



JLR's growth drives ahead with new launches

7th April, 2016

CMP: Rs 375
Target Price: Rs 453
RECOMMENDATION: BUY

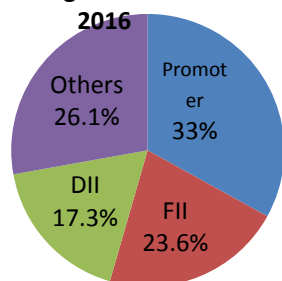
Stock Info

BSE Group	A
BSE Code	500570
NSE Symbol	TATAMOTORS
Bloomberg	TTMT IN
Reuters	TAMO.BO
BSE Sensex	24,685
NSE Nifty	7,546

Market Info

Market Capital	Rs 108,905Cr
Equity Capital	Rs 679 Cr
Avg Trading Volume	56,20,420
52 Wk High / low	Rs 570/266
Face Value	Rs 2

Shareholding Pattern as on Dec



Price Vs Sensex Chart



TATA Motor JLR posted a sales growth of 12.8% during year 2016, with total sales increasing from 4,62,209 units recorded in the year 2015 to 5,21,571 units end of this fiscal year 2016. Jaguar sold 94,449 vehicles and Land Rover sold 427,122 vehicles. This was the company's strongest performing fiscal year ever. In 2015 Jaguar and Land Rover introduced a host of new cars and technologies to market, including the award-winning Jaguar XE and XF and Land Rover Discovery Sport.

Jaguar: Jaguar total vehicles grew by 23% YoY and stood at 94,449 from 76,930 in FY15. Company bags 36,452 vehicles of his new launches model XE followed by XF 34,182 this year, also company will launch new Jaguar F-PACE which is most anticipated model. This model will hit road from next month onwards. Jaguar recorded significant year-on-year growth across all five of its key regions, with Europe, North America followed by China with growth of 24%, 19.1% and 18.6% respectively.

Land Rover: Marking its best March yet, Land Rover sold 4,27,122 vehicles in the entire year, up 11% year-on-year. Best-sellers for the month were the Discovery Sport, this model stole total 95,889 vehicles from market, the Range Rover Evoque model grab 1,10,533 vehicles this entire fiscal year.

With a balanced regional distribution of sales, Jaguar Land Rover retailed 521,571 vehicles in fiscal 2015/16, 13% up on the previous year. Of that, Jaguar sold 94,449 vehicles and Land Rover sold 427,122 vehicles. This was the company's strongest performing fiscal year ever.

JLR remains focused on:

- JLR's strategy continues to be investing in new products, technology and manufacturing capacity to grow profitably.
- Jaguar Land Rover plans to continue to build on recent successful product launches and is focusing on the upcoming launches of the Jaguar the Jaguar F-PACE in spring 2016 followed by the Evoque Convertible and others yet to be announced.
- These new products are expected to drive solid profitable volume growth for JLR going forward.

Standalone Operations:

Tata Motors saw strong growth in certain key segments, with IM&HCV growing by 24%, while LCV's and Exports both growing by 15% year-on-year. The total commercial and passenger vehicles sales (including exports) of 53,057 units in March 2016, grew by 1% over 52,479 vehicles sold in March 2015. The company's domestic sales of Tata commercial and passenger vehicles for March 2016 were 46,701 nos., a decline of 1% over 47,044 vehicles, sold in March 2015.

Cumulative sales (including exports) for the company for FY 15-16 were 511,711 nos., higher by 2% over 502,281 vehicles, sold last year.

In March 2016, Tata Motors passenger vehicles recorded sales of 8,454 nos., a decline of 44%, compared to 15,039 nos., sold in March 2015.

The company's sales of commercial vehicles in March 2016 in the domestic market were at 38,247 nos., higher by 20%, over March 2015. LCV sales were at 19,709 nos., a growth of 15% over March 2015, while M&HCV sales continued to show growth at 18,538 nos., higher by 24%, over March 2015.

The company's sales from exports were 6,356 nos. in March 2016, higher by 17% compared to 5,435 vehicles in March 2015. The cumulative sales from exports for FY15-16 were at 58,035 a growth of 16%, compared to last year.

> **Financial, Estimates** : We have modelled 26% volume growth for Jaguar and 11.6% for Land Rover in FY17. We estimate Tata Motors Revenue growth of 17% in FY17, expected EBITDA margins close to 15.2% and expect PAT growth of 24.1% in FY17.

VALUATION: Recommend Buy with target price of Rs 453 per share.

JLR Business: We value JLR at Rs 441 per share, at EV / EBITDA x of 3.4x FY17E EBITDA. Our basis for positive view on JLR is on account of healthy margins on back of richer product mix supported by forthcoming new launches.

Standalone Business: We value standalone business at Rs -6 per share, at 3.5x FY17E EBITDA. We expect standalone operations to pick up in FY17, with improvement in economy and new product launches. Expected lower contributions from standalone operations have partly pushed down our valuations.

Other Subsidiaries and Associates: We value other subsidiaries such as TTL, TDCV, TMDL and Associates at a cumulative Rs 18 per share.

Our fair value for Tata Motors based on SOTP is coming at Rs 453 per share. We recommend **BUY** rating on this stock.

Source: Company data, Arihant Research

Arihant Research Desk

E. research@arihantcapital.com

T. 022-42254868

Head Office

#1011, Solitaire Corporate park,
Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road,
Chakala, Andheri (E).
Mumbai - 400093
Tel: (91-22) 42254800
Fax: (91-22) 42254880

Registered Office

Arihant House
E-5 Ratlam Kothi
Indore - 452003, (M.P.)
Tel: (91-731) 3016100
Fax: (91-731) 3016199

Stock Rating

	Absolute Return
Buy	> 20%
Accumulate	12% to 20%
Hold	5% to 12%
Neutral	-5% to 5%
Reduce	< -5%

Contact

SMS: 'Arihant' to 56677

Website

www.arihantcapital.com

Email Id

research@arihantcapital.com

**Arihant is Forbes Asia's '200 Best under a \$Bn' Company
'Best Emerging Commodities Broker' awarded by UTV Bloomberg (2011)**

Disclaimer: Arihant Capital Markets Limited is not soliciting any action based upon it. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. However we do not represent that it is accurate or complete and it should not be relied upon such. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of Arihant is in any way responsible for its contents. The firm or its employees may trade in investments, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based. Before its publication the firm, its owners or its employees may have a position or be otherwise interested in the investment referred to in this document. This is just a suggestion and the firm or its employees will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. No matter contained in this document may be reproduced or copied without the consent of the firm.

ARIHANT capital markets Ltd.

www.arihantcapital.com