

Week Gone

- ⇒ In the week ended on Friday, 13 May 2022, the Sensex slumped 2,041.96 points or 3.72% to settle at 52,793.62. The Nifty 50 index fell 629.10 points or 3.83% to settle at 15,782.15.
- ⇒ The Broader market collapsed. The BSE Mid-Cap index fell 1313.95 or 5.68% to settle at 21,815.66.
- ⇒ The BSE Small-Cap index fell 1776.66 points or 6.56% to settle at 25,315.75.

Week Ahead

- ⇒ India's inflation based on wholesale price index (WPI) for April will be unveiled on Tuesday, 17 May 2022.
- ⇒ The annual wholesale price inflation rate in India rose to a four-month high of 14.55% in March 2022 from 13.11% a month earlier.
- ⇒ Overseas, China's industrial production for April will release on Monday, 16 May 2022. China's industrial production grew by 5% YoY in March 2022.

Technical Overview

Index opened the week with gap down and remained under pressure for most of the sessions, ending the week near weekly low below 15800 levels. Going ahead index has a crucial support at 15600, sustenance below the same shall trigger further selling towards 15480-15250. Whereas on the higher side resistance is placed at 1600-16200-16550.



Source: Falcon, BP Equities Research

Weekly Wealth

DOMESTIC INDICES

Index	13-May-22	06-May-22	Weekly % Chg
Nifty 50	15,782.2	16,411.2	-3.8
Nifty Next 50	37,507.5	40354.2	-7.1
Nifty 100	15,986.5	16,729.5	-4.4
Nifty 500	13,471.5	14,145.7	-4.8
NIFTY MIDCAP 100	27,085.7	28,584.2	-5.2
S&P BSE SENSEX	52,793.6	54,835.5	-3.7
S&P BSE 100	16,103.9	16,852.3	-4.4
S&P BSE 200	6,842.3	7,173.4	-4.6
S&P BSE 500	21,458.9	22,542.2	-4.8
S&P BSE MidCap	21,815.7	23,129.6	-5.7
S&P BSE SmallCap	25,315.8	27,092.4	-6.6

WORLD INDICES

Index	13-May-22	06-May-22	Weekly % Chg
Nikkei Index	26,427.6	27,003.5	-2.1
Hang Seng Index	19,898.7	20,001.9	-0.5
Kospi Index	2,604.2	2,644.5	-1.5
Shanghai SE Composite	3,084.2	3,001.5	2.8
Strait Times Index	3,191.1	3,291.8	-3.1
Dow Jones	32,063.8	32,625.5	-1.7
NASDAQ	11,764.6	12,089.8	-2.7
FTSE	7,418.1	7,389.9	0.4

FOREX

Currency	13-May-22	06-May-22	Weekly % Chg
US\$ (Rs.)	77.4	76.5	1.2
GBP (Rs.)	94.4	94.4	0.0
Euro (Rs.)	80.3	80.4	-0.1
Yen (Rs.) 100 Units	60.0	58.7	2.2

NIFTY TOP GAINERS (WEEKLY)

Scrip	13-May-22	06-May-22	Weekly % Chg
Bajaj Auto	3642.1	3499.8	4.1%
Hindustan Unilever	2194.1	2149.2	2.1%
Asian Paints	3064.0	3016.3	1.6%
Kotak Mahindra Bank	1779.6	1775.3	0.2%
HCL Tech.	1052.2	1050.2	0.2%

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
13-May-22	7,660.7	11,440.8	-3,780.1
12-May-22	6,018.0	11,273.8	-5,255.8
11-May-22	5,988.4	9,597.7	-3,609.4
10-May-22	6,100.1	10,060.7	-3,960.6
09-May-22	5,342.4	8,704.2	-3,361.8
MTD	31,109.7	51,077.2	-19,967.6

NIFTY TOP LOSERS (WEEKLY)

Scrip	13-May-22	06-May-22	Weekly % Chg
Indiabulls Housing	117.8	146.6	-19.7%
Vedanta	292.9	360.4	-18.7%
Tata Steel	1097.0	1283.7	-14.5%
JSW Steel	600.5	690.4	-13.0%
Adani Ports &Special	705.9	811.4	-13.0%

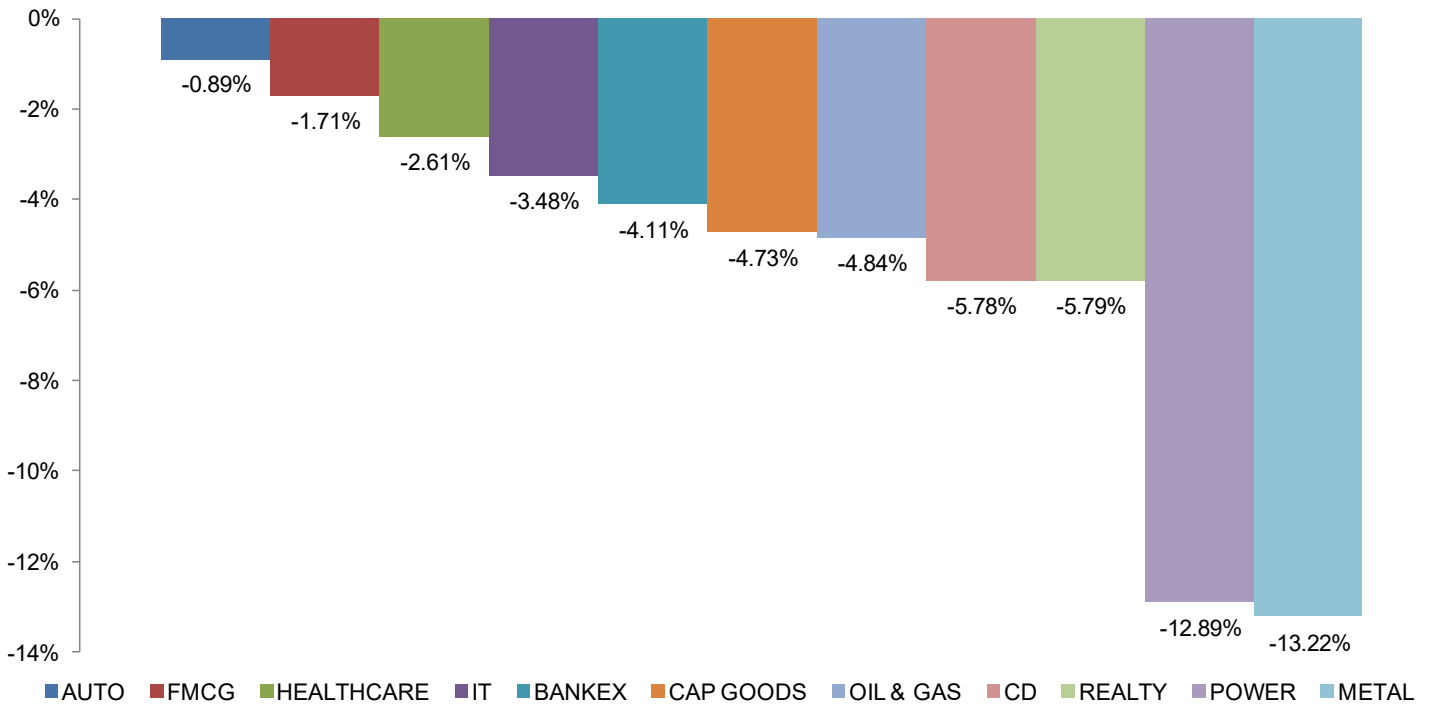
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
13-May-22	7,960.6	4,791.0	3,169.6
12-May-22	9,487.4	4,671.8	4,815.6
11-May-22	8,400.9	4,219.7	4,181.2
10-May-22	7,570.9	4,612.5	2,958.4
09-May-22	7,729.8	4,652.5	3,077.2
MTD	41,149.5	22,947.4	18,202.1

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	Share Price (Rs.)		Weekly % Chg	Open Interest		Weekly % Chg
	06/05/22	13/05/22		06/05/22	13/05/22	
HONAUT	39,794.4	34,019.9	-14.5	6375	8820	38.4
GNFC	803.3	618.0	-23.1	3550300	4893200	37.8
INDUSTOWER	199.7	183.1	-8.3	12140800	16618000	36.9
NAVINFLUOR	3713.9	3921.7	5.6	290475	384750	32.5
POWERGRID	238.7	236.6	-0.9	42381351	54231277	28.0

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	Share Price (Rs.)		Weekly % Chg	Open Interest		Weekly % Chg
	06/05/22	13/05/22		06/05/22	13/05/22	
GUJGASLTD	510.7	568.1	11.2	3382500	2611250	-22.8
COROMANDEL	914.6	882.3	-3.5	1427500	1103125	-22.7
CHAMBLFERT	445.1	391.5	-12.0	2365500	1830000	-22.6
ABB	2,262.3	2285.7	1.0	430750	337250	-21.7
NAM-INDIA	295.7	275.2	-6.9	3625600	2876800	-20.7

Company Background

Incorporated in 1945, Tata Motors is India's largest automobile company and the market leader in the domestic CV industry and one of the top three manufacturers of PVs in India. In segment of the CV industry, TML has one of the most diversified product portfolios with a presence across light, medium and heavy-duty. The company's product portfolio in the PV segment also spans passenger cars, UVs and multi-purpose vehicles (MPVs). In June 2008, TML acquires JLR from Ford Motor Company. The company business profile went under in a significant change from being a predominantly India-centric OEM to one with presence in the premium and luxury segment cars and SUVs across multiple markets in Europe, North America, China, Russia and Brazil. The company also operates joint ventures (JVs) with Fiat (for PVs, engines and transmissions). TML has total six manufacturing plants in India at Pune, Lucknow, Jamshedpur, Pantnagar, Dharwad and Sanand. In the addition of company's subsidiary, JLR operates three manufacturing facilities and two design centres in the UK and Slovakia.

Investment Rationale

Market leading position for CV market and strong performance in PV segment.

In Indian commercial vehicles (CV), the TML'S position as a market leader derives a comfort rating and strong change in performance of its passenger vehicles (PV) segment in India and expected recovery in the performance of Jaguar Land Rover Automotive PLC (JLR) across major regions over the near term. Jaguar and Land Rover are iconic brands with a rich heritage in the premium luxury segment. Due to shortage of semiconductors, the JLR volumes were impacted in the current year and which impacted its overall production levels and earnings. With the improving availability of semiconductors, JLR volumes are expected to grow over the near term. The expected recovery in domestic CV demand, which is expected to improve further in the near term aided by relatively low base, replacement cycle, and investments in the infrastructure sector. TML's market share improved across the sub-segments of CV led by new product launches and healthy demand for its vehicles.

Strong heritage in the global luxury auto segment

Jaguar and Land Rover are the iconic brands with the strong heritage in the premium luxury segment. JLR's product development has unsuccessful launches and expansion into new segment then to its product portfolio increasing. New product launches in the JLR's segment such as Defender and new fresh version of Range Rover have gained good traction driving the overall sales. The Jaguar has gained profitable business and the company is looking to modernise the scales down loss making sedans, till 2025 the company about to make it all into electric. Due to continue refreshes and new product launches in Land Rover segment the company will continue its great position in the global auto market.

Valuation outlook

TML has been at the forefront of electrification, with electric PV sales in India at with ~82% of the market share in FY22. Further, plans to introduce ~10 new EVs and improve EV penetration to 20% over the next 5 years in India along with all electric at Jaguar sub-brand in its foreign subsidiary JLR by 2025. Electrification, as a trend, is rapidly gaining traction with both centre as well as state governments supporting the space across the ecosystem (demand incentives, charging infrastructure, etc.). TML is expected to maintain its market leadership position in the domestic CV segment and performance of its domestic PV segment to remain better with easing supply constraints and proposed new launches. Moreover, JLR's performance is expected to improve to pre pandemic levels in the medium term with increasing semiconductor availability and new product launches, which would support improvement in profits, cash flows and overall operational performance. Hence, we recommend a BUY rating on TML with SOTP based target price of INR 505.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

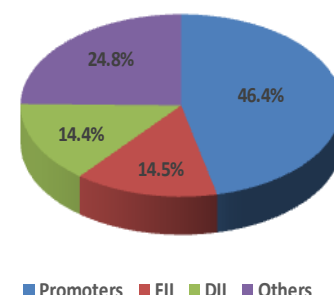
Stock

CMP (INR)	404
Target Price (INR)	505
NSE Symbol	TATAMOTORS
BSE Code	500570
Bloomberg	TTMT IN
Reuters	TAMO.BO

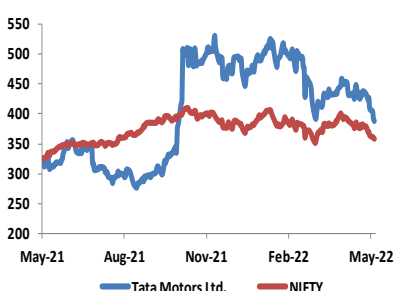
Key Data

Nifty	15,782
52WeekH/L(INR)	536/268
O/s Shares (Mn)	3,320
Market Cap (INR bn)	13
Face Value (INR)	2
Average volume	
3 months	26,240,140
6 months	25,887,660
1 year	35,453,500

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials

YE March (INR. Mn)	FY19	FY20	FY21	FY22	FY23E	FY24E
Revenue	30,19,384	26,10,680	24,97,948	27,84,536	35,80,913	41,71,764
<i>Revenue Growth (Y-o-Y)</i>	3.6%	(13.5%)	(4.3%)	11.5%	28.6%	16.5%
EBIDTA	2,33,342	1,76,898	2,91,380	2,47,201	4,40,452	5,08,955
<i>EBIDTA Growth (Y-o-Y)</i>	(19.2%)	(24.2%)	(64.7%)	15.2%	78.2%	15.6%
Net Profit	-2,88,262	-1,20,709	-1,34,514	-1,14,415	1,11,008	1,66,871
<i>Net Profit Growth (Y-o-Y)</i>	(420.7%)	58.1%	(11.4%)	14.9%	197.0%	50.3%
Diluted EPS	(85.5)	(35.8)	(39.9)	(33.9)	32.9	49.5
<i>Diluted EPS Growth (Y-o-Y)</i>	(420.7%)	58.1%	(11.4%)	14.9%	197.0%	50.3%

Key Ratios

EBIDTA margin (%)	7.7%	6.8%	11.7%	8.9%	12.3%	12.2%
NPM (%)	-9.5%	-4.6%	-5.4%	-4.1%	3.1%	4.0%
RoE (%)	-47.5%	-18.9%	-23.7%	-23.4%	18.5%	21.8%
RoCE (%)	15.4%	10.8%	17.0%	13.1%	22.6%	24.7%

Valuation Ratios

P/E (x)	-4.7x	-11.3x	-10.1x	-11.9x	12.3x	8.2x
EV/EBITDA	8.3x	11.4x	7.0x	9.5x	5.4x	4.6x
P/BV (x)	2.2x	2.1x	2.4x	2.8x	2.3x	1.8x
Market Cap. / Sales (x)	0.5x	0.5x	0.5x	0.5x	0.4x	0.3x

Source: Company, BP Equities Research



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