

Tata Motors | BUY

Beat on margins; cost reduction efforts lead the charge

In 1QFY21, Tata Motors reported a consol. EBITDAM of 5.4% (-75bps YoY, -45bps QoQ), 600bps above JMFe. Consol. EBITDAM was supported by strong performance at JLR. EBITDA margin of JLR stood at 3.5% (-70bps YoY, -125bps QoQ) driven by higher realisation, favourable mix (New Defender, Lower UK share) and lower variable marketing expense (discounts) and employee expense (furlough benefit). Response to JLR's new Defender was strong and its share of overall JLR wholesales stood at c.12%. Inventory at JLR retailers has started to correct from high levels (de-stocking by Sep'20) and the management anticipates positive growth during 2HFY21. While ASP might moderate going ahead as share of other models and UK increases, Charge+ savings target of GBP1.3bn in remaining part of FY21 should support margins. In the domestic market, due to BS6 transition and simultaneous impact from COVID-19, TMTT standalone margin declined from negative 4.4% in 4QFY20 to negative 26.2%. Recovery in standalone business stays contingent upon economic recovery as COVID-19 situation normalises, ability to plough back PV market share and scrappage policy. We estimate revenue CAGR and margin expansion of 8%/260bps over FY20-22. Maintain BUY with revised Mar'21 TP of INR125 (standalone/JLR business valued at 8x / 2x EV/EBIDTA).

- JLR – beat on margin:** In 1QFY21, JLR wholesales (ex- CJLR) stood at c.48,900 units (-53%YoY, -60%QoQ). Revenue stood at GBP2.9bn (-44%YoY, -47%QoQ), 6% above our estimates due to 20%YoY increase in realisation (Exhibit 3). Realisation improved driven by: a) lower VME (Exhibit 7) – as retailer inventory has been coming down (after COVID increased retailer inventory), b) new Defender contributed c.12% of overall JLR sales (higher ASP product) and, c) favourable geographical mix (EU, USA outperformed UK which has a relatively lower ASP mix). JLR's EBITDA Margin stood at 3.5% (-70bps YoY, -125bps QoQ) supported by lower employee cost (due to furlough benefit in UK, exhibit 6), lower VME and reduction in warranty cost to 3.8% (vs. 5.9%, 1QFY20). In 1QFY21, JLR was receiving c.GBP 50mn / month support from UK Govt. Furlough Scheme (as the company furloughed c.20,000 employees). JLR highlighted that going ahead furlough benefit will reduce by 50%QoQ in 2QFY21 and will reduce thereon.
- JLR – Demand environment:** After easing of COVID-19 related lockdowns, c.98% of JLR dealerships are operational (vs. c.89%, 4QFY20). All the plants of JLR except Castle Bromwich plant (UK) have restarted production (Exhibit 9). Castle Bromwich plant should start production by 10Aug'20. The company is not facing parts supply issue as suppliers are operational as well. As inventory at retailers have started to come-off from very high levels, the management anticipates that dealer de-stocking should happen by end of Sep'20. During the quarter, response to JLR's new Defender was quite robust. The new Defender posted a wholesales of c.8,000 units in 1QFY21 and currently has orders >30,000 units. Deliveries for new Defender started in UK / EU / N.America / China from May'20 / May'20 / Jun'20 / Jul'20, and should support sales going ahead. Driven by these factors, the management anticipates strong growth during 2HFY21. Also, JLR plans to expand its alternate energy portfolio from current 10 variants (1 BEV, 4 PHEV and 5



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	125
Upside/(Downside)	19.4%
Previous Price Target	120
Change	4.2%

Key Data – TMTT IN

Current Market Price	INR105
Market cap (bn)	INR342.3/US\$4.6
Free Float	90%
Shares in issue (mn)	3,396.1
Diluted share (mn)	3,829.0
3-mon avg daily val (mn)	INR7,377.1/US\$98.6
52-week range	202/64
Sensex/Nifty	37,607/11,073
INR/US\$	74.8

Price Performance

%	1M	6M	12M
Absolute	3.1	-36.8	-19.9
Relative*	-1.3	-33.0	-21.0

* To the BSE Sensex

Financial Summary

Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E
Net Sales	2,915,505	3,019,384	2,610,680	2,422,686	3,030,607
Sales Growth (%)	8.1	3.6	-13.5	-7.2	25.1
EBITDA	338,043	297,948	239,143	168,008	355,425
EBITDA Margin (%)	11.6	9.9	9.2	6.9	11.7
Adjusted Net Profit	70,138	8,253	-91,994	-75,139	30,458
Diluted EPS (INR)	20.7	2.4	-25.6	-19.6	8.0
Diluted EPS Growth (%)	10.6	-88.2	0.0	0.0	0.0
ROIC (%)	4.7	-0.8	-1.7	-5.1	4.8
ROE (%)	9.1	1.1	-14.9	-12.4	5.1
P/E (x)	5.1	43.1	0.0	0.0	13.2
P/B (x)	0.4	0.6	0.6	0.7	0.7
EV/EBITDA (x)	2.2	2.9	4.1	5.6	2.5
Dividend Yield (%)	0.0	1.0	1.0	1.0	1.0

Source: Company data, JM Financial. Note: Valuations as of 31/Jul/2020

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

MHEV) to 20 variants by the end of FY21 (1 BEV, 8 PHEV and 11 MHEV). While earlier we factored in higher demand recovery anticipating UK auto stimulus (in-line with that given by France etc.), in absence of UK stimulus we have increased our volume decline for JLR from 13%YoY decline in FY21 to 24%YoY decline (Exhibit 19).

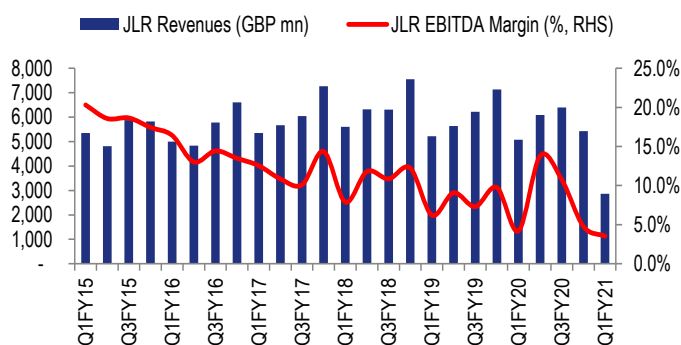
- **Update on China market:** China JV of JLR outperformed during the quarter. During 1QFY21, wholesales at China JV stood at c.16,500 units (+15%YoY,+163%QoQ, Exhibit 4). The EBITDA margin for the JV stood at 9.8%, improving 1900bps sequentially as JLR increased retail prices to customers by c.2% vs. pre-COVID levels. During 1QFY21, China PV industry has posted 3%YoY growth and given the outperformance of CJLR vs the PV industry, we have factored in 34%YoY volume growth and 12%YoY ASP growth for CJLR during FY21 (Exhibit 20).
- **Charge +:** The management has now extended the target of 'Charge +' to GBP 6bn by the end of 4QFY21 (vs. GBP 5bn target given during 4QFY20). Since inception 'Charge+' has achieved GBP 4.7bn target including GBP 1.2bn in 1QFY21. TTMT has guided that from FY22 JLR would be FCF positive and standalone business would be FCF positive from FY21.

Exhibit 1. Quarterly financial result (JLR)

(GBP mn)	1QFY21	1QFY20	% YoY	4QFY20	% QoQ	1QFY20E	% A/E
Sales	2,859	5,074	-43.7	5,426	-47.3	2,693	6.1
Cost of Goods Sold	1,833	3,281	-44.1	3,542	-48.2	1,764	3.9
As a % of sales	64.1	64.7	-0.5	65.3	-1.2	65.5	-1.4
Staff Cost	435	656	-33.7	626	-30.5	476	-8.6
As a % of sales	15.2	12.9	2.3	11.5	3.7	17.7	-2.5
Other expenses	490	924	-47.0	999	-51.0	502	-2.3
As a % of sales	17.1	18.2	-1.1	18.4	-1.3	18.6	-1.5
Expenditure	2,758	4,861	-43.3	5,167	-46.6	2,742	0.6
EBITDA	101	213	-52.6	259	-61.0	-48	-308.3
EBITDA Margin (%)	3.5	4.2	-67bps	4.8	-124bps	-1.8	533bps
PBT (bei)	-413.0	-355.0	16bps	-474.0	-13bps	-588.5	-30bps
Share of profit and loss from JV	0.0	-28.0	-100bps	-20.0	-100bps	5.0	-100bps
PBT (bei, incl. of JV P/L)	-413.0	-383.0	8bps	-494.0	-16bps	-583.5	-29bps

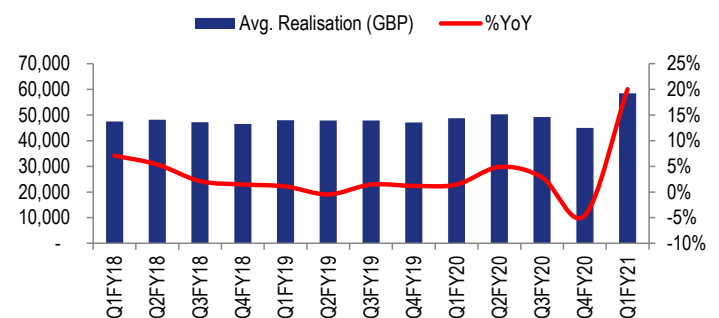
Source: Company, JM Financial, *JLR reported its Feb-Mar'20 numbers towards the end of Apr'20 (after the estimates) and it was a positive surprise.

Exhibit 2. JLR revenue and margin trend



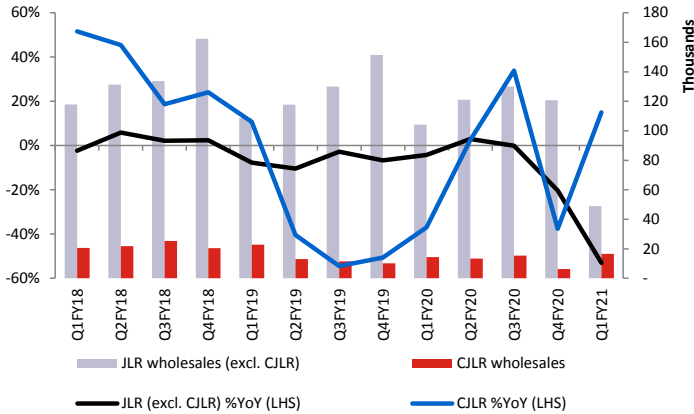
Source: Company, JM Financial

Exhibit 3. JLR avg. realisations (GBP) – lower VME and c.12% overall sales attributed to new Defender



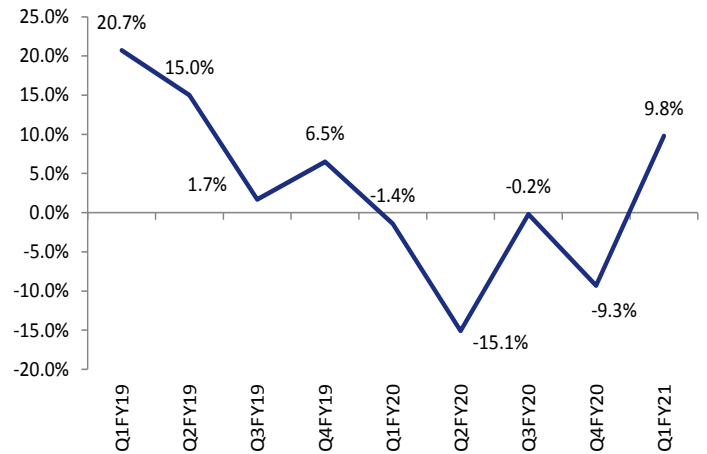
Source: Company, JM Financial

Exhibit 4. CJLR posted 15%YoY wholesales growth during the quarter outperforming JLR (excl CJLR) volume decline of c.53% YoY



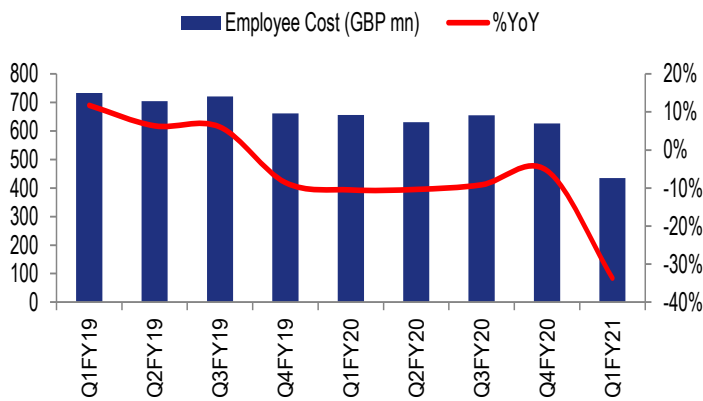
Source: Company, JM Financial

Exhibit 5. Improvement in EBITDA margin at CJLR



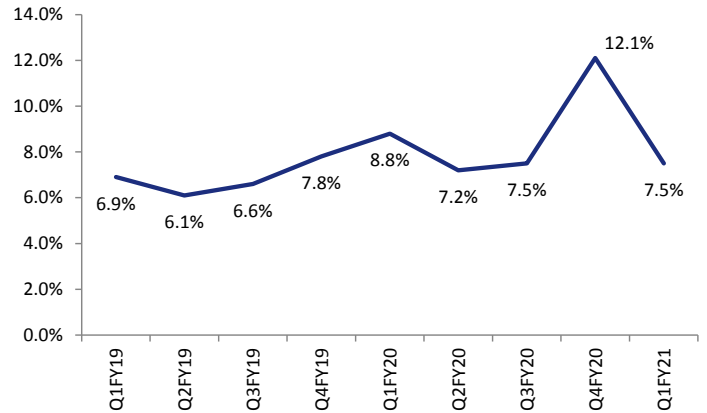
Source: Company, JM Financial

Exhibit 6. YoY decline in employee cost (furlough benefit given by UK government) supported EBITDA margins



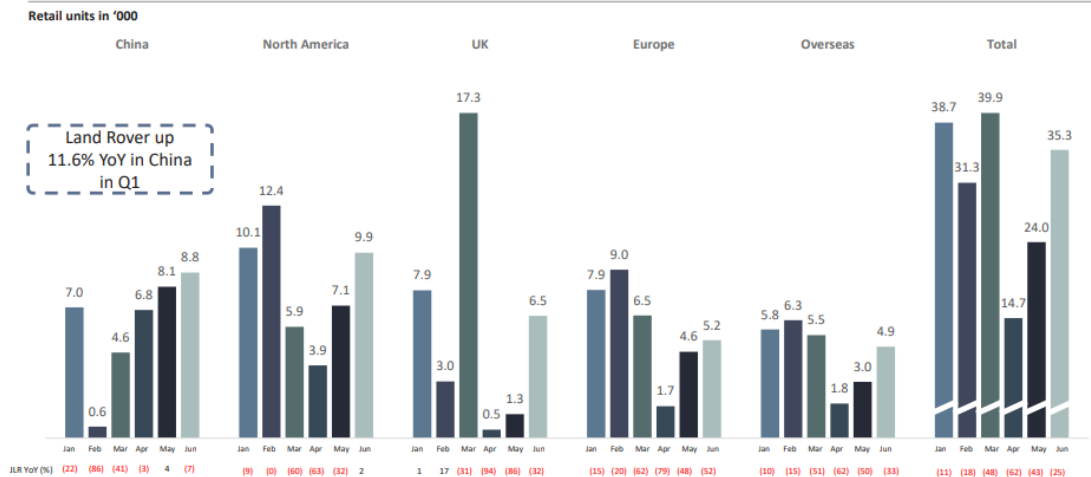
Source: Company, JM Financial

Exhibit 7. Decline in VME cost (% of revenue, as COVID situation normalises) supported realisations and margins



Source: Company, JM Financial

Exhibit 8. Sales recovery in major markets of JLR



Source: Company

Exhibit 9. Production status of JLR plants (Note: 98% of overall retailers remain open)

JLR production restart schedule		Restart	Shifts
China JV (Changshu)	Evoque, Disc. Sport, E-PACE, XEL, XFL	2 nd Mar	1
UK (Solihull)	Range Rover, RR Sport, Velar, F-PACE	18 th May	2
UK (Wolverhampton)	Engines	18 th May	1
Slovakia (Nitra)	Defender, Discovery	18 th May	2
Austria (Graz)	I-PACE, E-PACE	18 th May	1
UK (Halewood)	Evoque, Discovery Sport	8 th Jun	1
Brazil (assembly)	Discovery Sport	15 th Jun	1
India (assembly)	Velar, Evoque, Disc. Sport, XE, XF, F-PACE	15 th Jun	1
UK (Castle Bromwich)	Jaguar F-TYPE, XE, XF	10 th Aug	1

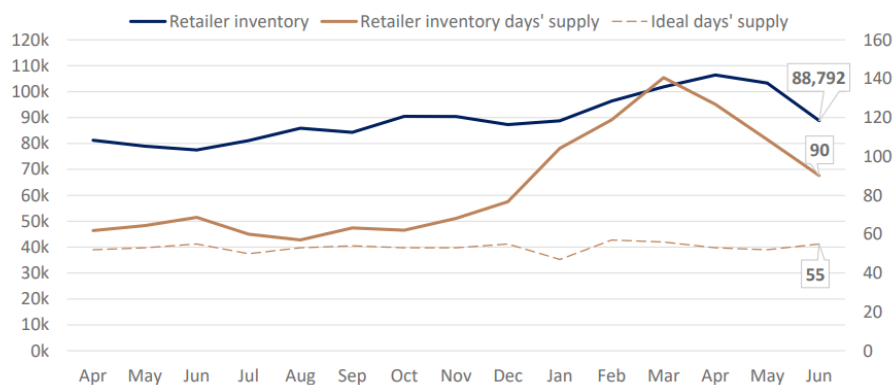
Source: Company, JM Financial

Exhibit 10. Electrification plan of JLR – Limited availability of BEVs which have higher incentives in major EU countries



Source: Company, JM Financial

Exhibit 11. Retailer inventory has started to come-off

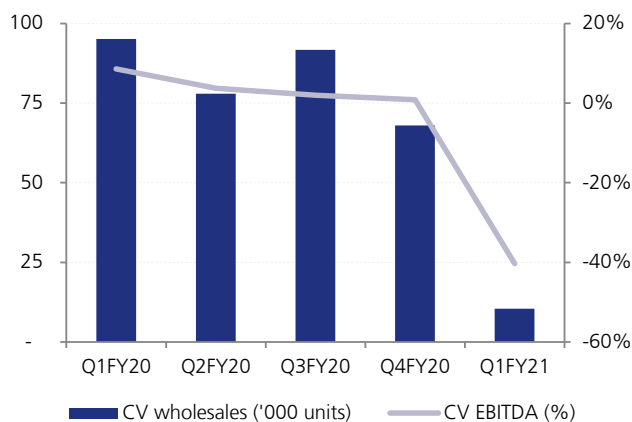


Source: Company

- Domestic Business – Impacted by COVID-19:** In the India business, net sales stood at INR 27bn (-80%YoY,-12%QoQ) as volume declined c.82% YoY (-75% QoQ) due to Covid related lockdown. Overall, domestic EBITDA margin was at -26.2% in 1QFY21 due to operating leverage. Despite a wash out quarter, saving in employee cost (INR 1.8bn) and FME/other (INR 2.8bn) supported margins. FCF was negative INR 43bn (INR 7bn better than guided) driven by one-time working capital wind-up of INR 31bn which is expected to reverse in subsequent quarters. The company plans a total cash saving of INR 60bn in FY21 towards investment (INR 30bn), working capital (INR 15bn) and cost savings (INR 15bn). Out of this, saving of INR 10bn has been secured in 1Q.
- Domestic CV:** CV revenue declined 86% YoY driven by 89% decline in volumes. Retail sales was 67% lower than wholesale driven by muted demand, limited credit availability and negligible opening inventory. CV EBITDA margin came in at -40.3% due to significant operating leverage. In 1Q, CV market share declined to 29.6% vs. 43% in FY20 driven by lower industry volumes of MHCV. The company has successfully transitioned to BS6 across the range of CVs. 90% sales and 95% service outlets are currently operational. However, demand for CVs remain muted driven by **a)** lower fleet utilisation, **b)** driver unavailability, **c)** closed school/work from home limiting bus demand, etc. Management indicated that in FY21, MHCV and ILCV may witness a de-growth of 30% YoY/25%+ YoY. Vehicle financing remains tight due to conservative approach by financiers. Current plant utilisation is at 20%.
- Domestic PV:** PV revenue declined 61% YoY to INR 3.1bn driven by 61% YoY decline in volume. PV EBITDA margin came in at -14.5% due to negative operating leverage. PV market share increased to 9.5% in 1Q vs. 4.8% in FY20 driven by positive response for the 'New Forever' product range. Market share in EV is high at 62% driven by strong demand for Nexon EV. Management highlighted that current PV demand is driven by pent-up demand and shift towards personal mobility, while future demand is uncertain

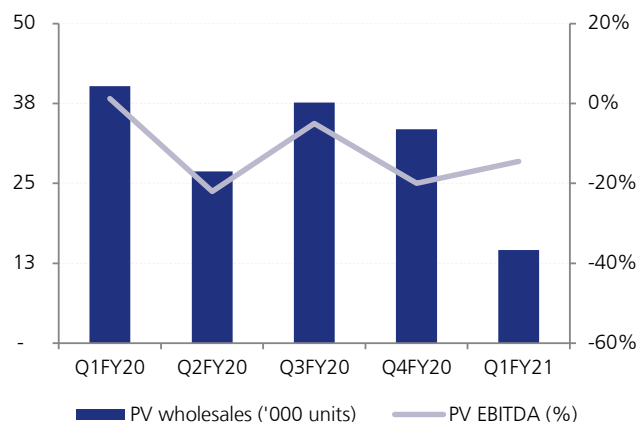
driven by multiple regional lockdowns. Retail demand continues to be higher than supply. Current plant utilisation is at c.70% and 100% of suppliers have resumed operations with 33% manpower. The subsidiarisation of PV segment is expected to complete in 9-12 months.

Exhibit 12. Standalone CV EBITDA margins



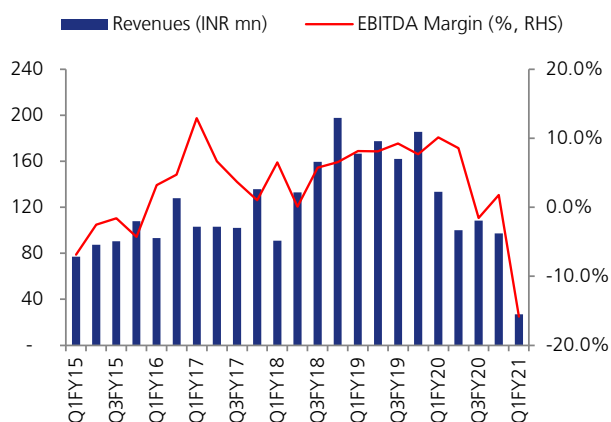
Source: Company, JM Financial

Exhibit 13. Standalone PV EBITDA margins



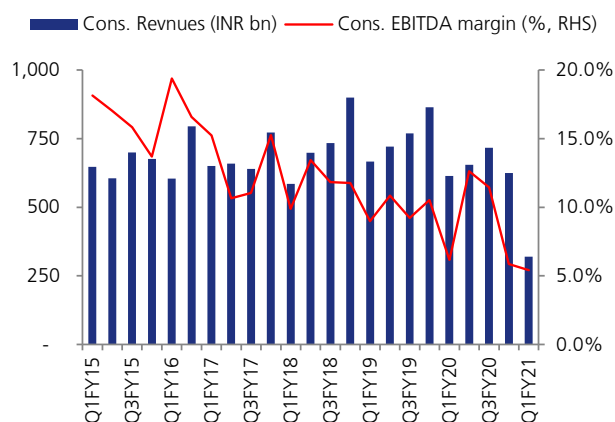
Source: Company, JM Financial

Exhibit 14. Standalone revenue and margin trend



Source: Company, JM Financial

Exhibit 15. Consolidated revenue and margin trend



Source: Company, JM Financial

Exhibit 16. Quarterly financial result (Standalone)

(INR mn)	Q1FY21	Q1FY20	% YoY	Q4FY20	% QoQ
CV (Units)	10,461	95,105	-89.0	67,939	-84.6
PV (Units)	14,586	40,209	-63.7	33,481	-56.4
Total Volumes (Units)	25,047	1,35,314	-81.5	1,01,420	-75.3
Realisation (INR)	10,72,731	9,86,735	8.7	9,59,660	11.8
Sales	26,869	1,33,519	-79.9	97,329	-72.4
Cost of Goods Sold	19,400	95,940	-79.8	74,591	-74.0
As a % of sales	72.2	71.9	0.3	76.6	-4.4
Staff Cost	9,667	11,493	-15.9	11,496	-15.9
As a % of sales	36.0	8.6	27.4	11.8	24.2
Other expenses	4,840	17,500	-72.3	15,495	-68.8
As a % of sales	18.0	13.1	4.9	15.9	2.1
Expenditure	33,908	1,24,934	-72.9	1,01,582	-66.6
EBITDA	-7,039	8,585	-182.0	-4,253	65.5
EBITDA Margin (%)	-26.2	6.4	-3263bps	-4.4	-2183bps
PAT (Adjusted)	-21,208	-1,263	15.8	-20,802	2.0
PAT Margin (%)	-78.9	-0.9	-7799bps	-21.4	-5756bps

Source: Company, JM Financial

Exhibit 17. Quarterly financial result (Consolidated)

(INR mn)	Q1FY21	Q1FY20	% YoY	Q4FY20	% QoQ	Q1FY21E	% A/E
Sales	3,19,831	6,14,670	-48.0	6,24,930	-48.8	2,95,101	8.4
Cost of Goods Sold	1,99,212	3,97,755	-49.9	4,08,096	-51.2	1,93,411	3.0
As a % of sales	62.3	64.7	-2.4	65.3	-3.0	65.5	-3.3
Staff Cost	56,943	77,196	-26.2	76,987	-26.0	67,615	-15.8
As a % of sales	17.8	12.6	5.2	12.3	5.5	22.9	-5.1
Other expenses	46,371	1,01,825	-54.5	1,03,248	-55.1	35,786	29.6
As a % of sales	14.5	16.6	-2.1	16.5	-2.0	12.1	2.4
Expenditure	3,02,526	5,76,775	-47.5	5,88,332	-48.6	2,96,812	1.9
EBITDA	17,305	37,895	-54.3	36,598	-52.7	-1,711	-1111.3
EBITDA Margin (%)	5.4	6.2	-75bps	5.9	-45bps	-0.6	599bps
PAT (Adjusted, Post MI)	-64,140	-34,520	85.8	-54,112	18.5	-70,002	-8.4
PAT Margin (%)	-20.1	-5.6	-1444bps	-8.7	-1140bps	-23.7	367bps

Source: Company, JM Financial

Our Estimates**Exhibit 18. Standalone - key assumptions**

	(INR mn)		
	FY20	FY21E	FY22E
Revenue	4,39,282	4,17,123	5,56,971
Blended ASP (INR)	8,30,669	9,00,366	9,40,397
Growth	-5.3%	8.4%	4.4%
Total volume	4,73,377	4,02,135	5,23,461
Growth	-35.3%	-15.0%	30.2%
CV - domestic	2,67,056	2,51,172	3,50,883
Volume	3,03,814	2,58,650	3,45,321
Growth	-32.0%	-14.9%	33.5%
PV - domestic	1,00,891	89,889	1,15,513
Volume	1,38,238	1,18,577	1,47,655
Growth	-40.3%	-14.2%	24.5%
EBITDA	4,181	1,327	41,805
EBITDA margin (%)	1.0%	0.3%	7.5%
PAT	(45,397)	(47,299)	(1,378)
EPS	(13)	(12)	(0)

Source: Company, JM Financial

Exhibit 19. JLR - key assumptions

	(GBP mn)		
	FY20	FY21E	FY22E
Revenue	22,984	19,898	24,213
ASP (GBP)	48,291	54,660	57,271
Growth	-10.2%	13.2%	4.8%
Volume	4,75,952	3,64,028	4,22,772
Growth	5.7%	-23.5%	16.1%
EBITDA	2,000	1,695	3,051
EBITDA margin (%)	8.7%	8.5%	12.6%
EBIT (excl. CJLR)	90	(146)	941
EBIT margin (%)	0.4%	-0.7%	3.9%

Source: Company, JM Financial

Exhibit 20. CJLR - key assumptions

	(GBP mn)		
	FY20	FY21E	FY22E
Revenue	1,296	1,982	2,440
ASP (GBP)	26,580	29,913	30,681
Growth	-9.2%	12.5%	2.6%
Volume	49,450	66,265	79,518
Growth	-13.9%	34.0%	20.0%
EBITDA	(19)	208	464
EBITDA margin (%)	-1.5%	10.5%	19.0%

Source: Company, JM Financial

- **Maintain BUY:** Maintain BUY with a revised Mar'21 target price of INR125 (standalone/JLR business valued at 8x / 2x EV/EBIDTA).

Exhibit 21. SOTP Valuation

Particulars	Parameter	Multiple	Firm Value (INR bn)	Value / Share (INR)
Tata Motors (SA)	EV / EBIDTA	8	334	87
JLR - Parent	EV / EBIDTA	2	593	155
JLR - China JV	0.5x Sales	0.5	59	16
Subsidiaries, Assoc & Others	PAT / BV		70	18
(-) Net Debt			(578)	(151)
Equity Fair Value			480	125

Source: Company, JM Financial

- **Key risks:** Key downside risks to our call are failure of JLR to improve profitability, adverse currency movement and inability of project charge+ to deliver on cost savings. Key upside risks: higher than anticipated acceptance of JLR's PHEV/BEVs in EU, stronger than anticipated recovery in EU and Indian PV / CV market.

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	
Net Sales	2,915,505	3,019,384	2,610,680	2,422,686	3,030,607	
Sales Growth	8.1%	3.6%	-13.5%	-7.2%	25.1%	
Other Operating Income	0	0	0	0	0	
Total Revenue	2,915,505	3,019,384	2,610,680	2,422,686	3,030,607	
Cost of Goods Sold/Op. Exp	1,858,500	1,963,212	1,671,310	1,603,406	1,945,891	
Personnel Cost	303,001	332,439	304,386	274,649	302,049	
Other Expenses	415,961	425,785	395,841	376,624	427,243	
EBITDA	338,043	297,948	239,143	168,008	355,425	
EBITDA Margin	11.6%	9.9%	9.2%	6.9%	11.7%	
EBITDA Growth	-8.4%	-11.9%	-19.7%	-29.7%	111.6%	
Depn. & Amort.	250,855	278,152	256,139	252,303	293,146	
EBIT	87,188	19,796	-16,996	-84,295	62,278	
Other Income	39,576	29,653	29,732	34,191	39,320	
Finance Cost	46,818	57,586	72,433	71,648	67,237	
PBT before Excep. & Forex	79,946	-8,137	-59,698	-121,752	34,361	
Excep. & Forex Inc./Loss(-)	11,853	-9,059	-17,387	0	0	
PBT	91,799	-17,196	-77,085	-121,752	34,361	
Taxes	43,419	-24,375	3,953	-42,613	7,903	
Extraordinary Inc./Loss(-)	19,751	-296,516	0	0	0	
Assoc. Profit/Min. Int.(-)	-21,758	-1,075	10,956	-4,000	-4,000	
Reported Net Profit	89,889	-288,262	-91,994	-75,139	30,458	
Adjusted Net Profit	70,138	8,253	-91,994	-75,139	30,458	
Net Margin	2.4%	0.3%	-3.5%	-3.1%	1.0%	
Diluted Share Cap. (mn)	3,396.1	3,396.1	3,597.7	3,829.0	3,829.0	
Diluted EPS (INR)	20.7	2.4	-25.6	-19.6	8.0	
Diluted EPS Growth	10.6%	-88.2%	0.0%	0.0%	0.0%	
Total Dividend + Tax	0	3,922	4,155	4,423	4,423	
Dividend Per Share (INR)	0.0	1.0	1.0	1.0	1.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	
Profit before Tax	91,799	-17,196	-77,085	-121,752	34,361	
Depn. & Amort.	250,855	278,152	256,139	252,303	293,146	
Net Interest Exp. / Inc. (-)	46,818	57,586	72,433	71,648	67,237	
Inc (-) / Dec in WCcap.	-208,671	181,497	28,178	90,236	63,937	
Others	42,228	-295,461	-8,051	4,000	4,000	
Taxes Paid	-43,419	24,375	-3,953	42,613	-7,903	
Operating Cash Flow	179,610	228,952	267,661	339,048	454,778	
Capex	-574,468	-88,547	-451,958	-251,699	-311,375	
Free Cash Flow	-394,858	140,405	-184,297	87,349	143,403	
Inc (-) / Dec in Investments	-20,806	9,018	1,507	-12,837	-14,121	
Others	-46,818	-57,586	-72,433	-71,648	-67,237	
Investing Cash Flow	-642,092	-137,115	-522,885	-336,184	-392,733	
Inc / Dec (-) in Capital	0	0	403	463	0	
Dividend + Tax thereon	0	-3,922	-4,155	-4,423	-4,423	
Inc / Dec (-) in Loans	103,465	21,735	145,313	-66,025	-60,000	
Others	344,378	-129,300	124,444	34,237	0	
Financing Cash Flow	447,843	-111,488	266,005	-35,748	-64,423	
Inc / Dec (-) in Cash	-14,640	-19,651	10,782	-32,884	-2,377	
Opening Cash Balance	360,779	346,139	326,488	337,270	304,386	
Closing Cash Balance	346,139	326,488	337,270	304,386	302,009	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	
Shareholders' Fund	954,279	601,796	630,785	585,924	611,960	
Share Capital	6,792	6,792	7,195	7,658	7,658	
Reserves & Surplus	947,487	595,003	623,590	578,266	604,301	
Preference Share Capital	0	0	0	0	0	
Minority Interest	5,251	5,231	8,136	8,136	8,136	
Total Loans	889,505	911,239	1,056,553	990,528	930,528	
Def. Tax Liab. / Assets (-)	24,174	-38,514	-38,514	-38,514	-38,514	
Total - Equity & Liab.	1,873,208	1,479,752	1,656,960	1,546,074	1,512,109	
Net Fixed Assets	1,613,309	1,423,705	1,619,524	1,618,920	1,637,149	
Gross Fixed Assets	2,130,926	2,317,691	2,690,380	3,109,328	3,362,794	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	917,952	1,212,825	1,427,079	1,645,875	1,893,785	
Capital WIP	400,335	318,838	356,223	155,466	168,140	
Investments	285,533	219,261	236,986	249,823	263,943	
Current Assets	1,361,988	1,365,380	1,296,370	1,225,223	1,347,474	
Inventories	421,376	390,137	374,569	331,875	377,788	
Sundry Debtors	437,745	526,209	422,518	411,525	473,273	
Cash & Bank Balances	346,139	326,488	337,270	304,386	302,009	
Loans & Advances	155,563	115,067	154,243	169,667	186,634	
Other Current Assets	1,165	7,479	7,771	7,771	7,771	
Current Liab. & Prov.	1,387,622	1,528,593	1,495,919	1,547,892	1,736,457	
Current Liabilities	720,384	685,135	636,269	602,277	696,280	
Provisions & Others	667,238	843,458	859,650	945,615	1,040,177	
Net Current Assets	-25,634	-163,213	-199,549	-322,669	-388,983	
Total - Assets	1,873,208	1,479,752	1,656,960	1,546,074	1,512,109	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	
Net Margin	2.4%	0.3%	-3.5%	-3.1%	1.0%	
Asset Turnover (x)	1.8	1.8	1.6	1.5	1.9	
Leverage Factor (x)	2.1	2.2	2.6	2.7	2.6	
RoE	9.1%	1.1%	-14.9%	-12.4%	5.1%	

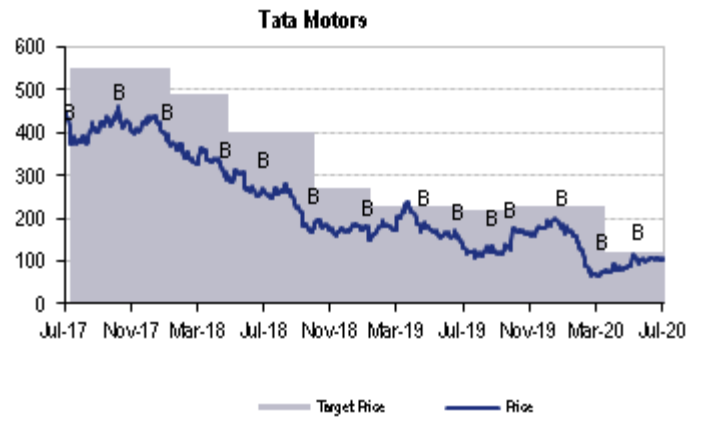
Key Ratios						
Y/E March	FY18A	FY19A	FY20A	FY21E	FY22E	
BV/Share (INR)	281.0	177.2	175.3	153.0	159.8	
ROIC	4.7%	-0.8%	-1.7%	-5.1%	4.8%	
ROE	9.1%	1.1%	-14.9%	-12.4%	5.1%	
Net Debt/Equity (x)	0.4	0.8	1.0	1.0	0.8	
P/E (x)	5.1	43.1	0.0	0.0	13.2	
P/B (x)	0.4	0.6	0.6	0.7	0.7	
EV/EBITDA (x)	2.2	2.9	4.1	5.6	2.5	
EV/Sales (x)	0.3	0.3	0.4	0.4	0.3	
Debtor days	55	64	59	62	57	
Inventory days	53	47	52	50	46	
Creditor days	102	92	98	98	95	

Source: Company, JM Financial

History of Earnings Estimate and Target Price

Date	Recommendation	Target Price	% Chg.
11-Aug-17	Buy	550	
10-Nov-17	Buy	550	0.0
6-Feb-18	Buy	490	-10.9
24-May-18	Buy	400	-18.4
31-Jul-18	Buy	400	0.0
31-Oct-18	Buy	270	-32.5
8-Feb-19	Buy	230	-14.8
21-May-19	Buy	230	0.0
25-Jul-19	Buy	220	-4.3
23-Sep-19	Buy	220	0.0
27-Oct-19	Buy	230	4.5
31-Jan-20	Buy	230	0.0
13-Apr-20	Buy	120	-47.8
16-Jun-20	Buy	120	0.0

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd., National Stock Exchange of India Ltd. and Metropolitan Stock Exchange of India Ltd.

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Rating	Meaning
Buy	Total expected returns of more than 15%. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 15% upside from the current market price.
Sell	Price expected to move downwards by more than 10%

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