

Tata Motors DVR**₹ 314****Defense Vehicles will Rock !!!****Buy**

Jun 10, 2016

Company Background

Tata Motors Limited (Tata Motors) is a USD 42 bn organisation and a leading global automobile manufacturer with a portfolio that covers a wide range of cars, sports vehicles, buses, trucks and defence vehicles. The company is engaged in the development, designing, manufacturing, assembling and sale of vehicles, including financing. It currently present directly in 50 countries and indirectly in 175. It has also built a strong global network of subsidiaries and associate companies, including Jaguar Land Rover in the UK and Tata Daewoo in South Korea. With seventy-six direct and indirect subsidiaries in India and abroad Tata Motors is also expanding its international footprint, established through exports since 1961. Tata Motors has an employee strength of more than 60000 and is South Asia's largest automobile company; it is the leader in commercial vehicles and among the top three in passenger vehicles. Worldwide it is the world's fourth-largest truck manufacturer and second-largest bus manufacturer.

Key Highlights

- ➔ The growth from Jaguar Land Rover was good for fifth year in a row which reflects the ongoing success of the high end luxury car segment. The company is also regularly launching newer variants in this segment to cater to changing customer preferences. JLR business is expected to post impressive growth in UK, US, China, Europe and Asia Pacific as it has done in the past few years. The Company has also started its first overseas production in a JV with Chery Automobile Company Ltd. in China. This is a state of the art facility with an annual capacity of 130,000 units.
- ➔ The cars Zest and Bolt launched by Tata Motors in the last year received a good response. The new launch of Tiago is also expected to be good especially when it appears to be value for money compared to its competitors.
- ➔ Better orders are expected from the Defense vehicles segment with focus of the Government shifting to strengthening of the Defense units.
- ➔ Tata Motors is also consistently investing in Research and Development of newer products and technologies to make it future ready and fuel international growth. It currently has a strong pipeline for all segments.

Key Financials

Year Ended 31 st	Mar 13	Mar 14	Mar 15
Revenue (INR mn)	4,68,934.3	3,84,760.3	3,81,268.1
Rev. growth (%)	(14.51)	(17.95)	(0.91)
EBITDA (INR mn)	39,302.3	34,391.8	10,913.4
Net profit (INR mn)	3,032.9	4,135.5	(46,455.5)
Shares outstanding (mn)	3,190.1	3,218.7	3,218.7
EPS (INR)	1.0	1.3	(14.4)
EPS growth (%)	(75.74)	35.14	(1223.33)
P/E (x)	159.22	155.98	(22.70)
RONW (%)	1.14	0.85	(28.10)
ROCE (%)	0.61	0.46	(13.53)

Nishant Chopra

nishantc@indiratrade.com

Info Codes

Reuters	: TAMO.BO
Bloomberg	: TTMT@IN
NSE	: TATAMTRDVR
BSE	: 570001

Market Data

52 Wk Range (₹)	: 201 / 317
Shares in Issue (mn)	: 3218.7
Mkt. Cap (₹ bn)	: 161.0
BSE 2 Wk Avg Vol	: 1027000

Share Holding Pattern (%)

Promoters	: 33.01
Public	: 66.99
Others	: 00.00

Past Performance

Tata Motors DVR was recommended as a Buy on Dec 07, 2012 at Rs.170. It gave a return of 23.38% in defined horizon line. Further since then price has appreciated by nearly 2x.

Investment Theme

Tata Motors is the largest Indian auto company belonging to Tata group. It's strong & vast product portfolio has helped to cater wide range of customer from HCV, to small passenger cars. In the last few years it has made bold acquisitions, which appear to agur well. Especially JLR is on the right strategic path and is investing in the right areas, resulting in its evolution to a much stronger and balanced player in the luxury vehicle market. Talking about the Indian market The CV business, which contributes ~35% to fair value, is expected to witness recovery in especially as Defence orders come in. We believe the company is well planned to sustain its growth trajectory.

DVRs Rock !