

**November 21, 2014**

**Tata Motors Ltd.**

**BSE Code:** 500570    **NSE Code:** TATAMOTORS    **Reuters Code:** TAMO.NS    **Bloomberg Code:** TTMT:IN

Tata Motors Limited (TML), is India's largest automobile company, with winning products in the compact, midsize car and utility vehicle segments. It is the world's fifth largest truck manufacturer and fourth largest bus manufacturer. Internationally, it has expanded its footprints in several countries in Europe, Africa, Middle East, South East Asia, South Asia, South America, CIS and Russia. It also has an industrial joint venture with Fiat in India.

### Investor's Rationale

**Muted growth in topline** – TML registered a 8% YoY growth in consolidated topline to ₹601.6 bn in Q2FY15 against ₹556.9 bn in Q2FY14, despite continuing weak operating environment in the standalone business which was more than offset by, increase in wholesale volumes, richer product mix and market mix at Jaguar Land Rover (JLR). The revenue from Jaguar and Land Rovers, which represents 80% of its revenue stood at ₹491.60 bn, up 7.34%, while revenue from other activity (include engineering and software operations) were at ₹6.70 bn, up by 6.71%. Revenue from automotive and related activities (includes TATA and other brands vehicles and financing) was at ₹111.46 bn in Q2FY15, grew by 3.9%, over corresponding quarter last year.

**Net profit fell 7%** – TML witnessed 7.1% YoY decline in its net profit to ₹32.9 bn in Q2FY15 as against ₹35.4 bn in Q2FY14, as slower-than-expected growth in sales and tax adjustments hit the consolidated net profit. Tax paid during the quarter grew by 98.0% at ₹23.63 bn in Q2FY15 against ₹11.94 bn, while, depreciation grew by 17.4% at ₹32.13 bn in Q2FY15 against ₹27.36 bn. The interest cost on the other hand declined by 16.7% YoY to ₹9.27 mn. Consequently, NPM contracted 79 bps YoY to 5.4% from 6.2%.

**EBITDA grew by 10% on better JLR performance** – EBITDA grew impressively by 10.6% YoY to ₹95.7 bn against ₹86.5 bn, on the back of richer product mix supported by the success of Range Rover Sport, Range Rover and Jaguar F-Type. The cost of material used which constitute 55% of total expenses grew merely by 3.55% YoY at ₹52.97 bn and employee cost grew by 7.90% YoY at ₹7.51 bn. Apart from this, other expenses also grew by 8.83% at ₹18.23 b. Accordingly, OPM expanded 59 bps YoY to 15.8% from 15.2%.

**Other developments** – TML has stated they will start assembly from its newly set up China JV plant with the rollout of the Land Rover Evoque this year and other model from next year. Globally, TML will be launching a new Range Rover Evoque, Discovery Sports and JLR XE.

### Market Data

52-week High-Low (₹)		550.7/332.1
Rise from 52WL (%)		59.89
Correction from 52WH (%)		3.71
Beta		1.78
1 year Average Volume (mn)		5.63
Stock Return (%)	3M-	3.92
	6M-	21.43
	1Y-	36.68
Market Cap (₹bn)		1,429.07
Book Value (₹)		203.82

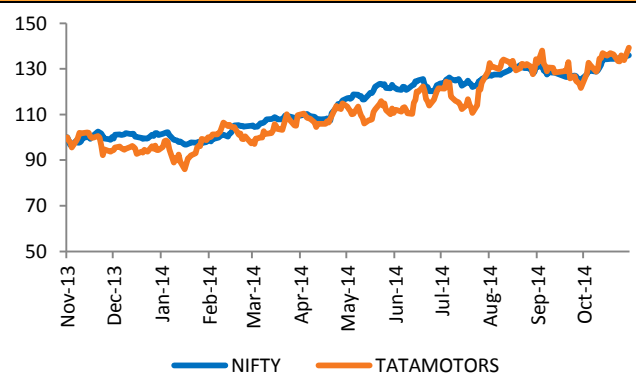
### Shareholding Pattern

	Sep'14	Jun'14	Chg
Promoters (%)	34.33	34.33	0.00
FII (%)	26.51	27.45	(0.94)
DII (%)	10.62	9.71	0.91
Public & Others (%)	28.54	28.51	0.03

### Quarterly Performance (Consolidated)

(₹bn)	Q2 FY'15	Q2 FY'14	Q1 FY'15	YoY Change(%)	QoQ Change (%)
Sales	601.6	556.9	641.5	8.0	(6.2)
Op. exp	510.0	482.2	535.4	5.8	(4.7)
EBITDA	95.7	86.5	111.4	10.6	(14.1)
OPM (%)	15.8	15.2	17.2	59bps	(143bps)
Net profit	32.9	35.4	54.0	(7.1)	(39.0)
NPM (%)	5.4	6.2	8.3	(79bps)	(290bps)
EPS (₹)	10.3	11.1	16.9	(7.0)	(38.8)

### One Year Price Chart





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