.58	1,93,583.95	2,36,626.43	2,66,345.25	2,80,096.72
Excise Duty	5,023.09	4,766.32	3,792.77	3,548.92	4,535.61
Net Sales	1,65,654.49	1,88,817.63	2,32,833.66	2,62,796.33	2,75,561.11
Other Income	-169.77	208.82	-156.79	714.03	-1,137.83
Stock Adjustments	2,535.72	3,031.43	2,840.58	3,330.35	2,876.62
Total Income	1,68,020.44	1,92,057.88	2,35,517.45	2,66,840.71	2,77,299.90
Expenditure					
Raw Materials	1,13,220.54	1,24,746.40	1,48,109.33	1,65,033.30	1,67,392.90
Power & Fuel Cost	1,017.19	1,069.06	1,128.69	1,121.75	1,169.44
Employee Cost	12,298.45	16,584.05	21,556.42	25,548.96	29,198.89
Other Manufacturing Expenses	1,389.23	2,021.59	2,565.21	2,875.17	3,480.43
Miscellaneous Expenses	17,953.56	22,880.66	27,476.89	32,308.85	40,439.84
Total Expenses	1,45,878.97	1,67,301.76	2,00,836.54	2,26,888.03	2,41,681.50
Operating Profit	22,311.24	24,547.30	34,837.70	39,238.65	36,756.23
PBDIT	22,141.47	24,756.12	34,680.91	39,952.68	35,618.40
Interest	2,982.22	3,553.34	4,733.78	4,861.49	4,623.35
PBDT	19,159.25	21,202.78	29,947.13	35,091.19	30,995.05
Depreciation	5,625.38	7,569.30	11,078.16	13,388.63	17,014.18
Profit Before Tax	13,533.87	13,633.48	18,868.97	21,702.56	13,980.87
PBT (Post Extra-ord Items)	13,533.87	13,633.48	18,868.97	21,702.56	13,980.87
Tax	-40.04	3,770.99	4,764.79	7,642.91	2,872.60
Reported Net Profit	13,573.91	9,862.49	14,104.18	14,059.65	11,108.27
Earning Per Share (Rs)	42.77	30.92	43.82	43.67	32.71

Consolidated Balance sheet

Consolidated Balance Sheet	Mar '12	Mar '13	Mar '14	Mar '15	Mar '16
Sources Of Funds					
Total Share Capital	634.75	638.07	643.78	643.78	679.18
Equity Share Capital	634.75	638.07	643.78	643.78	679.18
Reserves	32,422.28	36,959.63	64,936.80	55,595.27	80,080.62
Networth	33,057.03	37,597.70	65,580.58	56,239.05	80,759.80
Secured Loans	15,774.04	16,981.04	14,608.75	14,728.81	12,627.58
Unsecured Loans	22,930.03	26,741.24	40,345.72	54,482.67	50,472.36
Total Debt	38,704.07	43,722.28	54,954.47	69,211.48	63,099.94
Minority Interest	307.13	370.48	420.65	433.34	888.26
Total Liabilities	72,068.23	81,690.46	1,20,955.70	1,25,883.87	1,44,748.00
Application Of Funds					
Gross Block	87,926.36	98,046.05	1,23,773.39	1,44,447.00	1,70,000.49
Less: Revaluation Reserves	92.9	39.6	22.87	22.87	22.87
Less: Accum. Depreciation	43,565.95	42,877.77	54,681.72	55,967.51	63,573.74
Net Block	44,267.51	55,128.68	69,068.80	88,456.62	1,06,403.88
Capital Work in Progress	15,945.83	18,417.70	33,262.56	28,640.09	27,260.44
Investments	8,917.71	9,057.72	10,686.67	15,336.74	20,466.09
Inventories	18,216.02	20,969.01	27,270.89	29,272.34	33,398.98
Sundry Debtors	8,236.84	10,942.66	10,574.23	12,579.20	12,989.96
Cash and Bank Balance	18,238.13	21,112.67	29,711.79	32,115.76	32,879.98
Total Current Assets	44,690.99	53,024.34	67,556.91	73,967.30	79,268.92
Loans and Advances	31,467.70	34,358.41	39,400.51	32,234.37	35,875.40
Total CA, Loans & Advances	76,158.69	87,382.75	1,06,957.42	1,06,201.67	1,15,144.32
Current Liabilities	60,379.75	72,224.65	78,858.78	91,580.98	1,04,007.31
Provisions	12,841.76	16,071.74	20,160.97	21,170.27	20,519.42
Total CL & Provisions	73,221.51	88,296.39	99,019.75	1,12,751.25	1,24,526.73
Net Current Assets	2,937.18	-913.64	7,937.67	-6,549.58	-9,382.41
Total Assets	72,068.23	81,690.46	1,20,955.70	1,25,883.87	1,44,748.00

THANK YOU

