

# Result Update

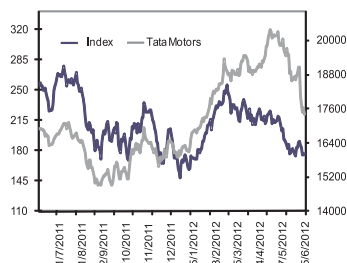
**CMP : Rs. 234**  
**Rating : Buy**  
**Target : Rs. 300**

## KEY DATA

Market Cap (Rs. bn)	746.4
Market Cap (USD mn)	13570.5
52 WK High / Low	320 / 137
Avg Daily Volume (BSE)	1921663
Face Value (Rs.)	2
BSE Sensex	16454
Nifty	4997
BSE Code	500570
NSE Code	TATAMOTORS
Reuters Code	TAMO.BO
Bloomberg Code	TTMT IN

Shareholding %	2Q12	3Q12	4Q12
Promoters	35.0	35.0	35.0
MF/Banks/Indian FIs	15.0	14.0	13.0
FII/ NRIs/ OCBs	41.0	42.0	45.0
Indian Public	9.0	9.0	7.0

## Performance Chart



## PRICE PERFORMANCE (%)

	3 M	6 M	12 M
Absolute	(19.0)	15.6	8.1
Relative	(11.2)	20.3	21.1

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## Tata Motors Limited

Tata Motors Limited (TML) reported a decent set of numbers for Q4FY12. TTMT's consolidated total income rose 44% Y-o-Y to Rs 509.1bn Q4FY12, led by robust growth in volumes in JLR (up 48% Y-o-Y) and standalone businesses (up 17% Y-o-Y). Realizations were lower in both JLR and standalone businesses due to an adverse product mix. EBITDA growth was inline with that of sales as margins remained flat Y-o-Y at 13.2%. Even though the results seem to be good on the face of it, the street's as well as our over optimistic margin assumptions for TML led to the downfall of the stock post the results. JLR's Q4FY12 margins realigned with its near term historical EBITDA margin of 14.5-15% which was hard to fathom for the market. We believe TML could face some short term headwinds from weak non-Evoque volumes coupled with sluggish domestic business for TML.

### JLR disappoints on the margin front

JLR's EBITDA margins contracted by a massive 547 bps sequentially to 14.6% in Q4FY12 compared to our estimate of 19.8% while net sales came in at GBP 4.1bn, up 51% Y-o-Y. Management mentioned that Q3FY12 margins had benefitted by 300bps due to changes in accounting standards and forex benefits. Adjusted for these, margins were down ~240bps sequentially mainly on account of change in the mix (higher sales of the new 2.2lt XF, Evoque and Freelanders in Q4 as well as poor product mix within Evoque portfolio), higher labor and marketing spends. Some of the markets like the U.K are seasonally weak during Q4 which also put some pressure on margins. As a result ASPs of JLR vehicles declined by 3% sequentially to GBP 42,277. We believe the adverse product mix in the near term could put some pressure on profitability at least till H1FY13 but once the all new light weight Range Rover is launched product mix should become richer.

### Standalone business surprises, but FY13 could be weak

Inspite of flattish net realisation EBITDA margins improved sequentially (9.1% vs 6.4% QoQ). According to the management, lower discounts and incentives in its car portfolio coupled with cost cutting initiatives during Q4FY12 were the key reasons behind the margin expansion. TML performed better in the passenger vehicle segment over the past couple of quarters. TML's brand synonymous with diesel vehicles coupled with the continued rise in petrol prices aided the passenger vehicle business. The CV market started to slowdown in Q4FY12 and has continued the sluggish performance in Q1FY13 as well. TML lost some market share in Q3FY12 in the CV market (down from 60.8% in Q3FY12 to 57.3% in Q4FY12) and has continued to underperform the industry in Q1FY13 as well.

### Outlook

The profitability at the luxury unit had fallen sequentially, raising concerns that the company's key earnings driver was losing speed. But we believe the margins have reverted back to near term historical levels of 14-15% which should not be a cause of worry. Much will depend on JLR's future sales growth in China, which accounted for 19% in Q4FY12, up from 12.8% a year ago. Growth is expected to ease in China in CY12, the weakest pace in 13 years, while economies throughout Europe are still struggling. Passenger car sales have grown just 1.9% Y-o-Y to 5.05 mn vehicles in Jan-Apr'13 period. But sales of SUVs jumped nearly 34% in Apr'12 and 22% in the first four months of the year. This is a major positive for JLR as more than 90% of its sales are Range Rover/Land Rover SUVs. **Also according to news sources, China's cabinet has agreed to revive financial incentives for consumers to trade in their passenger cars to help increase demand in the world's biggest vehicle market.** On the other hand the JLR-Chery JV is expected to be approved in FY13 which could provide further upside to volumes from China.

In spite of macro economic hangovers in Europe JLR volumes growth has continued unabated while U.S has also witnessed good growth. But **JLR has tried to simulate the sluggish European market by designing some custom products like the XF sportsbrake expected to be launched by Q4FY13E. LandRover(LR) volumes are expected to rise on account of FY13 being the first full year for Evoque and 2.2lt XF. Further, production of Freelander is expected to increase which was constrained to accommodate Evoque's production while JLR is also expected to launch the face lifted Freelander shortly which is expected to boost the sales of this model. JLR is also expected to launch some new models/ refreshes such as the all new Range Rover(Q4FY13E) and the F-Type roadster(Q1FY14E). On the other hand, JLR still faces difficulty in meeting the demand on the back of constrained engine supplies, which explains its move of setting up its own engine plant.** On the standalone front, TML's loss of market share in the sluggish CV market, higher competition in the passenger car business and the expected tax on diesel vehicles could dent margins. **In the near term due to the depreciation of INR against the GBP we could see good earnings upside for TML in Q1FY13E while the same translation effect is expected to impact TML negatively as we believe INR to appreciate against the GBP in H2FY13 and FY14E.**

### Valuation & Rating

Even though the EBITDA margins are expected to be subdued and are expected to come in the 13.5%-14% range slightly lower than our earlier estimates of above 14-14.5% levels, we have modeled for a higher sales growth keeping in mind the higher growth potential of the Evoque and upcoming models. However taking into account the risks related to slowdown in the end markets of JLR we have valued JLR at 3.5x FY13E EV/EBITDA compared to our earlier valuation parameter of 4x. Taking the above factors into account we reiterate our Buy rating on TML, but however revise our earlier target price downwards from Rs 331 to Rs 300. We have modeled for FY13E/FY14E earnings of Rs 47.4 and Rs 52.5 respectively. Even after the sharp decline in price TML continues to trade at 4.7x FY13E earnings which is relatively cheap compared to its domestic and global peers. TML also offers the best ROE of ~40% among its global PV and CV peers.

## SOTP Valuation

	Paramter	Holding	Basis FY13E	Value	Multiple	Value Per Share	% of Total Value
Tata Motors Core business	FY13E EPS		P/E	4.4	9.0x	40	13%
<b>Subsidiary valuation</b>							
JLR	FY13 EV/EBITDA		EV/EBITDA	208,311	3.5x	242	81%
<b>Other Major Subsidiaries</b>							
Tata Daewoo	FY13E NP	100%	P/PAT	759	7.0x	2	1%
Tata Motor Finance	FY13E BV	100%	P/BV	20,439	1.5x	10	3%
Tata Technologies	FY13E NP	83%	P/PAT	2,710	11.0x	8	3%
Tata Drivelines	FY13E NP	83%	P/PAT	1,072	7.0x	2	1%
<b>Value of subsidiaries/ Associate Cos</b>						<b>21</b>	
Value post discount		Holding company discount @30%		30%		15	
Value of other investments		0.3x BV of other investments		25,443	0.4x	3	
<b>Total value per share</b>						<b>300</b>	
Current Market Price						234.0	
Expected Return						28%	

## Comparative Valuation

Units	Rs.		Sales		EPS		P/E		EV/EBITDA		EBIDTA	RoE	Annual	Annual	Rating	Target Price (Rs)
	Price	Mcap	Rs. bn	EV	FY13E	FY14E	FY13E	FY14E	FY13E	FY14E	(x)	(%)	(%)	EPS Growth (%)		

### Domestic Auto comparative valuation (in Rs. terms)

Tata Motors	234	699	917	2,019	2,119	47.3	52.4	4.9	4.5	2.8	2.2	13.4	38.8	10.9	5.0	Buy	300
Mahindra & Mahindra (std)	2,139	58	52	68	85	137.5	169.4	15.6	12.6	7.2	5.6	10.7	22.5	23.2	25.9	NR	NA
Maruti	675	415	595	531	611	58.4	69.6	11.6	9.7	8.2	7.2	13.7	20.8	19.3	14.9	NR	NA
Ashok Leyland	1,108	321	309	436	512	86.2	104.7	12.9	10.6	8.0	6.5	8.9	15.1	21.4	17.4	NR	NA
Eicher Motors	26	69	93	145	165	2.6	3.1	10.2	8.4	6.5	5.6	9.9	16.7	21.4	13.9	NR	NA

### Global Auto comparative valuation (in USD terms)

Tata Motors	12.6	16.6	36.5	38.3	47.3	52.4	4.9	4.5	2.8	2.2	13.4	38.8	10.9	5.0	NR	NA
Volkswagen	69.0	166.8	224.2	235.7	27.0	29.7	5.4	4.9	6.2	5.6	12.1	15.6	10.1	5.1	NR	NA
Daimler	47.0	125.7	138.3	146.1	6.6	7.6	6.7	5.8	7.4	6.6	12.3	13.5	14.4	5.6	NR	NA
BMW	46.7	113.7	92.6	96.9	10.2	10.5	7.2	7.0	7.1	6.8	17.4	18.2	3.0	4.6	NR	NA

Source: Bloomberg, FQ Research

NA - Not Applicable, NR - Not Rated

## Key Risks

- Sluggish EU and U.K markets coupled with slowing sales in China impacting JLR volumes is a concern.
- Slower CV market on the back of sluggish manufacturing sector and increased competition from Eicher motors (in collaboration with Volvo) and M&M (in collaboration with Navistar) in CV space and also the continued launch of small commercial vehicles (SCV) with advanced CRDi engines from competitors is a cause of concern.
- Government of India's move to tax passenger vehicles driven by diesel engines would be negative for TML.

**Consolidated**

YE March (Rs. mn)	Q4 FY12	Q4 FY11	Y-o-Y change %	Q3 FY12	Q-o-Q change %	12M FY12	12M FY11	Y-o-Y change %
<b>Net Sales</b>	<b>506,086</b>	<b>357,339</b>	<b>41.6%</b>	<b>451,993</b>	<b>12.0%</b>	<b>1,651,382</b>	<b>1,224,262</b>	<b>34.9%</b>
Other Operating Income	2,993	1,395	114.6%	610	390.9%	8,000	7,071	13.1%
<b>Total Revenue</b>	<b>509,079</b>	<b>358,733</b>	<b>41.9%</b>	<b>452,603</b>	<b>12.5%</b>	<b>1,659,382</b>	<b>1,231,333</b>	<b>34.8%</b>
<b>Less:</b>								
Net Raw Material consumed	333,991	232,690	43.5%	299,944	11.4%	1,094,676	790,084	38.6%
Other Expenses	71,311	53,764	32.6%	52,317	36.3%	218,609	179,648	21.7%
Personnel	36,332	24,930	45.7%	32,072	13.3%	122,985	93,427	31.6%
<b>Total Expenditure</b>	<b>441,634</b>	<b>311,385</b>	<b>41.8%</b>	<b>384,333</b>	<b>14.9%</b>	<b>1,436,269</b>	<b>1,063,158</b>	<b>35.1%</b>
<b>EBIDTA</b>	<b>67,445</b>	<b>47,348</b>	<b>42.4%</b>	<b>68,270</b>	<b>(1.2%)</b>	<b>223,112</b>	<b>168,175</b>	<b>32.7%</b>
Less: Depreciation	15,354	13,106	17.2%	16,159	(5.0%)	56,254	46,555	20.8%
<b>EBIT</b>	<b>52,091</b>	<b>34,243</b>	<b>52.1%</b>	<b>52,110</b>	<b>(0.0%)</b>	<b>166,859</b>	<b>121,620</b>	<b>37.2%</b>
Less: Interest	7,721	4,532	70.4%	5,769	33.8%	26,400	20,454	29.1%
Add: Other income	1,586	256	519.0%	240	559.9%	3,195	896	256.6%
<b>Profit Before Extra-ordinary items and Tax</b>	<b>45,956</b>	<b>29,967</b>	<b>53.4%</b>	<b>46,581</b>	<b>(1.3%)</b>	<b>143,654</b>	<b>102,062</b>	<b>40.8%</b>
Extraordinary Expense (net)	(1,713)	1,774	(196.5%)	(1,643)	4.2%	(8,315)	2,310	(460.0%)
Less: Total Tax	(18,261)	2,884	(733.2%)	10,711	(270.5%)	(400)	12,164	(103.3%)
<b>Profit After Tax before Minority Interest</b>	<b>62,504</b>	<b>28,857</b>	<b>116.6%</b>	<b>34,227</b>	<b>82.6%</b>	<b>135,739</b>	<b>92,208</b>	<b>47.2%</b>
Minority Interest	164	(146)	(212.3%)	172	(4.4%)	574	(528)	(208.7%)
<b>Profit After Tax</b>	<b>62,340</b>	<b>29,003</b>	<b>114.9%</b>	<b>34,055</b>	<b>83.1%</b>	<b>135,165</b>	<b>92,736</b>	<b>45.8%</b>
<b>Profit After Tax Excl. extra-ordinaries</b>	<b>64,923</b>	<b>27,244</b>	<b>138.3%</b>	<b>35,479</b>	<b>83.0%</b>	<b>143,582</b>	<b>38,523</b>	<b>272.7%</b>
Shares Outstanding (mn)	3,325	3,440		3,300		3,325	3,440	
<b>Reported EPS (Rs.)</b>	<b>18.75</b>	<b>8.43</b>	<b>122.4%</b>	<b>10.32</b>	<b>81.7%</b>	<b>40.65</b>	<b>26.95</b>	<b>50.8%</b>
<b>Proforma EPS (Rs.)</b>	<b>19.53</b>	<b>7.92</b>	<b>146.6%</b>	<b>10.75</b>	<b>81.6%</b>	<b>43.19</b>	<b>11.20</b>	<b>285.7%</b>
<b>Margin Analysis</b>			<b>Change in BPS</b>		<b>Change in BPS</b>			<b>Change in BPS</b>
EBIDTA Margin	13.2%	13.2%	5	15.1%	(184)	13.4%	13.7%	(21)
Proforma NPM	12.8%	7.6%	516	7.8%	491	8.7%	3.1%	552
Effective Tax Rate	-39.7%	9.6%	(4,936)	23.0%	(6,273)	-0.3%	11.9%	(1,220)
<b>Cost Analysis</b>								
RM/Net Sales	65.6%	64.9%	74	66.3%	(66)	66.0%	64.2%	180
Other Expenses	14.0%	15.0%	(98)	11.6%	245	13.2%	14.6%	(142)
Personnel/Net Sales	7.1%	6.9%	19	7.1%	5	7.4%	7.6%	(18)

- Consolidated net sales for the quarter came in at Rs 509.1 bn, up 42% Y-o-Y and 13% sequentially in Q4FY12. EBIDTA margins were nearly flat Y-o-Y while they contracted 184 bps sequentially to at 13.2% in Q4FY12. Management mentioned that Q3FY12 margins had benefitted by 300bps due to changes in accounting standards and forex benefits. Adjusted for these, margins were down ~240bps sequentially mainly on account of change in the mix (higher sales of the new 2.2lt XF, Evoque and Freelanders in Q4 as well as poor product mix within Evoque portfolio), higher labor and marketing spends. Some of the markets like the U.K are seasonally weak during Q4 which also put some pressure on margins. As a result ASPs of JLR vehicles declined by 3% sequentially to GBP 42,277.
- PAT came in at Rs 62.34 bn, up 115% Y-o-Y and 83% sequentially. The growth in PAT was much higher than that of EBITDA mainly on account of a deferred tax credit in Q4FY12.

**Standalone**

YE March (Rs. mn)	Q4 FY12	Q4 FY11	Y-o-Y change %	Q3 FY11	Q-o-Q change %	12M FY12	12M FY11	Y-o-Y change %
<b>Net Sales</b>	<b>162,971</b>	<b>145,470</b>	<b>12.0%</b>	<b>132,627</b>	<b>22.9%</b>	<b>542,792</b>	<b>478,074</b>	<b>13.5%</b>
Other Operating Income	936	536	74.6%	753	24.4%	3,012	2,330	29.2%
<b>Total Revenue</b>	<b>163,907</b>	<b>146,006</b>	<b>12.3%</b>	<b>133,379</b>	<b>22.9%</b>	<b>545,803</b>	<b>480,405</b>	<b>13.6%</b>
<b>Less:</b>								
Net Raw Material consumed	120,377	104,886	14.8%	98,600	22.1%	397,049	340,674	16.5%
Other Expenses	21,743	22,431	(3.1%)	19,311	12.6%	80,664	70,139	15.0%
Personnel	6,925	6,224	11.3%	6,950	(0.4%)	26,915	22,940	17.3%
<b>Total Expenditure</b>	<b>149,045</b>	<b>133,541</b>	<b>11.6%</b>	<b>124,861</b>	<b>19.4%</b>	<b>504,628</b>	<b>433,753</b>	<b>16.3%</b>
<b>EBIDTA</b>	<b>14,863</b>	<b>12,465</b>	<b>19.2%</b>	<b>8,518</b>	<b>74.5%</b>	<b>41,175</b>	<b>46,651</b>	<b>(11.7%)</b>
Less: Depreciation	4,334	3,847	12.7%	4,213	2.9%	15,467	13,608	13.7%
<b>EBIT</b>	<b>10,529</b>	<b>8,618</b>	<b>22.2%</b>	<b>4,305</b>	<b>144.6%</b>	<b>25,708</b>	<b>33,044</b>	<b>(22.2%)</b>
Less: Interest	3,249	2,479	31.0%	1,860	74.6%	9,761	11,440	(14.7%)
Add: Other income	1,343	310	332.8%	250	436.9%	3,316	1,833	80.9%
<b>Profit Before Extra-ordinary items and Tax</b>	<b>8,623</b>	<b>6,449</b>	<b>33.7%</b>	<b>2,695</b>	<b>220.0%</b>	<b>19,263</b>	<b>23,436</b>	<b>(17.8%)</b>
Extraordinary Expense (net)	(2,102)	(544)	286.3%	(833)	152.5%	(5,852)	(1,471)	297.8%
Less: Total Tax	868	172	405.5%	125	592.2%	988	3,847	(74.3%)
<b>Profit After Tax</b>	<b>5,653</b>	<b>5,733</b>	<b>(1.4%)</b>	<b>1,737</b>	<b>225.5%</b>	<b>12,422</b>	<b>18,118</b>	<b>(31.4%)</b>
<b>Profit After Tax Excl. extra-ordinaries</b>	<b>8,042</b>	<b>6,262</b>	<b>28.4%</b>	<b>7,532</b>	<b>6.8%</b>	<b>22,412</b>	<b>19,337</b>	<b>15.9%</b>
Shares Outstanding (mn)	3,325	3,236		3,326		3,325	3,236	
<b>Reported EPS (Rs.)</b>	<b>1.70</b>	<b>1.77</b>	<b>(4.1%)</b>	<b>0.52</b>	<b>225.6%</b>	<b>3.74</b>	<b>5.60</b>	<b>(33.3%)</b>
<b>Proforma EPS (Rs.)</b>	<b>2.42</b>	<b>1.94</b>	<b>25.0%</b>	<b>2.26</b>	<b>6.8%</b>	<b>6.74</b>	<b>5.98</b>	<b>12.8%</b>
<b>Margin Analysis</b>			<b>Change in BPS</b>		<b>Change in BPS</b>			<b>Change in BPS</b>
EBIDTA Margin	9.1%	8.5%	53	6.4%	268	7.5%	9.7%	(217)
Proforma NPM	4.9%	4.3%	62	5.6%	(74)	4.1%	4.0%	8
Effective Tax Rate	10.1%	2.7%	740	4.7%	541	5.1%	16.4%	(1,129)
<b>Cost Analysis</b>								
RM/Net Sales	73.4%	71.8%	161	73.9%	(48)	72.7%	70.9%	183
Adv. & Sales Promotion Expenses./Net Sales	13.3%	15.4%	(210)	14.5%	(121)	14.8%	14.6%	18
Personnel/Net Sales	4.2%	4.3%	(4)	5.2%	(99)	4.9%	4.8%	16

- Inspite of flattish net realisation EBITDA margins improved sequentially (9.1% vs 6.4% QoQ). According to the management, lower discounts and incentives in its car portfolio coupled with cost cutting initiatives during Q4FY12 were the key reasons behind the margin expansion. TML performed better in the passenger vehicle segment over the past couple of quarters. TML's brand synonymous with diesel vehicles coupled with the continued rise in petrol prices aided the passenger vehicle business. The CV market started to slowdown in Q4FY12 and has continued the sluggish performance in Q1FY13 as well. TML lost some market share in Q3FY12 in the CV market (down from 60.8% in Q3FY12 to 57.3% in Q4FY12) and has continued to underperform the industry in Q1FY13 as well.
- Proforma PAT rose by 28.4% Y-o-Y to Rs 8.04bn. It was also partly driven by robust growth in other income which rose by 333% to Rs 1.34bn.

## Standalone Sales Performance

### Domestic Vehicle Business

Tata Motors (Domestic) Volumes in Nos.	Q4 FY11	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	FY FY12	FY FY13E	FY FY14E
Passenger Cars	75,863	54,346	48,516	68,149	86,955	257,966	280,864	322,994
Growth Y-o-Y	9.1%	-13.2%	-28.1%	35.6%	14.6%	0.7%	8.9%	15.0%
UV	13,807	9,215	9,839	12,350	16,652	48,056	53,226	58,549
Growth Y-o-Y	16.1%	-9.5%	0.4%	18.3%	20.6%	8.7%	10.8%	10.0%
MPV	14,098	12,615	16,217	15,450	20,811	65,093	80,922	92,251
Growth Y-o-Y	1.8%	15.0%	18.0%	19.4%	47.6%	25.8%	24.3%	14.0%
LCV	59,764	55,914	65,483	66,173	78,073	265,643	345,336	414,403
Growth Y-o-Y	19.1%	28.3%	41.8%	28.5%	30.6%	32.1%	30.0%	20.0%
MHCV	57,457	45,541	50,694	51,135	59,644	207,014	199,588	209,568
Growth Y-o-Y	6.4%	8.0%	8.5%	11.7%	3.8%	7.7%	-3.6%	5.0%
<b>Total (domestic)</b>	<b>220,989</b>	<b>177,631</b>	<b>190,749</b>	<b>213,257</b>	<b>262,135</b>	<b>843,772</b>	<b>959,936</b>	<b>1,097,764</b>
Growth Y-o-Y	10.8%	4.8%	3.7%	24.8%	18.6%	13.2%	13.8%	14.4%

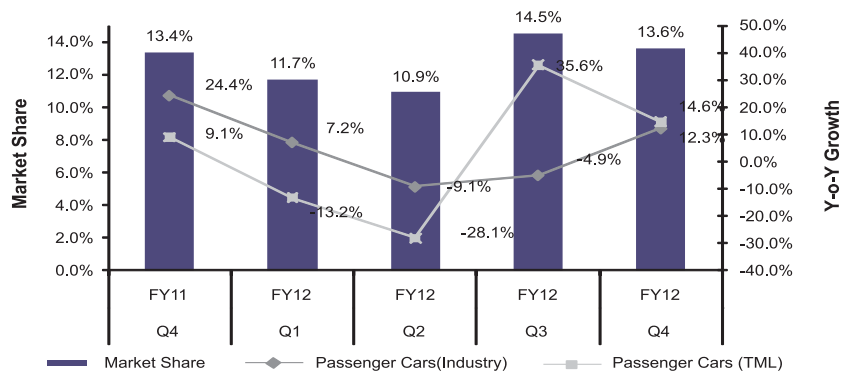
Source: Company, FQ Research

### Domestic Passenger Vehicle Business: in Q4FY12 UVs, MPVs outperform the industry while CVs underperform

Domestic Passenger vehicle industry grew 4% in FY12 on a Y-o-Y basis. Even though TML underperformed in the passenger car segment with a growth of a mere 0.7% it made up the loss by posting good growth in its UV and MPV segments, up 8.7% and 25.8% respectively. Nano, Indica, Indigo, Sumo & Venture were the key growth drivers in the respective segments.

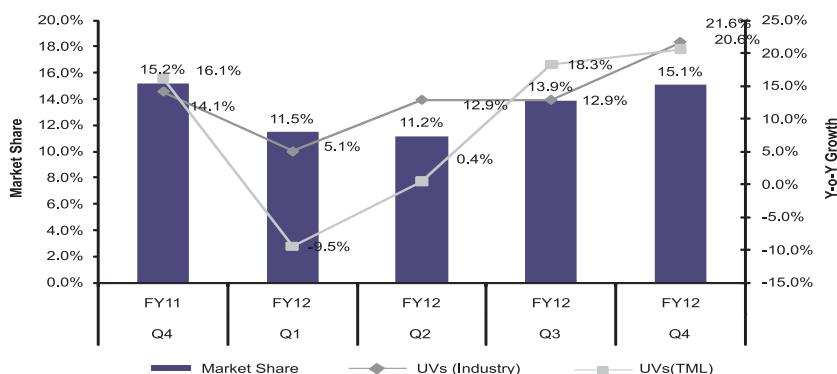
- Customer preference for diesel over petrol vehicles helped grow sales for TML with focused marketing initiatives driving sales of the Tata Nano.
- During FY12, TML launched the Sumo Gold & Nano 2012, with several new features, including improved fuel efficiency which aided volume traction.
- TML also undertook price increases of ~ 3.3 % during FY 12 in passenger vehicles.

### Domestic Passenger Cars - Performance of TML and Industry



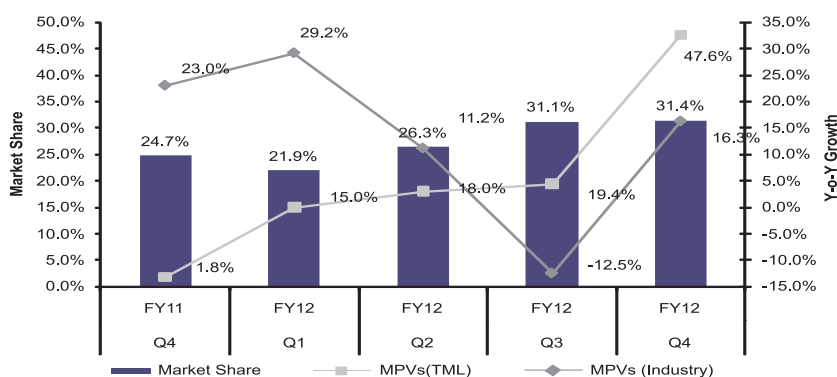
Source: Company, FQ Research

### Domestic Utility Vehicles- Performance of TML and Industry



Source: Company, FQ Research

### Domestic Multi Purpose Vehicles - Performance of TML and Industry



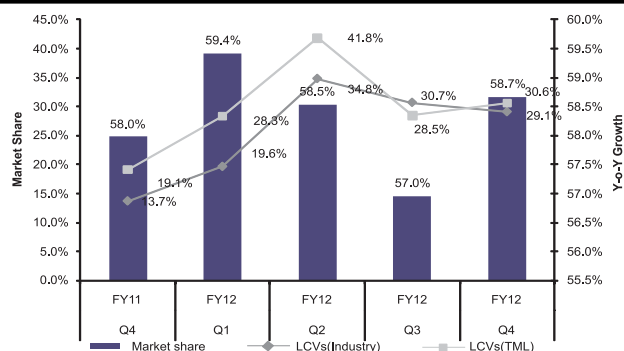
Source: Company, FQ Research

### Domestic Commercial Vehicles: MHCVs falter amid slowing market and TML losing some share

Domestic CV industry grew 19% in FY 12. Growth was driven by LCVs supported by healthy agricultural output, increasing penetration into tier 2 and 3 cities and increasing rural and last mile connectivity. During FY12, for TML, excluding buses, CV grew at 20% and overall market share was 59.4%. In MHCV trucks, our growth was 8.2% and market share stood at 62.2% for FY 12. However TML witnessed a sharp decline in its market share for Q4FY12 from 60.8% to 57.3%. Truck rentals have slumped by 4% during May'12 which is the 2nd consecutive month in this fiscal that rentals have dropped. The drop is attributed to more than 10% decline in dispatches from the manufacturing sector. According to a report by the Indian Foundation of Transport Research and Training (IFTRT), "the increase in compensatory load from wheat procurement and increased arrival of mango and other summer fruit and vegetable crops have not been enough to stem the decline" in rentals. CV market also faces headwinds on account of adverse macro and policy related issues like a mining ban in south India.

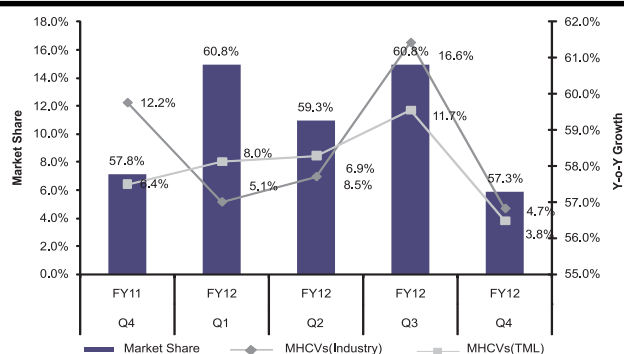
- Ramp up of production in its Pantnagar plant and higher sales of its ACE Zip SCV launched in FY12 led to increased market share in the LCV space in Q4 FY 12 at 60.6% (FY 12 - 59.6%) in the segment. Commenced commercial production from Dharwad.
- During FY 12, TML's major launches were Ace Zip, Magic Iris, Tata Divo, a super-luxury inter-city bus and new variants in the Tata Starbus Ultra range.
- TML undertook Average Price increases of ~ 3% in FY 12.

### Domestic LCVs - Performance of TML and Industry



Source: Company, FQ Research

### Domestic MHCVs - Performance of TML and Industry



Source: Company, FQ Research

### Exports Analysis

Tata Motors (Exports)	Q4FY11	Q1FY12	Q2FY12	Q3FY12	Q4FY12E	FY12E	FY13E	FY14E
PV	1,007	2,108	1,813	1,661	2,844	8,426	9,237	10,345
Growth Y-o-Y	-37.2%	-16.8%	-27.6%	-7.5%	182.4%	7.5%	9.6%	12.0%
CV	14,377	12,783	14,191	12,335	15,044	54,353	57,911	63,702
Growth Y-o-Y	59.5%	31.7%	18.7%	-12.9%	4.6%	8.3%	6.5%	10.0%
<b>Total Exports</b>	<b>15,384</b>	<b>14,891</b>	<b>16,004</b>	<b>13,996</b>	<b>17,888</b>	<b>62,779</b>	<b>67,147</b>	<b>74,047</b>
Growth Y-o-Y	<b>44.9%</b>	<b>21.6%</b>	<b>10.7%</b>	<b>-12.3%</b>	<b>16.3%</b>	<b>8.2%</b>	<b>7.0%</b>	<b>10.3%</b>

During the year, Sri Lanka & Bangladesh continued to be the largest export markets. Exports to African countries showed strong growth

### Jaguar Land Rover

Tata Motors (Exports)	Q4FY11	Q1FY12	Q2FY12	Q3FY12	Q4FY12E	FY12E	FY13E	FY14E
Net Sales	2,738	2,712	2,929	3,746	4,144	13,531	16,582	19,273
Y-o-Y Growth	34%	20%	30%	41%	51%	37%	23%	16%
EBIDTA	433	408	437	752	605	2,202	2,683	3,180
PAT	308	219	238	440	696	1,593	1,751	1,934
Y-o-Y Growth	322%	-1%	0%	60%	126%	53%	10%	10%
<b>Cost Structure</b>								
Raw Material Cost	63.1%	63.5%	64.9%	61.3%	64.4%	63.5%	63.6%	63.5%
Employee Cost	8.3%	8.7%	8.0%	6.5%	7.5%	7.6%	7.5%	7.5%
Other Expenses	12.8%	12.8%	12.1%	12.1%	13.4%	12.7%	12.7%	12.5%
<b>EBITDA Margin</b>	<b>15.8%</b>	<b>15.1%</b>	<b>14.9%</b>	<b>20.1%</b>	<b>14.6%</b>	<b>16.3%</b>	<b>16.2%</b>	<b>16.5%</b>
Effective Tax Rate	8.6%	11.9%	17.1%	21.3%	-31.3%	1.9%	10.6%	12.0%
NPM (%)	11.2%	8.1%	8.1%	11.8%	16.8%	11.8%	10.6%	10.0%

- JLR reported the highest ever volumes of 314,433 units, up 29.1% Y-o-Y. The growth was backed by new launches & strong market mix. The recently launched, all-new Range Rover Evoque continues to receive very good response. The new Jaguar XF 2.2L diesel has aided volume growth. JLR added a third shift and 1000 new employees at each of Halewood and Solihull.
- China and other developing markets continue to grow strongly. JLR announced a new engine plant at Wolverhampton, UK to manufacture all-new, advanced low-emissions engines.



### Volume, Sales and ASP Analysis

(in million GBP)	Q4 FY11	FY11	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	FY12	FY13E	FY14E
Jaguar Volumes (Units)	10,041	51,713	11,343	13,306	15,272	14,118	54,039	62,109	70,283
Y-o-Y Growth	-20%	9%	-27%	2%	16%	41%	4%	15%	13%
Land Rover Volumes (Units)	56,092	191,909	50,747	54,694	71,050	83,903	260,394	334,574	384,102
Y-o-Y Growth	26%	31%	16%	30%	42%	50%	36%	28%	15%
<b>JLR Volume (Units)</b>	<b>66,133</b>	<b>243,622</b>	<b>62,090</b>	<b>68,000</b>	<b>86,322</b>	<b>98,021</b>	<b>314,433</b>	<b>396,683</b>	<b>454,386</b>
Y-o-Y Growth	16%	26%	5%	23%	37%	48%	29%	26%	15%
<b>Net ASP (in GBP)</b>	<b>41,403</b>	<b>40,658</b>	<b>43,679</b>	<b>43,066</b>	<b>43,400</b>	<b>42,277</b>	<b>43,033</b>	<b>41,310</b>	<b>39,657</b>
Y-o-Y Change	15%	20%	14%	6%	3%	2%	6%	-4%	-4%
<b>Net Sales</b>	<b>2,738</b>	<b>9,905</b>	<b>2,712</b>	<b>2,929</b>	<b>3,746</b>	<b>4,144</b>	<b>13,531</b>	<b>16,387</b>	<b>18,020</b>
Y-o-Y Growth	34%	51%	20%	30%	41%	51%	37%	21%	10%

- Continued strength in China, Russia and RoW has led to stellar performance by JLR in Q4FY12. Range Rover Evoque, the luxury small SUV and the new XF 12 MY with an added 2.2l diesel option launched in Q2FY12 have been the main drivers of JLR performance over the past couple of quarters. JLR also offered the 3.0L petrol XJ option in China which also drove sales for JLR in Q4FY12.
- Due to a favorable product mix, supported by growth in Range Rover and Range Rover Sport overall JLR ASP increased 2% Y-o-Y. But due to a change in the mix (higher sales of the new 2.2l XF, Evoque and Freelanders in Q4 as well as poor product mix within Evoque portfolio), ASPs declined 3% sequentially to GBP 42,277.

#### Some of the new launches that we have factored in our model include

- The new Jaguar XF Sportbrake, the long-awaited estate version of Jaguar's XF unveiled at the 2012 Geneva motor show in March 2012 is expected to be launched in Q3FY13E. With purely diesel power the Sportbrake is designed solely for sale in Europe, and Jaguar hopes the second bodystyle to increase XF sales by around 20%, to nearly 20,000 units per year. The XF Sportbrake should carry a £2k-£3k premium over the XF saloon, with the cheapest Sportbrake expected to cost ~£32k.
- A mid-life facelift for the Freelander. Dubbed LR2 or Freelander 2, is expected to be launched in FY13E as the Freelander celebrates its 6th anniversary. The front end of the Freelander is expected to carry the Evoqueish theme mainly to spice up what is essentially an ageing design.
- The countdown is on to the unveiling of the new 2012 Range Rover, which is expected to be due in Q4FY13E. Even though the new Range Rover would have similar proportions to the current one; it will be an all-new model, developed from a new aluminium-intensive matrix to save weight. This car will be substantially lighter than the outgoing Range Rover which weighs a hefty 2810 kgs.
- The F-type roadster is expected to arrive during the Q1FY14E, followed by an F-type coupe roughly a year later. It's an all new Jaguar sports car expected to be slotted between the Porsche Cayman/Boxster duo and the 911 and is expected to be priced in the £55,000 range with engine choices of a new 3.0-litre V6 in 340 or 375bhp tune, or a 5.0-litre V8.

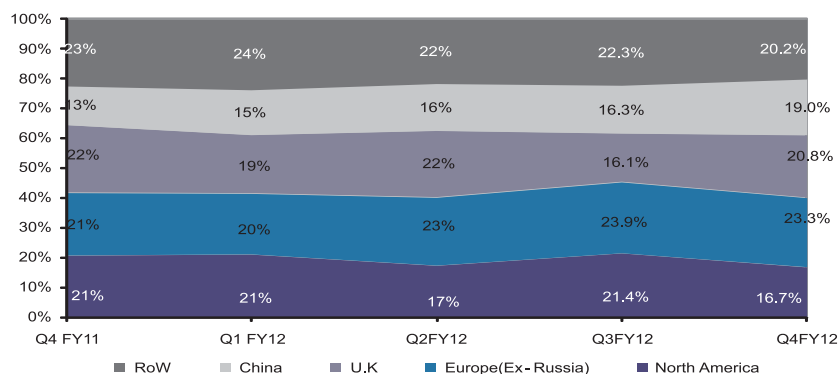
## JLR- Model wise Performance

### Model Wise Wholesale Sale figures (units)

	Q4 FY11	FY11	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	FY12
<b>Jaguar Brand</b>							
XK	990	5,057	1,161	1,294	1,272	800	4,527
Q-o-Q change	-3%	-	17%	11%	-2%	-37%	-
Y-o-Y Change	-21%	-11%	-16%	-22%	24%	-19%	-10%
XJ	3,053	16,361	3,726	3,441	4,541	4,135	15,843
Q-o-Q change	-33%	-	22%	-8%	32%	-9%	-
Y-o-Y Change	842%	1198%	-17%	-19%	0%	35%	-3%
XF	5,988	31,473	6,449	8,567	9,454	9,181	33,651
Q-o-Q change	-21%	-	8%	33%	10%	-3%	-
Y-o-Y Change	-32%	-5%	-32%	2%	24%	53%	7%
Others	10	102	7	4	5	2	18
<b>Total Jaguar</b>	<b>10,041</b>	<b>52,993</b>	<b>11,343</b>	<b>13,306</b>	<b>15,272</b>	<b>14,118</b>	<b>54,039</b>
Q-o-Q change	-24%	-	13%	17%	15%	-8%	-
Y-o-Y Change	-8%	12%	-27%	-7%	16%	41%	2%
<b>Land Rover Brand</b>							
Range Rover Evoque	0	0	2	7,772	24,277	28,166	60,217
Q-o-Q change	NA	-	NA	NM	212%	16%	-
Y-o-Y Change	NA	NA	NA	NA	NA	NA	NA
Freelander	16,655	57,031	12,320	12,296	9,314	13,047	46,977
Q-o-Q change	16%	-	-26%	0%	-24%	40%	-
Y-o-Y Change	21%	28%	-4%	-6%	-35%	-22%	-18%
Defender	4,853	17,898	4,683	5,116	4,667	4,824	19,290
Q-o-Q change	-1%	-	-4%	9%	-9%	3%	-
Y-o-Y Change	-1%	4%	7%	36%	-5%	-1%	8%
Range Rover	7,478	25,606	7,935	6,558	7,583	9,133	31,209
Q-o-Q change	0%	-	6%	-17%	16%	20%	-
Y-o-Y Change	29%	35%	46%	26%	1%	22%	22%
Discovery	12,778	41,104	11,440	10,679	11,122	13,225	46,466
Q-o-Q change	26%	-	-10%	-7%	4%	19%	-
Y-o-Y Change	28%	36%	22%	22%	10%	3%	13%
Range Rover Sport	14,326	48,989	14,367	12,273	14,087	15,508	56,235
Q-o-Q change	10%	-	0%	-15%	15%	10%	-
Y-o-Y Change	22%	38%	23%	24%	8%	8%	15%
<b>Total Land Rover</b>	<b>56,090</b>	<b>190,628</b>	<b>50,747</b>	<b>54,694</b>	<b>71,050</b>	<b>83,903</b>	<b>260,394</b>
Q-o-Q change	12%	-	-10%	8%	30%	18%	-
Y-o-Y Change	22%	30%	16%	34%	42%	50%	37%
<b>Total JLR</b>	<b>66,131</b>	<b>243,621</b>	<b>62,090</b>	<b>68,000</b>	<b>86,322</b>	<b>98,021</b>	<b>314,433</b>
Q-o-Q change	5%	-	-6%	10%	27%	14%	-
Y-o-Y Change	16%	26%	5%	23%	37%	48%	29%

Evoque continued to be strong posting stellar growth in volumes, up 16% Q-o-Q. However Freelander and Defender models have continued their bad performance in Q4 with volumes down 22% and 1% Y-o-Y. Freelander was mainly down due to the lack of capacity as Evoque was given priority over it. On the Jaguar front barring the XK sports car both XF and XJ witnessed good growth in volumes, up 35% and 53% Y-o-Y. JLR has a combined capacity of 150,000 for the Evoque and the Freelander. We believe the capacity would be expanded to 175,000 by FY13E.

### Trend in Geographic mix for JLR



Source: Company, FQ Research

There was strength across geographical markets for JLR in Q4FY12 with China, Europe, North America, RoW and Asia-Pacific witnessing a robust 119%, 65%, 43%, 35% and 36% Y-o-Y respectively. China has been the key driver for JLR off late with its contribution to JLR's overall volumes increasing each quarter.

JLR's future sales growth will depend much on its performance in China, which accounted for 19% in Q4FY12, up from 12.8% a year ago. **Growth is expected to ease in China in CY12, the weakest pace in 13 years, while economies throughout Europe are still struggling. Passenger car sales have grown just 1.9% Y-o-Y to 5.05 mn vehicles in Jan-Apr'13 period. But sales of SUVs jumped nearly 34% in Apr'12 and 22% in the first four months of the year. This is a major positive for JLR as more than 90% of its sales are Range Rover/Land Rover SUVs.** Also according to news sources, China's cabinet has agreed to revive financial incentives for consumers to trade in their passenger cars to help increase demand in the world's biggest vehicle market. On the other hand the JLR-Chery JV is expected to be approved in FY13 which could provide further upside to volumes from China.

Sales in China, the world's largest car market, began to slow last year after the government rolled back purchasing incentives and while some cities imposed limits on car numbers to ease traffic congestion and cut pollution. China's nationwide vehicle sales rose just 2.5% to 18.51 mn units in 2011, compared to 32% in 2010. China's economy has also started to slow with growth of 8.1% in Q1CY12, its slowest pace in nearly three years, affecting industries like property and construction. **But there is mounting optimism that the government is preparing to introduce stimulus measures to revive auto demand. The Chinese government is under increasing pressure to revive consumer demand after the economy grew slower than forecast and vehicle sales slumped. According to news sources, China's cabinet agreed to revive financial incentives for consumers to trade in their passenger cars.** Chongqing, a Chinese province will be the first local government to offer such incentives that will subsidize purchases of vehicles made in the city. It may be noted that China in 2009 rolled out a cash-for-clunkers program to counter the global financial crisis, spurring 49.6 bn yuan (\$7.8 bn) in new car purchases the following year.

### Other Key Subsidiaries performance at a glance

YE March Rs. mn	Q4 FY11	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	FY12
<b>Tata Daewoo (100% Stake)</b>						
Sales	7,611	8,778	9,018	7,045	9,655	34,496
EBIDTA	505	512	293	320	648	1,773
PAT	330	157	157	-10	-142	162
<b>Tatamotor Finance (100%)</b>						
Sales	3,734	4,090	4,713	5,235	6,138	20,176
Operating Profit	345	610	674	951	1,065	3,300
PAT	259	485	524	706	684	2,399
<b>Tata Technologies (83.38% stake)</b>						
Sales	3,432	3,351	3,716	4,392	4,967	16,426
EBIDTA	593	532	540	788	949	2,809
PAT	474	396	484	582	622	2,084
<b>HV Drivelines (85% Stake)</b>						
Sales	1,803	1,754	1,654	1,743	1,127	6,278
EBIDTA	1,138	1,071	984	1,062	399	3,516
PAT	613	572	549	608	175	1,904
<b>Sales Growth (%)</b>						
Tata Daewoo	-5.4%	0.4%	53.5%	7.0%	26.9%	19.7%
Tatamotor Finance	25.5%	27.8%	38.0%	57.8%	64.4%	47.6%
Tata Technologies	24.2%	12.6%	25.9%	40.2%	44.7%	31.5%
HV Drivelines	22.5%	30.4%	13.5%	19.4%	-37.5%	3.5%
<b>EBITDA Margin (%)</b>						
Tata Daewoo	6.6%	5.8%	3.2%	4.5%	6.7%	5.1%
Tatamotor Finance	9.2%	14.9%	14.3%	18.2%	17.4%	16.4%
Tata Technologies	17.3%	15.9%	14.5%	17.9%	19.1%	17.1%
HV Drivelines	63.1%	61.1%	59.5%	60.9%	35.4%	56.0%
<b>PAT Margin (%)</b>						
Tata Daewoo	4.3%	1.8%	1.7%	-0.1%	-1.5%	0.5%
Tatamotor Finance	6.9%	11.9%	11.1%	13.5%	11.1%	11.9%
Tata Technologies	13.8%	11.8%	13.0%	13.3%	12.5%	12.7%
HV Drivelines	34.0%	32.6%	33.2%	34.9%	15.5%	30.3%

### Tata Daewoo Motors (TDM)

Tata Daewoo posted good operating numbers for Q4FY12. Sales grew 26.9% Y-o-Y to Rs 9.65bn while EBIDTA margins were up marginally to 6.7% while bottom line still continued to be in the black for TDM as it reported a loss of Rs 142mn. Overall demand for Heavy commercial vehicles showed moderation. Product mix comprised of a larger share of Medium commercial vehicles. Adverse product mix and Lower realization on exports due to appreciation in KRW were some of the major reasons which resulted in decline in EBIDTA and PAT. We expect the Korea-US FTA to have favorable impact in coming years.

### Tata Motors Finance (TMF)

**Tata motor Finance came up with good set of numbers in Q4FY12 with revenue up 64.4% Y-o-Y to Rs 6.14bn but EBIDTA margins expanded by a massive 820 bps Y-o-Y.** This growth was driven by the robust growth in disbursals, up 33% Y-o-Y. TMF's market-share for financing Tata vehicles stood at 27.6% for FY12 up from 26.7% during 9MFY12. NIM of vehicle financing business (TMF) for FY12 stood at 8.3% compared to 8.4% for 9MFY12.

### Tata Technologies (TTL)

TTL continued its good run with sales up 44% Y-o-Y to Rs 4.97bn. Even EBIDTA margins continued their good run as they reached 19.1% in Q4FY12 expanding consistently over the past three quarters.

### HV drivelines

The slowdown in the CV market coupled with TML losing some market share to its peers resulted in subdued performance for HV drivelines. Sales were down by a massive 37.5% Y-o-Y to Rs 1,127 mn while EBIDTA margins also declined by a massive 27.7 percentage points to 35.4%.

## Key Financials

### Profit and Loss Statement

YE March 31 (Rs. mn)	FY10	FY11	FY12	FY13E	FY14E
<b>Total Revenues</b>	925,193	1,231,333	1,659,382	2,018,896	2,119,093
Revenue Growth (Y-o-Y)	30.5%	33.1%	34.8%	21.7%	5.0%
<b>Total Expenditure</b>	841,529	1,053,533	1,436,269	1,749,292	1,826,658
<b>EBIDTA</b>	83,664	177,800	223,112	269,604	292,435
EBIDTA Margin (%)	9.0%	14.4%	13.4%	13.4%	13.8%
EBIDTA Growth (Y-o-Y)	280.9%	112.5%	25.5%	20.8%	8.5%
<b>Other Income</b>	19,562	21,753	8,000	10,044	14,731
<b>Depreciation/Amortization</b>	43,853	56,180	56,254	57,677	58,363
<b>Interest</b>	22,397	20,454	26,400	28,651	28,651
<b>PBT</b>	35,226	104,372	135,339	190,870	216,906
PBT Margin (%)	3.8%	8.5%	8.2%	9.5%	10.2%
<b>Net Profit</b>	25,711	92,736	136,313	157,256	174,379
Net Profit Excl. extra-ordinaries	12,739	89,485	144,653	157,256	174,379
Net Profit Growth Excl. extra-ordinaries (Y-o-Y)	NM	602.5%	61.6%	8.7%	10.9%

### Ratios

YE March 31 (Rs. mn)	FY10	FY11	FY12	FY13E	FY14E
<b>Valuation Ratios</b>					
P/E (x)			5.7	4.9	4.5
P/BV (x)			2.4	1.7	1.3
EV/EBIDTA (x)			3.9	2.8	2.2
Market Cap./ Sales (x)			0.4	0.4	0.4
Net cash/Market Cap (%)			NM	NM	NM
Dividend Yield (%)			1.7%	2.3%	3.1%
<b>Leverage Ratios</b>					
Debt/Equity (x)			0.9x	0.7x	0.5x
Interest Coverage (x)			8.5x	9.4x	10.2x
<b>Per Share Data</b>					
Diluted EPS Excl. extra-ordinaries (Rs.)	4.4	28.0	43.5	47.3	52.4
Diluted EPS (Rs.)	8.8	29.0	41.0	47.3	52.4
Diluted Cash EPS	19.4	45.5	60.4	64.6	70.0
Dividend per share	3.3	4.3	4.1	5.5	7.1
Book Value Per share (Rs.)	27.5	59.4	98.4	139.7	184.3
<b>Returns</b>					
RoE (%)	17.3%	62.8%	54.4%	38.8%	31.6%
RoCE (%)	9.4%	22.1%	28.0%	26.0%	23.4%
Dividend Payout (%)	38.5%	15.8%	16.0%	16.0%	16.0%
<b>Dupont Analysis</b>					
EBIDTA/Sales (%)	9.0%	14.4%	13.4%	13.4%	13.8%
Sales/Operating Assets (x)	2.7x	3.3x	4.5x	5.8x	5.5x
EBIDTA/Operating Assets (%)	24.6%	47.7%	61.0%	77.3%	75.4%
Operating Assets/ Net Assets(x)	0.8x	0.8x	0.6x	0.5x	0.5x
Net Earnings/ EBIDTA (%)	15.2%	50.3%	64.8%	58.3%	59.6%
Net Assets/ Equity (x)	5.9x	3.5x	2.2x	1.7x	1.5x
Return on Equity (%)	17.3%	62.8%	54.4%	38.8%	31.6%
<b>Margins (%)</b>					
EBIDTA (%)	9.0%	14.4%	13.4%	13.4%	13.8%
PBT Margin (%)	3.8%	8.5%	8.2%	9.5%	10.2%
NPM (%)	1.4%	7.3%	8.7%	7.8%	8.2%
<b>Growth Ratios (%)</b>					
Sales	30.5%	33.1%	34.8%	21.7%	5.0%
EBIDTA	280.9%	112.5%	25.5%	20.8%	8.5%
PAT	NM	260.7%	47.0%	15.4%	10.9%
Adj. PAT	NM	602.5%	61.6%	8.7%	10.9%
<b>Operating Cycle</b>					
Debtors (Days of net sales)	28	20	18	17	16
Creditors (Days of Raw Materials)	174	138	122	120	120
Inventory (Days of Optg. Costs)	49	49	46	46	45
<b>Cash Conversion Cycle</b>	<b>-97</b>	<b>-69</b>	<b>-58</b>	<b>-57</b>	<b>-59</b>

NA - Not Available, N.M. - Not Meaningful

### Balance Sheet

YE March 31 (Rs. mn)	FY10	FY11	FY12	FY13E	FY14E
<b>Liabilities</b>					
Equity Capital	5,706	6,377	6,348	6,348	6,348
<b>Reserves and Surplus</b>					
Equity	82,065	191,715	326,985	464,328	612,611
<b>Net Worth</b>	<b>82,065</b>	<b>191,715</b>	<b>326,985</b>	<b>464,328</b>	<b>612,611</b>
<b>Total Loans</b>	<b>351,924</b>	<b>327,914</b>	<b>304,211</b>	<b>309,211</b>	<b>309,211</b>
<b>Capital Employed</b>	<b>447,660</b>	<b>536,733</b>	<b>610,524</b>	<b>752,049</b>	<b>899,498</b>
<b>Assets</b>					
<b>Gross Block</b>	<b>648,518</b>	<b>714,629</b>	NA	<b>124,500</b>	<b>332,000</b>
Less: Depreciation	344,135	396,987	NA	510,917	569,280
<b>Net Block</b>	<b>304,383</b>	<b>317,643</b>	<b>562,125</b>	<b>686,625</b>	<b>811,125</b>
Capital WIP	80,680	117,289	NA	83,000	83,000
<b>Total Investment</b>	<b>22,191</b>	<b>25,443</b>	<b>94,924</b>	<b>104,416</b>	<b>114,858</b>
Others - A	(1,912)	0	0	0	0
<b>Current Assets</b>					
Inventories	113,120	140,705	182,160	220,459	225,204
Sundry Debtors	71,912	68,774	82,368	93,563	92,246
Cash and Bank Balance	87,433	109,479	182,381	289,934	401,629
Loans and Advances:	152,807	191,372	259,023	291,283	294,611
Others-Operating Current Assets	24	19	0	0	0
<b>Total Current Assets</b>	<b>425,296</b>	<b>510,349</b>	<b>705,933</b>	<b>895,239</b>	<b>1,013,690</b>
<b>Less: Current Liabilities &amp; Provisions</b>					
Sundry Creditors	293,718	320,738	366,863	438,880	460,511
Provisions	76,435	98,692	128,418	257,794	326,338
Other Current Liabilities	47,055	50,408	298,114	363,542	381,459
<b>Total Current Liabilities &amp; Provisions</b>	<b>417,208</b>	<b>469,838</b>	<b>793,395</b>	<b>1,060,216</b>	<b>1,168,308</b>
<b>Capital Applied</b>	<b>447,660</b>	<b>536,733</b>	<b>610,524</b>	<b>752,049</b>	<b>899,498</b>

### Cash Flow Statement

YE March 31 (Rs. mn)	FY10	FY11	FY12	FY13E	FY14E
<b>EBITA</b>	<b>39,811</b>	<b>121,620</b>	<b>166,859</b>	<b>211,927</b>	<b>234,072</b>
Less: Adjusted Taxes	11,366	14,174	(494)	38,147	46,814
<b>NOPLAT</b>	<b>28,444</b>	<b>107,446</b>	<b>167,352</b>	<b>173,780</b>	<b>187,257</b>
Plus: Depreciation	43,853	56,180	56,254	57,677	58,363
<b>Gross Cashflow</b>	<b>72,298</b>	<b>163,626</b>	<b>223,606</b>	<b>231,457</b>	<b>245,620</b>
Less: Increase in Working Capital	(33,988)	20,651	(205,056)	(160,579)	(93,961)
<b>Operating Cashflow</b>	<b>106,285</b>	<b>142,974</b>	<b>428,662</b>	<b>392,036</b>	<b>339,581</b>
Less: Net Capex	39,175	102,719	(831,918)	207,500	207,500
Less: Increase in Net Other Assets	(20,408)	(5,673)	50,518	(16,480)	(4,537)
<b>FCF From Operation</b>	<b>87,519</b>	<b>45,928</b>	<b>1,210,063</b>	<b>201,015</b>	<b>136,619</b>
Less: Inc./Dec. in Investment	2,850	(2,850)	(3,203)	0	0
<b>FCF after Investment</b>	<b>84,669</b>	<b>48,777</b>	<b>1,213,266</b>	<b>201,015</b>	<b>136,619</b>
Plus: Gain/(loss) on Extraordinary Items	12,430	2,194	(8,340)	0	0
<b>Total FCF</b>	<b>97,099</b>	<b>50,971</b>	<b>1,204,926</b>	<b>201,015</b>	<b>136,619</b>

### Recommendation Summary

Event	Date	Price	Rating	Target
Initiating Coverage	11-11-2011	185	Buy	217
Result Update (Q2FY12)	17-11-2011	182	Buy	217
Company Update	20-01-2012	219	Buy	263
Result Update (Q3FY12)	17-02-2012	274	Buy	331
Result Update (Q4FY12)	06-06-2012	234	Buy	300

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**BUY**

**More than 10% return**

**HOLD**

**Between 5-10% return**

**SELL**

**Less than 5% return**