

TATA Investment Corp Ltd. ₹800**Get fresh ideas from Us...!!!****Buy**

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Company Background

Tata Investment Corporation is a non-banking financial company promoted by Tata Sons. The company is playing the role of a catalyst in promoting long-term investments in the country. Company's activities primarily consist of investing in long-term investments in equity shares & other securities of companies in a range of industries. Major sources of income for it consists of dividend income and profit on sale of investments. It is a non-banking financial company (NBFC) registered with the RBI under the category Investment company. Company was incorporated in the year 1937 as The Investment Corporation of India Ltd. The company was formed to work as an Investment Corporation for investments in land acquisition of stocks, debentures etc. Motive for launching Tata Investment Corporation was to help set up and take care of small and medium-sized entrepreneurs and their companies. This promotional role of company resulted in the formation of many companies which were well known a few decades ago such as, Associated Bearing Co Ltd. (SKF Bearings), Ceat Tyres Ltd. (Ceat Ltd), National Rayon Corporation, companies promoted by the Ghia family and others, some of which are even today listed on the stock exchange. It has a subsidiary name called Simto Investments Co Ltd, which is registered as an NBFC with RBI. Simto is engaged in investment activities with an Issued Capital of ₹ 1.53 crores with a net worth of ₹ 30.30 crores as on 31st March, 2018.

Key Highlights

- ➔ For FY 2018 Operating Income was improved by 14.2% to ₹ 3,097.7 mn, operating profit rose by 17.8% to ₹ 2,829.8 mn and net profit also spiked by 17.3% to ₹ 2,374.7 mn on yearly basis.
- ➔ Company's major income sources are Profit on Sale of Investment, Dividend and Interest Income. It had generate ₹ 3,097.7 mn income, of which 56.4%, 26.4% and 16% from Profit on Sale of Investment, Dividend and Interest Income respectively for FY 2018.
- ➔ It's Investment cost of quoted Equity shares as on 31st March, 2018 was ₹ 14,499.7 mn and recent market value was ₹ 80,201.8 mn & Investment was improved by 1.59% for FY 2018 as compare to the previous year.

Key Financials

Year Ended 31 st	Mar 16	Mar 17	Mar 18
Revenue (INR mn)	2,520.8	2,713.7	3,097.7
Rev. growth (%)	9.07	7.65	14.15
EBITDA (INR mn)	2,343.3	2,401.9	2,829.8
Net profit (INR mn)	2,026.1	2,023.8	2,374.9
Shares outstanding (mn)	55.1	55.1	55.1
EPS (INR)	33.3	36.7	39.4
EPS growth (%)	9.61	10.27	0.00
P/E (x)	14.09	0.00	18.76
RONW (%)	9.24	8.65	9.48
ROCE (%)	10.66	10.24	11.27

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Info Codes

Reuters	: TINV.BO
Bloomberg	: TICL IN
NSE	: TATAINVEST
BSE	: 501301

Market Data

52 Wk Range (₹)	: 712/955
Shares in Issue (mn)	: 55.1
Market. Cap (bn)	: 44.19
BSE 2 Wk Avg Vol	: 3172

Share Holding Pattern (%)

Promoters Holding	: 72.98
Public & Others	: 19.94
Corporate Holding	: 01.79
Govt Holding	: 00.74
Foreign Institution	: 02.31
Institutions	: 02.24

Investment Theme

Company is investing in leaders in sectors, and also continues to invest for the long term while availing opportunities to realize gains towards the objective of consistent dividend distribution. It invests in Tata & Non-Tata both listed & unlisted companies. It has one subsidiary name, Simto Investment Co. Ltd. with a turnover of ₹ 7,094.7 mn, with the objective of Investments. TATA Investment Corp has 97.57% of share holding in subsidiary. And also it has three associate companies such as Tata Asset Management Ltd, Tata Trustee Company Ltd and Amalgamated Plantations Pvt Ltd. with the share holding 32.09%, 50% and 24.61% respectively for 2018. Tata Asset Management Ltd had highest profit and Amalgamated Plantations Pvt Ltd had loss of ₹ 45.6 mn. Its portfolio has spread between 84 companies as on 31st March, 2018.

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Financial Statements

Income Statement

(₹ mn)

Year end	Mar 16	Mar 17	% Chg	Mar 18	% Chg
Operating Income	2,519.2	2,712.7	7.7	3,096.7	14.2
Other Income	1.6	1.0	(37.5)	1.0	0.0
Total Income	2,520.8	2,713.7	7.7	3,097.7	14.2
Operating & Admin Exp	36.8	28.4	(22.8)	20.7	(27.1)
Employee Exp.	103.6	109.3	5.5	107.4	(1.7)
Miscellaneous Exp	37.0	174.2	370.8	139.8	(19.7)
Interest	0.0	0.0	0.0	0.0	0.0
Total Expenses	177.4	311.9	75.8	267.9	(14.1)
Gross Profit	2,343.4	2,401.8	2.5	2,829.8	17.8
Depreciation	1.2	1.0	(16.7)	1.1	10.0
PBT	2,342.2	2,400.8	2.5	2,828.7	17.8
Tax	316.1	377.0	19.3	453.8	20.4
Extra Ordinary Items	0.0	(0.1)	0.0	0.2	(300.0)
Net Profit/Loss	2,026.1	2,023.9	(0.1)	2,374.7	17.3

4 Years Balance Sheet

(₹ mn)

Balance Sheet as on 31 st	Mar 15	Mar 16	Mar 17	Mar 18
SOURCES OF FUNDS	21,537.9	22,409.0	24,500.6	25,704.8
Equity Share capital	551.0	551.0	551.0	551.0
Equity Application Money	0.0	0.0	0.0	0.0
Equity Share Warrants	0.0	0.0	0.0	0.0
Reserves & Surplus	20,943.5	21,808.7	23,895.2	25,102.9
Secured Loans	0.0	0.0	0.0	0.0
Unsecured Loans	43.4	49.3	54.4	50.9
USES OF FUNDS	21,537.9	22,409.0	24,500.6	25,704.8
Gross Block	21.1	21.5	21.3	21.3
Less : Revaluation Reserves	0.0	0.0	0.0	0.0
Less : Accumulated Depreciation	18.7	18.8	19.4	19.4
Net Block	2.4	2.7	1.9	1.9
Investments	22,318.5	21,973.5	24,200.9	25,207.2
Current Assets	379.2	499.3	329.8	387.9
Less : Current Liabilities	1,193.4	81.4	121.0	84.5
Total Net Current Assets	(814.2)	417.9	208.8	303.4
Misc. Expenses not writtenoff	0.0	0.0	0.0	0.0
Other assets	31.2	14.9	89.0	192.3
NOTE				
Book Value of Unquoted Investments	5,711.1	3,796.1	4,238.0	5,459.3
Market Value of Quoted Investments	60,138.8	0.0	0.0	0.0
Contingent Liabilities	25.7	3.2	4.2	1.1
Dividend (%)	170.0	170.0	180.0	200.0

Quarterly Income Sheets

(₹ mn)

Quarter Ended	Jun 17	Sep 17	Dec 17	Mar 18
Operating Income	600.5	1,442.7	470.2	583.4
Other Income	0.8	0.0	0.0	0.2
Total Income	601.3	1,442.7	470.2	583.6
Selling & Admin Exp	0.0	19.7	0.0	0.0
Employee Exp.	28.8	29.2	21.6	27.8
Other Exp	15.8	84.2	13.0	17.0
Total Operating Exp	44.6	133.1	34.6	44.8
PBITDA	556.7	1,309.6	435.6	538.8
Depreciation	0.1	0.2	0.2	0.6
PBIT	556.6	1,309.4	435.4	538.2
Interest	0.0	0.0	0.0	0.0
PBT	556.6	1,309.4	435.4	538.2
Tax	103.6	152.9	90.9	106.5
Other Writt offs	0.0	0.0	0.0	10.9
Net Profit/Loss	453.0	1,156.5	344.5	420.8

52 Week Index Relative Percentage Appreciation

TATA Investment vs SENSEX
Risks Associated

- Company's income is mainly from the Sale of Investment, dividends and interest that may be receivable on investments held by it. If there is any adverse impact on the industries of which securities are held by TATA Investment Corp Ltd, will effect the performance of TATA Investment.
- Company's performance is directly dependent on performance of its portfolio, on macro economic factors and performance of stock market. It does not have any of its own business, it should be dependent on investment companies for its revenue generation.
- Being a developing country, India attracts a large sum of Foreign investments every year. These foreign investments have a great impact on the economy of India. If any macro & political factors arise, then those investments will sell off their holding, at the same time market & company's portfolio will effect.
- Rupee depreciating is a concern to asset managers and may make India an unattractive destination for global inflows over the medium term. Foreign investments can easily reallocate elsewhere by global fund managers.
- Federal Reserve lifts interest rates second time in 2018, rate hikes would most likely affect the earnings of companies with foreign revenue. This rate hike will benefit for the export-oriented industries.

Scope of Growth

- Since three decades, India has been an increasingly good choice for investment opportunities, particularly among European investors, as the diversity of its sectors and rapidly growing economy provide for solid investment practices. India is ranked as the fifth largest economy in the world, with the third largest GDP in all of Asia.

Company Name	No.of Equity Shares	Cost of Investments (in Cr)	Current Value of Investment (in Cr)
Trent Ltd	152,07,540	104.85	530.59
Tata Motors	110,00,000	103.3	294.03
Indian Hotels	160,71,539	97.40	213.19
Tata Steel	41,97,609	93.27	231.96
ICICI Bank	25,57,500	49.01	78.58
Tata Chemicals	152,00,000	43.93	1,041.50
Reliance Industries	12,08,000	43.67	138.88
Titan Company	178,75,640	38.64	1,593.52
Infosys	4,23,789	36.55	57.35
HDFC Bank	9,15,000	33.87	198.76

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Rating Interpretation

Buy : Expected to appreciate 20% or more over 12-months

Accumulate : Expected to appreciate 10% to 20% over 12-months

Trade Buy : Expected to appreciate more than 10% over 45-days

Reduce : Expected to depreciate up to 10% over 12-months

Sell : Expected to depreciate 10% or more over 12-months

Trade Sell : Expected to depreciate more than 10% over 45-days

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