

ADD

TP: Rs 212 | ▲ 14%

TATA MOTORS

| Automobiles

| 31 January 2020

Underwhelming Q3 print; outlook better on cost control efforts

JLR's Q3 EBIT margin at 3.3% was below estimates largely due to forex headwinds. Heavy discounting on CVs weighed on India performance. With Project Charge targets achieved, JLR plans to further cut costs/improve cash flow by GBP 1.1bn by FY21. This should propel EBIT margins closer to the 4-6% range over the next two years, although demand uncertainties persist in key automotive markets. India business recovery is likely sometime away given the tough MHCV demand climate. Maintain ADD with a revised SOTP-based TP of Rs 212 (vs. Rs 220).

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JLR's operational performance below expectations: JLR's topline growth at 3% YoY was largely in line with estimates but EBITDA margins at 10.8% fell short. The absence of structural savings, forex (~150bps) and commodity cost (~50bps) headwinds, and higher variable marketing expense (~30bps) led to a 150bps QoQ drop in EBIT margin to 3.3%. Contrary to our expectations, FCF profile was weak (-£144mn) as working capital remained a drag. JLR has initiated another GBP 1.1bn cost rationalisation plan spread over 15 months which could potentially drive EBIT margins towards ~4-6% over FY22-FY23.

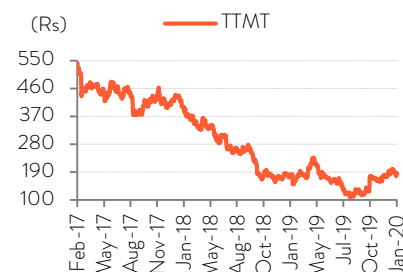
High discounting in CVs hurt India business: The CV segment witnessed increased pressure and higher discounting dragged down ASP by 11% YoY. Below-expected topline growth (-33% YoY) led to a sharp miss at the operational level. Despite cost control efforts and MHCV market share focus, the sharp cost push for BS-VI changeover and overhang from excess system capacity is likely to weigh on MHCV industry volume outlook. New launches should aid PV business recovery but this is unlikely to be a big contributor.

Maintain ADD: JLR's aggressive cost control efforts should aid EBIT margin recovery and drive a strong earnings rebound off a low base. We cut FY20 EPS by 9% to reflect the Q3 miss but largely maintain FY21-FY22 estimates.

Ticker/Price	TTMT IN/Rs 186
Market cap	US\$ 9.4bn
Shares o/s	3,598mn
3M ADV	US\$ 88.2mn
52wk high/low	Rs 239/Rs 106
Promoter/FPI/DII	38%/19%/8%

Source: NSE

STOCK PERFORMANCE



Source: NSE

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'Mixed signals – prefer PVs, 2Ws'

KEY FINANCIALS

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue (Rs mn)	2,946,192	3,019,384	2,820,710	3,059,840	3,358,310
EBITDA (Rs mn)	373,480	297,948	324,975	382,334	469,702
Adj. net profit (Rs mn)	71,091	(9,721)	14,342	36,973	82,432
Adj. EPS (Rs)	20.9	(2.9)	4.0	9.7	21.5
Adj. EPS growth (%)	6.5	(113.7)	(239.3)	142.2	122.9
Adj. ROAE (%)	9.3	(1.2)	2.2	5.1	10.1
Adj. P/E (x)	8.9	(65.0)	46.7	19.3	8.6
EV/EBITDA (x)	2.9	3.9	4.0	3.8	3.2

Source: Company, BOBCAPS Research

BOB Capital Markets Ltd is a wholly owned subsidiary of Bank of Baroda

Important disclosures, including any required research certifications, are provided at the end of this report.



FIG 1 – QUARTERLY PERFORMANCE – STANDALONE

Y/E Mar (Rs mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
Net Revenues	108,429	162,077	(33.1)	100,005	8.4	341,953	507,695	(32.6)
Raw Materials	80,417	118,204	(32.0)	74,797	7.5	251,154	368,067	(31.8)
% of Net Sales	74.2	72.9	-	74.8	-	73.4	72.5	-
Personnel	10,183	10,601	(3.9)	10,671	(4.6)	32,347	31,384	3.1
% of Net Sales	9.4	6.5	-	10.7	-	9.5	6.2	-
Manufacturing & Other Exp	16,297	18,976	(14.1)	16,220	0.5	50,018	63,240	(20.9)
% of Net Sales	15.0	11.7	-	16.2	-	14.6	12.5	-
Total Expenditure	106,897	147,782	(27.7)	101,688	5.1	333,519	462,691	(27.9)
EBITDA	1,532	14,295	(89.3)	(1,683)	(191.0)	8,434	45,004	(81.3)
EBITDA Margin (%)	1.4	8.8	-	(1.7)	-	2.5	8.9	-
Depreciation	10,593	8,871	19.4	9,677	9.5	29,240	25,549	14.4
EBIT	(9,061)	5,425	NA	(11,360)	NA	(20,807)	19,455	NA
Interest Expenses	4,785	4,681	2.2	4,979	(3.9)	14,160	14,044	0.8
Non-operating income	3,515	2,694	30.5	3,614	(2.7)	11,141	20,067	(44.5)
Extraordinary Expenses	(93)	(1,751)	-	(25)	-	(410)	4,144	-
PBT	(10,239)	5,189	NA	(12,700)	NA	(23,415)	21,334	NA
Tax-Total	157	(987)	NA	120	30.7	771	2,190	NA
Tax Rate (%) - Total	(1.5)	(19.0)	-	(0.9)	-	(3.3)	10.3	-
Reported PAT	(10,395)	6,176	NA	(12,820)	NA	(24,186)	19,144	NA
Adj. PAT	(10,488)	4,425	NA	(12,845)	NA	(24,595)	23,288	NA
PAT Margin	(9.7)	3.1	-	(12.8)	-	(7.2)	4.3	-

Source: Company, BOBCAPS Research

FIG 2 – PER UNIT PARAMETERS

Y/E Mar (Rs)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
Sales Volume (nos)	129,381	171,777	(24.7)	105,058	23.2	372,035	538,926	(31.0)
Net Realisation/Vehicle	838,060	943,530	(11.2)	951,901	(12.0)	919,142	942,049	(2.4)
Material cost/Vehicle	621,553	688,125	(9.7)	711,957	(12.7)	675,082	682,964	(1.2)
Gross Profit/Vehicle	216,507	255,404	(15.2)	239,944	(9.8)	244,060	259,085	(5.8)
Employee cost/Vehicle	78,703	61,714	27.5	101,572	(22.5)	86,946	58,235	49.3
Other expenses/Vehicle	125,964	110,471	14.0	154,394	(18.4)	134,444	117,344	14.6
EBITDA/Vehicle	11,840	83,220	(85.8)	(16,022)	(173.9)	22,669	83,506	(72.9)
Net Profit/Vehicle	(81,060)	25,760	NA	(122,262)	NA	(66,110)	43,212	NA

Source: Company, BOBCAPS Research

FIG 3 – QUARTERLY PERFORMANCE – JLR

Y/E Mar (GBP mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
Net Revenues	6,398	6,223	2.8	6,086	5.1	17,558	17,080	2.8
Raw Materials	4,141	4,056	2.1	3,720	11.3	11,142	10,981	1.5
% of Net Sales	64.7	65.2	-	61.1	-	63.5	64.3	-
Personnel	655	721	(9.2)	631	3.8	1,942	2,158	(10.0)
% of Net Sales	10.2	11.6	-	10.4	-	11.1	12.6	-
Manufacturing & Other Exp	914	991	(7.8)	895	2.1	2,733	2,650	3.1
% of Net Sales	14.3	15.9	-	14.7	-	15.6	15.5	-
Total Expenditure	5,710	5,768	(1.0)	5,246	8.8	15,817	15,789	0.2
EBITDA	688	455	51.2	840	(18.1)	1,741	1,291	34.9
EBITDA Margin (%)	10.8	7.3	-	13.8	-	9.9	7.6	-
Depreciation	453	598	(24.2)	504	(10.1)	1,420	1,699	(16.4)
EBIT	235	(143)	NA	336	NA	321	(408)	NA
Interest Expenses	58	37	56.8	80	(27.5)	201	30	570.0
Non-operating income	0	2	(100.0)	0	NA	0	3	NA
Extraordinary Expenses/(income)	(141)	3,215	NA	100	NA	41	3,311	-
PBT	318	(3,393)	NA	156	103.8	79	(3,746)	NA
Tax-Total	(54)	(266)	NA	56	NA	9	(309)	NA
Tax Rate (%) - Total	(17.0)	7.8	NA	35.9	-	11.4	8.2	38.1
Reported PAT	372	(3,127)	NA	100	272.0	70	(3,437)	NA
PAT Margin	5.8	(50.2)	-	1.6	-	0.4	(20.1)	5.8

Source: Company, BOBCAPS Research

FIG 4 – PER UNIT PARAMETERS

Y/E Mar (GBP)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
Sales Volume (nos)	145,384	141,552	2.7	134,489	8.1	398,423	403,764	(1.3)
Net Realisation/Vehicle	44,008	43,963	0.1	45,253	(2.8)	44,069	42,302	4.2
Material cost/Vehicle	28,483	28,654	(0.6)	27,660	3.0	27,965	27,197	2.8
Gross Profit/Vehicle	15,524	15,309	1.4	17,593	(11.8)	16,103	15,105	6.6
Employee cost/Vehicle	4,505	5,094	(11.5)	4,692	(4.0)	4,874	5,345	(8.8)
Other expenses/Vehicle	6,287	7,001	(10.2)	6,655	(5.5)	6,860	6,563	4.5
EBITDA/Vehicle	4,732	3,214	47.2	6,246	(24.2)	4,370	3,197	36.7
Net Profit/Vehicle	1,589	(6,192)	NA	1,264	25.7	279	(966)	NA

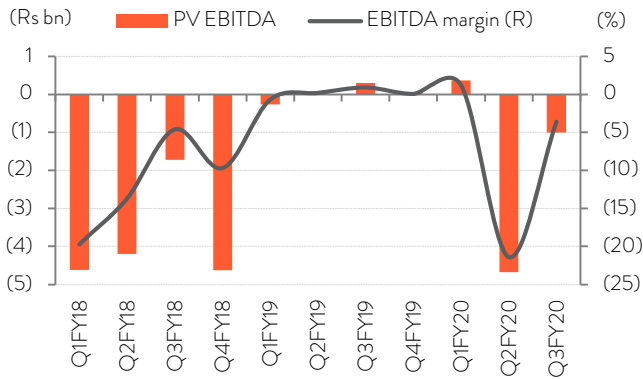
Source: Company, BOBCAPS Research

FIG 5 – QUARTERLY PERFORMANCE – CONSOLIDATED

Y/E Mar (Rs mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
Net Revenues	716,761	770,009	(6.9)	654,320	9.5	1,985,750	2,161,943	(8.1)
Raw Materials	464,184	501,895	(7.5)	401,274	15.7	1,263,213	1,391,751	(9.2)
% of Net Sales	64.8	65.2	-	61.3	-	63.6	64.4	-
Personnel	77,373	85,090	(9.1)	72,830	6.2	227,399	252,445	(9.9)
% of Net Sales	10.8	11.1	-	11.1	-	11.5	11.7	-
Manufacturing & Other Exp	93,145	111,292	(16.3)	97,622	(4.6)	292,592	303,942	(3.7)
% of Net Sales	13.0	14.5	-	14.9	-	14.7	14.1	-
Total Expenditure	634,702	698,276	(9.1)	571,726	11.0	1,783,204	1,948,138	(8.5)
EBITDA	82,058	71,733	14.4	82,593	(0.6)	202,546	213,805	(5.3)
EBITDA Margin (%)	11.4	9.3	-	12.6	-	10.2	9.9	-
Depreciation	62,086	75,719	(18.0)	63,983	(3.0)	185,126	213,892	(13.4)
EBIT	19,973	(3,986)	NA	18,610	7.3	17,420	(87)	(20,077.4)
Interest Expenses	17,436	15,685	11.2	18,354	(5.0)	52,905	41,706	26.9
Non-operating income	9,001	5,818	54.7	6,726	33.8	24,087	14,238	69.2
Extraordinary Expenses/(income)	(1,961)	278,431	-	769	-	1,271	298,806	-
Extraordinary Income	0	0	-	0	-	0	0	-
PBT	13,499	(292,284)	NA	6,213	117.3	(12,669)	(326,361)	NA
Tax-Total	(6,046)	(24,052)	NA	4,455	NA	369	(25,489)	NA
Tax Rate (%) - Total	(44.8)	8.2	-	71.7	-	(2.9)	7.8	(137.3)
Reported PAT	19,545	(268,232)	NA	1,758	1,011.5	(13,039)	(300,872)	NA
Adj. PAT	14,543	(14,325)	NA	(1,947)	NA	(21,774)	(26,988)	NA
PAT Margin	2.0	(1.9)	-	(0.3)	-	(1.1)	(1.2)	-

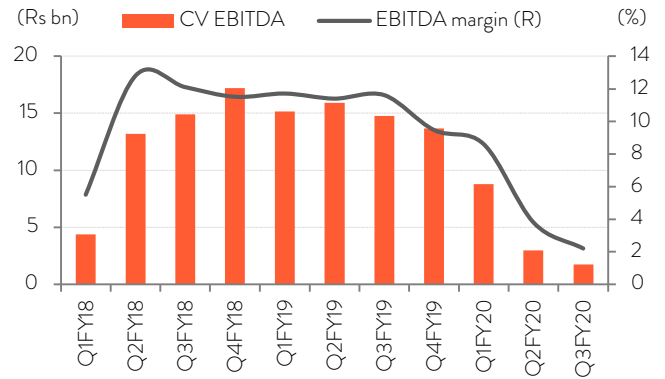
Source: Company, BOBCAPS Research

FIG 6 – TTMT PV EBITDA TREND – STANDALONE



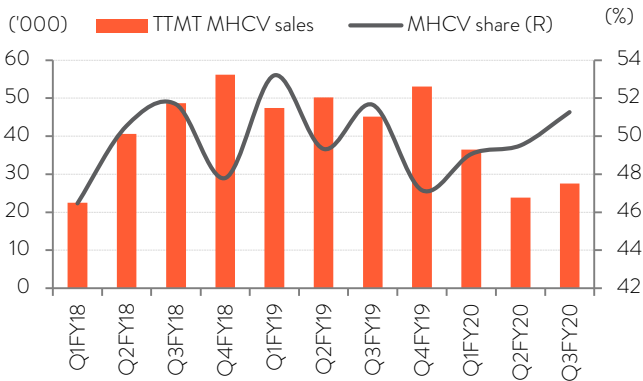
Source: Company, BOBCAPS Research

FIG 7 – TTMT CV EBITDA TREND – STANDALONE



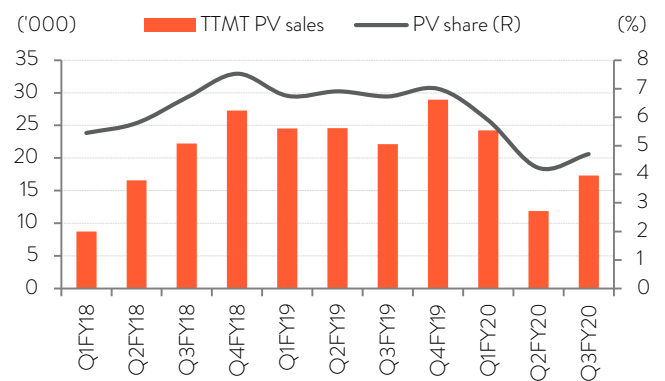
Source: Company, BOBCAPS Research

FIG 8 – TTMT'S MHCV MARKET SHARE TREND



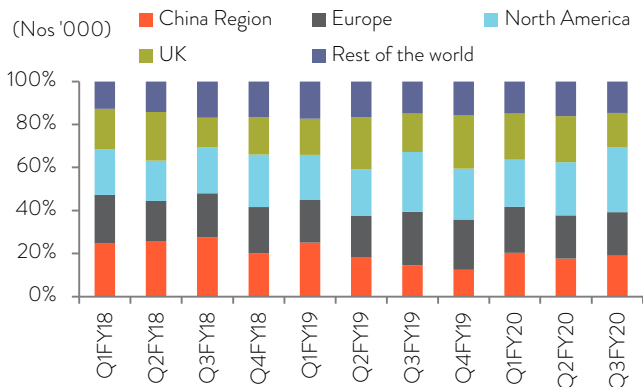
Source: SIAM, ET Autolytics, BOBCAPS Research

FIG 9 – TTMT'S PV MARKET SHARE TREND



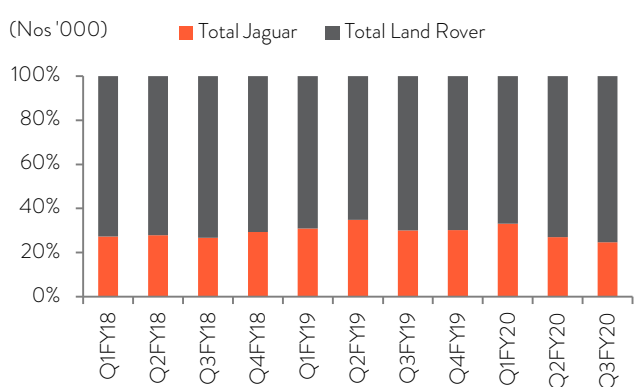
Source: Company, BOBCAPS Research

FIG 10 – JLR WHOLESALE TREND – REGION-WISE

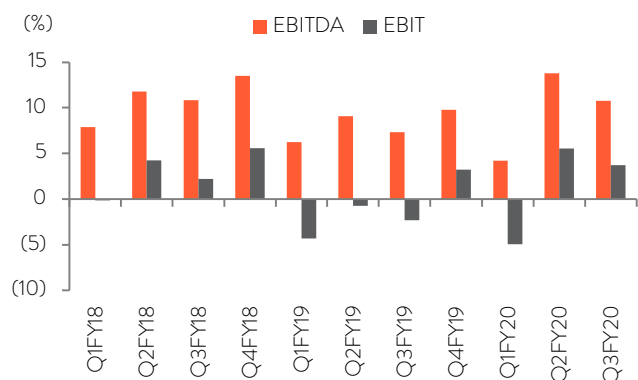


Source: Company, BOBCAPS Research

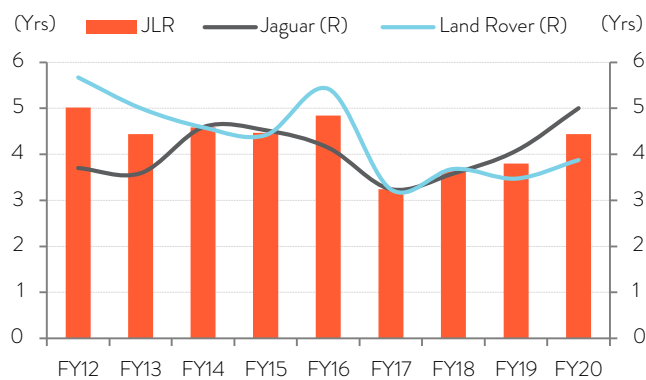
FIG 11 – JLR WHOLESALE SPLIT



Source: Company, BOBCAPS Research

FIG 12 – JLR'S EBITDA & EBIT TREND

Source: Company, BOBCAPS Research

FIG 13 – AVERAGE MODEL AGE FOR JLR

Source: Company, BOBCAPS Research

FIG 14 – JLR'S FREE CASH FLOW TREND

(GBP mn)	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
PBT	595	385	192	364	(264)	(90)	(273)	269	(383)	166	318
Non-cash & others	(46)	464	573	870	698	671	821	533	698	731	519
Tax	(104)	(71)	(35)	(102)	(82)	(96)	(19)	(30)	(35)	(27)	(27)
Working capital	(733)	230	(321)	905	(960)	(114)	130	1,349	(204)	(93)	(62)
Cash flow from operations	(288)	1,008	409	2,037	(608)	371	659	2,121	76	777	748
Investment in fixed and intangible assets	(995)	(1,033)	(1,070)	(1,088)	(1,066)	(995)	(1,020)	(729)	(795)	(841)	(892)
Free cash flows	(1,283)	(25)	(661)	949	(1,674)	(624)	(361)	1,392	(719)	(64)	(144)

Source: Company, BOBCAPS Research

Earnings call highlights

- JLR stated that it achieved savings of GBP 2.9bn by Q3FY20 under 'Project Charge' (exceeded target of GBP 2.5bn set for FY20). It further announced a new 'Project Charge +' which targets additional savings of GBP 1.1bn by FY21 (GBP 400mn in Q4FY20 and GBP 700mn in FY21). FY21 savings will be largely on material cost.
- JLR witnessed strong growth in China with retail volumes up 24% YoY in Q3. Management expects introduction of the refreshed 'Discovery Sport' in February to further fuel growth.
- 'I-Pace' volumes remain sensitive to the incentives provided. The Netherlands saw a decline of 2.5k units due to withdrawal of incentives. The model will be introduced in the UK by Mar'20.
- Warranty cost for JLR was at 3.4% of sales.
- JLR's full year capex is guided at GBP 3.6bn and GBP 4bn for FY21.
- Normalised tax rate for JLR is ~20%
- Management kept its EBIT margin guidance broadly unchanged at ~3% for FY20 (earlier 3-4%), 3-4% for FY21 and 4-6% for FY22-FY23, premised on its cost rationalisation efforts.
- In the India business, TTMT reduced system stock by Rs 38bn at both company and dealer level in Q3FY20 (YTD reduction of Rs 72bn).
- In both CV and PV businesses, retail sales were better than wholesale volumes in Q3. TTMT is witnessing increased inquiries from large fleet owners in the CV business and expects some amount of pre-buying.
- TTMT Finance Q3 AUM stood at Rs 374bn (+7% YoY) while PAT for 9MFY20 was at Rs 130mn.

Valuation methodology

Easing trade tensions have lifted sentiments for players affected by global trade, though the recent outbreak of the coronavirus does pose near-term concerns for the China market. While the demand outlook in major automotive markets remain hazy, JLR's aggressive cost reduction/cash generation targets provide scope for margin and earnings recovery. India business is likely to remain subdued as a weak demand environment for MHCVs may persist given the large cost push on account of BS-VI changeover.

We cut FY20E EPS by 9% to reflect the Q3 miss but largely maintain our FY21-FY22 estimates. Maintain ADD with a revised Mar'21 target price of Rs 212 (earlier Rs 220) based on SOTP valuations. We value JLR at 2.8x FY22E EBITDA (Rs 214/sh), which is a slight premium to German premium carmakers, and the India business at 8x EBITDA (Rs 87/sh).

FIG 15 – REVISED ESTIMATES

Change (%)	FY20E	FY21E	FY22E
Volume	0.0	0.0	0.0
Income	(0.7)	0	0
EBITDA	(3.7)	0	(0.1)
EBITDA Margin (bps)	(40)	0	0
Profit	(8.8)	(1.7)	(1.0)
EPS (Rs)	(8.8)	(1.7)	(1.0)

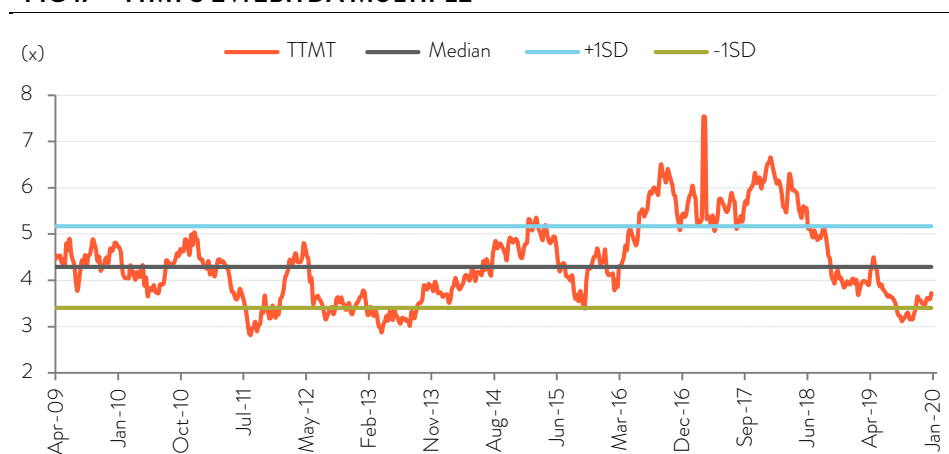
Source: BOBCAPS Research

FIG 16 – SOTP VALUATION

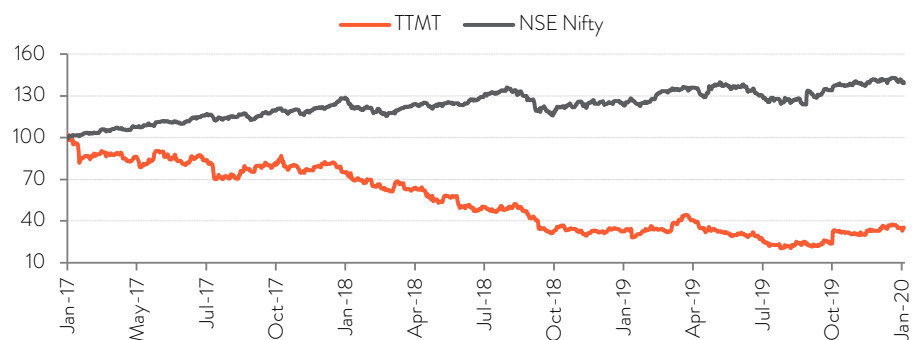
Business	Fair value (Rs/share)	Comments
JLR	214	2.8x FY22E EV/EBITDA
India Standalone	87	8x FY22E EV/EBITDA
Net Debt	(89)	
Total	212	

Source: BOBCAPS Research

FIG 17 – TTMT'S EV/EBITDA MULTIPLE



Source: Bloomberg, BOBCAPS Research

FIG 18 – RELATIVE STOCK PERFORMANCE

Source: NSE

Key risks

- Any fresh concerns on trade tariffs or a hard Brexit will affect JLR's volume growth and margin prospects.
- Rapid EV adoption in key global automotive markets (China, US and Europe) will dent growth for JLR and necessitate accelerated spends on EVs as it predominantly has an ICE portfolio.
- Sharper-than-expected volume recovery in China auto sales will drive strong volumes and profit improvement for JLR. This could pose an upside risk to our estimates.

FINANCIALS

Income Statement

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue	2,946,192	3,019,384	2,820,710	3,059,840	3,358,310
EBITDA	373,480	297,948	324,975	382,334	469,702
Depreciation	250,855	278,152	250,765	292,878	330,784
EBIT	131,514	49,449	105,770	121,418	174,124
Net interest income/(expenses)	(46,818)	(57,586)	(69,078)	(68,693)	(68,348)
Other income/(expenses)	8,889	29,653	37,519	47,641	51,102
Exceptional items	26,854	(305,575)	0	0	0
EBT	111,550	(313,712)	36,693	52,725	105,776
Income taxes	43,419	(24,375)	13,778	16,763	25,448
Extraordinary items	0	0	0	0	0
Min. int./Inc. from associates	21,758	1,075	(8,573)	1,011	2,105
Reported net profit	89,889	(288,262)	14,342	36,973	82,432
Adjustments	(18,798)	278,541	0	0	0
Adjusted net profit	71,091	(9,721)	14,342	36,973	82,432

Balance Sheet

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Accounts payables	769,398	716,967	731,306	745,932	760,851
Other current liabilities	305,752	283,623	279,290	284,876	290,573
Provisions	79,535	101,968	54,883	96,954	150,443
Debt funds	889,505	1,061,753	1,051,640	1,048,880	1,043,880
Other liabilities	315,036	305,839	236,487	218,036	209,251
Equity capital	6,792	6,792	7,195	7,658	7,658
Reserves & surplus	947,487	595,003	672,113	765,820	857,837
Shareholders' fund	954,279	601,796	679,308	773,478	865,495
Total liabilities and equities	3,313,505	3,071,945	3,032,913	3,168,156	3,320,493
Cash and cash eq.	346,139	326,488	227,696	213,393	257,173
Accounts receivables	198,933	189,962	184,826	198,170	214,801
Inventories	421,376	390,137	379,966	411,206	448,806
Other current assets	241,669	232,426	230,408	230,855	230,855
Investments	208,128	157,707	151,154	151,941	151,941
Net fixed assets	1,212,974	1,104,866	1,192,676	1,315,036	1,369,721
CWIP	400,335	318,838	316,394	297,380	297,020
Intangible assets	1,165	7,479	7,479	7,479	7,479
Deferred tax assets, net	41,587	51,511	50,355	50,611	50,611
Other assets	241,200	292,531	291,959	292,086	292,086
Total assets	3,313,505	3,071,945	3,032,913	3,168,156	3,320,493

Source: Company, BOBCAPS Research

Cash Flows

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Net income + Depreciation	243,775	220,389	198,240	252,160	330,496
Interest expenses	46,818	57,586	69,078	68,693	68,348
Non-cash adjustments	0	0	0	0	0
Changes in working capital	(26,712)	(2,674)	(19,754)	17,252	19,874
Other operating cash flows	(25,306)	(86,393)	0	0	0
Cash flow from operations	238,574	188,908	247,564	338,105	418,718
Capital expenditures	(350,789)	(353,035)	(338,035)	(339,700)	(339,700)
Change in investments	(1,242)	56,220	6,553	(787)	0
Other investing cash flows	42,170	(26,405)	25,514	33,390	38,110
Cash flow from investing	(309,861)	(323,221)	(305,968)	(307,097)	(301,590)
Equities issued/Others	0	0	38,803	26,141	0
Debt raised/repaid	103,465	172,249	(10,114)	(2,760)	(5,000)
Interest expenses	(46,818)	(57,586)	(69,078)	(68,693)	(68,348)
Dividends paid	0	0	0	0	0
Other financing cash flows	0	0	0	0	0
Cash flow from financing	56,647	114,663	(40,388)	(45,312)	(73,348)
Changes in cash and cash eq.	(14,640)	(19,651)	(98,792)	(14,303)	43,780
Closing cash and cash eq.	346,139	326,488	227,696	213,393	257,173

Per Share

Y/E 31 Mar (Rs)	FY18A	FY19A	FY20E	FY21E	FY22E
Reported EPS	20.9	(2.9)	4.0	9.7	21.5
Adjusted EPS	20.9	(2.9)	4.0	9.7	21.5
Dividend per share	0.0	0.0	0.0	0.0	0.0
Book value per share	281.0	177.2	188.8	202.0	226.0

Valuations Ratios

Y/E 31 Mar (x)	FY18A	FY19A	FY20E	FY21E	FY22E
EV/Sales	0.4	0.4	0.5	0.5	0.4
EV/EBITDA	2.9	3.9	4.0	3.8	3.2
Adjusted P/E	8.9	(65.0)	46.7	19.3	8.6
P/BV	0.7	1.1	1.0	0.9	0.8

DuPont Analysis

Y/E 31 Mar (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Tax burden (Net profit/PBT)	63.7	3.1	39.1	70.1	77.9
Interest burden (PBT/EBIT)	84.8	(634.4)	34.7	43.4	60.7
EBIT margin (EBIT/Revenue)	4.5	1.6	3.7	4.0	5.2
Asset turnover (Revenue/Avg TA)	150.3	146.3	143.3	152.7	161.5
Leverage (Avg TA/Avg Equity)	255.4	265.3	307.3	275.9	253.8
Adjusted ROAE	9.3	(1.2)	2.2	5.1	10.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

Ratio Analysis

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
YoY growth (%)					
Revenue	9.2	2.5	(6.6)	8.5	9.8
EBITDA	13.2	(20.2)	9.1	17.7	22.9
Adjusted EPS	6.5	(113.7)	(239.3)	142.2	122.9
Profitability & Return ratios (%)					
EBITDA margin	12.7	9.9	11.5	12.5	14.0
EBIT margin	4.5	1.6	3.7	4.0	5.2
Adjusted profit margin	2.4	(0.3)	0.5	1.2	2.5
Adjusted ROAE	9.3	(1.2)	2.2	5.1	10.1
ROCE	6.7	2.4	5.4	6.1	8.4
Working capital days (days)					
Receivables	25	23	24	24	23
Inventory	83	73	78	79	79
Payables	95	87	95	89	83
Ratios (x)					
Gross asset turnover	0.9	1.0	0.9	1.0	1.0
Current ratio	1.0	1.0	1.0	0.9	1.0
Net interest coverage ratio	2.8	0.9	1.5	1.8	2.5
Adjusted debt/equity	0.9	1.8	1.5	1.4	1.2

Source: Company, BOBCAPS Research

Disclaimer

Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

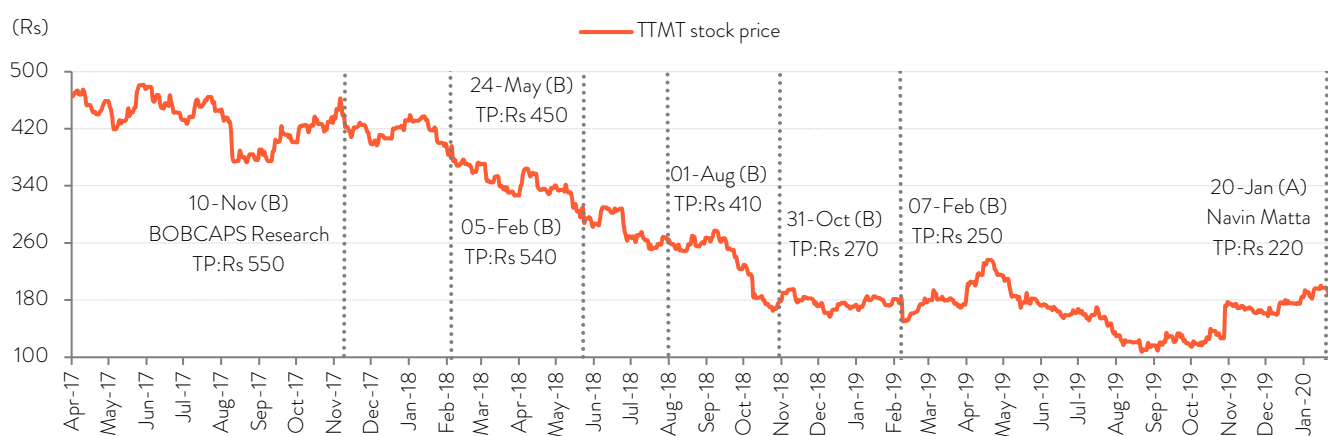
ADD – Expected return from >+5% to +15%

REDUCE – Expected return from -5% to +5%

SELL – Expected return <-5%

Note: Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

HISTORICAL RATINGS AND TARGET PRICE: TATA MOTORS (TTMT IN)



B – Buy, A – Add, R – Reduce, S – Sell

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