

CMP: ₹ 400

Target: ₹ 500 (25%)

Target Period: 12 months

May 13, 2022

BUY

Aiming near net debt free (automotive) by FY24...

About the stock: Tata Motors (TML) is an auto OEM from the house of Tatas, operating in domestic (PV, CV) as well as global markets (Jaguar Land Rover i.e. JLR)

- JLR is a luxury car brand, which includes two prominent names i.e. Jaguar (models like I-pace, etc.) & Land Rover (models like Defender, Evoque, etc)
- FY22 consolidated sales mix- JLR ~67%, India CV ~19%, India PV ~11%.

Q4FY22 Results: TML reported healthy Q4FY22 results.

- Consolidated total operating income was up 8.6% QoQ at ₹ 78,439 crore
- EBITDA margins were at 14.7%, up 210 bps QoQ
- Consolidated loss after tax was at ₹ 1,033 crore
- EBITDA margins in Q4FY22: JLR - 12.6%, Indian CV- 5.9% & India PV- 6.9%

What should investors do? TML's stock price has been flattish over the past five years (~₹ 430 levels in May 2017), underperforming the Nifty Auto index.

- We retain **BUY** on positive demand outlook, impressive margin & FCF targets for FY23E and intent to be net debt free (automotive) by FY24E

Target Price and Valuation: We now value TML at ₹ 500 on SOTP basis (10x, 3x FY24E EV/EBITDA on India, JLR; ₹160 value to Indian EV business; earlier TP ₹ 550).

Key triggers for future price performance:

- We expect healthy 13.2% revenue CAGR over FY22-24E backed by 15.8% total volume CAGR amid strong order book at JLR (1.68 lakh units)
- Cost control, efficiency improvement-led FCF generation targets for ongoing deleveraging push (FY22 net automotive debt at ~₹ 48,700 crore)
- Continued EV alertness in India through concepts & real launches (PV market leader with Nexon; plans to introduce 10 models by 2025) and JLR (Jaguar all-electric by 2025; 6 BEVs in Land Rover in next five years)
- Margins seen at 14.3% in FY24E along with RoCE at ~13.7%

Alternate Stock Idea: Apart from TML, in our OEM coverage we also like M&M.

- Focused on prudent capital allocation, UV differentiation & EV proactiveness
- BUY with target price of ₹ 1,045

TATA MOTORS
Connecting Aspirations

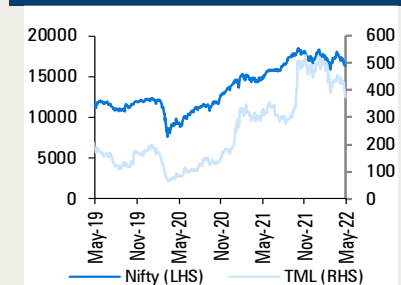
Particulars

Particular	₹ crore
Market Capitalization	1,53,160
Total Debt (FY22P)	1,39,677
Cash and Invt (FY22P)	63,378
EV	2,29,459
52 week H/L (₹)	537 / 268
Equity capital (₹ crore)	765.9
Face value (₹)	2.0

Shareholding pattern

	Jun-21	Sep-21	Dec-21	Mar-22
Promoter	46.4	46.4	46.4	46.4
FII	14.3	13.4	14.6	14.5
DII	11.5	13.3	13.6	14.4
Other	27.8	26.9	25.4	24.8

Price Chart



Recent event & key risks

- Reports healthy performance in Q4FY22. JLR margins at 12.6%
- Key Risk:** (i) Slower than anticipated volume recovery over FY22-24E, (ii) Continuing chip shortage & lockdown in china to impact sales at JLR.

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Key Financial Summary

Key Financials	FY19	FY20	FY21	FY22P	5 year CAGR (FY17-22P)	FY23E	FY24E	2 year CAGR (FY22P-24E)
Net Sales	3,01,938.4	2,61,068.0	2,49,794.8	2,78,453.6	0.6%	3,21,160.9	3,56,857.3	13.2%
EBITDA	29,794.8	23,914.1	35,782.0	34,022.7	0.6%	40,669.2	50,925.7	22.3%
EBITDA Margins (%)	9.9	9.2	14.3	12.2		12.7	14.3	
Net Profit	(28,724.2)	(11,975.4)	(13,395.0)	(11,441.5)	PL	640.9	8,061.1	LP
EPS (₹)	(79.8)	(33.3)	(35.0)	(29.9)		1.7	21.1	
P/E	(5.0)	(12.0)	(11.4)	(13.4)		239.0	19.0	
RoNW (%)	(47.3)	(18.7)	(23.6)	(23.4)		1.3	14.0	
RoCE (%)	3.7	1.3	6.3	4.8		8.1	13.7	

Source: Company, ICICI Direct Research

Key takeaways of the recent quarter & Concall highlights

Q4FY22 Results:

- Consolidated total operating income for the quarter came in at ₹ 78,439 crore, up 8.6% QoQ. Reported EBITDA for Q4FY22 was at ₹ 11,494 crore with corresponding EBITDA margins at 14.7%, up 220 bps QoQ
- JLR wholesales at 89,148 units were up 7.3% QoQ with revenues flat QoQ at ₹4.8 billion. Margins were up 60 bps QoQ at 12.6%. JLR generated positive FCF of ₹340 million

Indian operation (PV + CV) sales were at ₹29,020 crores amid 22% volume jump to ~2.4 lakh units. Margins were at 6.3% (CV margins up 330 bps QoQ at 5.9%, PV margins up 270 bps QoQ at 6.9%).

Q4FY22 Earnings Conference Call highlights

- The company's commentary on demand remain strong amidst strong order book of 1.68 lakh units for JLR during Q4FY22 vs 1.55 lakh units in Q3FY22 & longer waiting period for PV's. Order book for new range rover increased to 46k from 31k in Q3FY22
- Medium and long term JLR guidance maintained to achieve >5% EBIT margin at JLR, with Q4FY22 positive on EBIT with Q4FY22 margins at 2% and ₹340 million FCF
- JLR annualised breakeven wholesales levels have reached to 300k units in H2FY22 lower than target of 350k units in FY23. Going forward break-even is expected to be at 85k units/quarter in FY23 due to normalisation of operations & rational sales of new Range Rover
- Production lost in Q4FY22 due to chip shortage was ~10% in Indian operations
- JLR had 64% electrified powertrain mix in Q4FY22 (BEV 3%, 10% PHEV, 50% MHEV) vs. 69% in Q3FY22 with electrification mix for FY22 at 66%
- Management expects chip shortage to continue and improve gradually with Q1FY22 to witness muted sales due to China lockdown. Delivery of new Range Rover will start from Q2FY23
- Geopolitical political issues did not affect company in material way as <2.5% of combined sales from both countries, further only a smart number of parts are sourced from Russia & Ukraine
- Refocus program has achieved its target of ₹1.5 billion cash and cost improvements for FY22
- CNG penetration in M&HCV to be limited due to requirement of high range and limited infrastructure whereas same for LCV to be higher due to limited range requirement. CNG penetration in I&LCV is at 40%. Powertrain mix for CV for FY22 was 73% for diesel, 10% for petrol, 17% for CNG+EV

Company launched 80+ products, 120 variants in FY22 leading to market share gain for CV by 250 bps YoY at 44.9%.

Company is operating a fleet of 250+ E-Bus fleet for BEST in Mumbai & Ahmedabad under wet lease model. Further management informed about for 15 FCEV powered bus order received from IOCL.

TML launched E-dukaan, an online store to purchase spare parts with revenue clocked ₹100 crores in FY22. Further management informed spare part revenue have doubled over four year period.

Powertrain mix for PV was 72% petrol, 20% diesel, 5% EV, 3% CNG. EV market share stood at ~87% for FY22 with ~2,000 charging points.

Robust booking pipeline, strong market share, low channel inventory, available capacity to ramp up EV to act as growth triggers for FY23. Management expect domestic PV industry to surpass FY19 demand in FY23

Peer comparison

Exhibit 1: ICICI Direct coverage universe (4-W/CV OEMs)

Company	CMP	TP	Rating	Mcap ₹ crore	Total lakh volumes			EBITDA margin (%)			RoCE (%)			P/E		
	₹	₹			FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Tata Motors (TATMOT)	400	500	Buy	1,53,160	10.8	13.0	14.3	12.2	12.7	14.3	4.8	8.1	13.7	(13.4)	239.0	19.0
Maruti Suzuki (MARUTI)	7,299	8,545	Hold	2,20,488	16.5	19.2	21.5	6.4	8.2	9.5	5.1	9.5	12.8	58.5	35.4	25.6
Ashok Leyland (ASHLEY)	122	140	Buy	35,711	1.2	1.6	1.9	3.1	5.7	7.7	(1.1)	6.5	14.4	(147.4)	95.0	33.2

Source: Company, ICICI Direct Research

(Note – We have compared TML with Maruti Suzuki and Ashok Leyland as proxies for the India PV and India CV businesses respectively. JLR does not have a comparable player in the Indian listed space).

Exhibit 2: Variance Analysis

	Q4FY22	Q4FY22E	Q4FY21	YoY (%)	Q3FY22	QoQ (%)	Comments
Total Operating Income	78,439	76,089	88,628	-11.5	72,229	8.6	Topline came in ahead of estimates tracking more than anticipates wholesale sales volume at JLR and higher than anticipated Asp's for Indian operations
Raw Material Expenses	51,196	51,430	56,993	-10.2	46,049	11.2	RM costs were up 150 bps QoQ to 65.3% of sales, well below our estimates of ~67.6% of sales
Employee Expenses	8,029	7,653	7,983	0.6	7,651	4.9	
Other expenses	11,641	12,140	12,601	-7.6	12,935	-10.0	Savings were realised in other expenses domain and were down ~310 bps QoQ at 14.8% of sales
Operating Profit (EBITDA)	11,494	8,366	14,617	-21.4	9,057	26.9	
EBITDA Margin (%)	14.7	11.0	16.5	-184 bps	12.5	211 bps	EBITDA margin surprised positively tracking lower than anticipated gross margin decline and savings realised in other expenses
Depreciation	6,432	6,170	6,217	3.5	6,078	5.8	
Interest	2,381	2,368	2,145	11.0	2,401	-0.8	Interest out-go was broadly on expected lines
Product develop. Exp.	2,752	1,987	1,872	47.0	2,293	20.1	
Tax	758	(294)	(132)	-672.7	726	4.4	
PAT	(1,033)	(1,264)	(7,585)	-86.4	(1,516)	31.9	PAT loss came in lower tracking beat on margins
EPS	(2.7)	(3.3)	(19.8)	-86.4	NA	NA	
Key Metrics							
JLR sales (mn GBP)	4,767	4,515	6,538	(27.1)	4,716	1.1	JLR sales were up 1% QoQ at 4.7 billion pounds amidst ~7% QoQ growth in wholesale volumes
JLR margins (%)	12.6	11.5	15.3	-271 bps	12.0	60 bps	EBITDA margins at JLR were up 60 bps QoQ
JLR PAT (mn GBP)	(95.0)	(40.1)	(920.0)	(89.7)	(67.0)	41.8	

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

₹ Crore	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	3,55,895	3,21,161	-9.8	3,96,314.5	3,56,857.3	-10.0	Revised downward our sales estimates tracking gradual recovery in volumes at JLR amidst constraints over chip availability. We expect topline at TML to grow at a CAGR of 13.2% over FY22-24E
EBITDA	42,558	40,669	-4.4	53,492.5	50,925.7	-4.8	
EBITDA Margin (%)	12.0	12.7	71 bps	13.5	14.3	77 bps	Upgraded our margin estimates (by 70-80 bps) tracking continuous beat on margins especially on the JLR front
PAT	2,808	641	-77.2	10,242.8	8,061.1	-21.3	
EPS (₹)	7.3	1.7	-77.2	26.8	21.1	-21.3	Lowering the sales estimates leads to decline in net earning estimates with TML seen reporting profit to the tune of ~₹ 8,000 crore in FY24E

Source: ICICI Direct Research

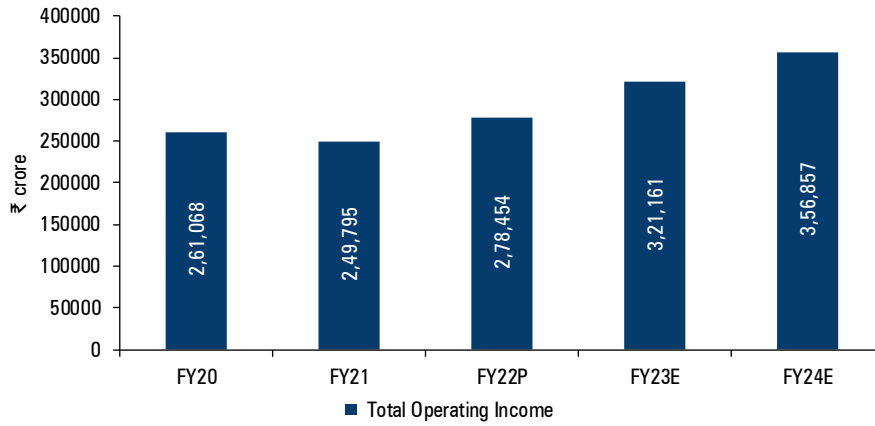
Exhibit 4: Assumptions

Units	Now			Earlier			Comments
	FY20	FY21	FY22P	FY23E	FY24E	FY23E	
JLR							
Jaguar Sales Volume	1,44,270	90,440	68,405	69,039	65,587	54,080	48,672
Land Rover Sales Volume	3,81,132	3,22,471	2,79,245	3,49,052	3,87,367	3,96,645	4,30,267
Total JLR Sales Volume	5,25,402	4,12,911	3,47,650	4,18,091	4,52,954	4,50,725	4,78,939
Growth (YoY, %)	-7%	-21%	-16%	20%	8%		
India							
M&HCV	1,23,172	90,152	1,34,797	1,71,346	2,05,615	1,53,394	1,84,073
LCV	2,17,339	1,72,618	2,22,174	2,57,887	2,78,518	2,73,862	2,95,771
PV	1,32,677	2,22,591	3,72,174	4,48,810	4,93,691	4,33,598	4,76,957
Total India Sales Volume	4,73,188	4,85,361	7,29,145	8,78,043	9,77,824	8,60,853	9,56,801
Growth (YoY, %)	-35%	3%	50%	20%	11%		

Source: ICICI Direct Research

Financial story in charts

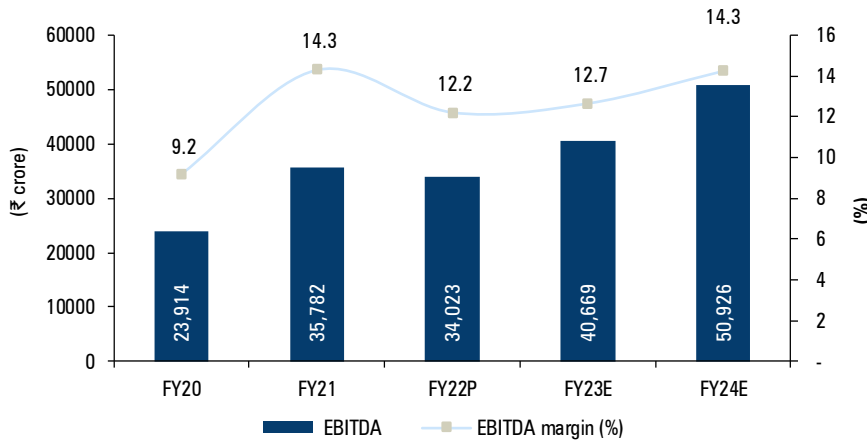
Exhibit 5: Trend in topline



We expect net sales to grow at ~13.2% CAGR over FY22-24E on the back of ~15.8% total volume CAGR

Source: Company, ICICI Direct Research

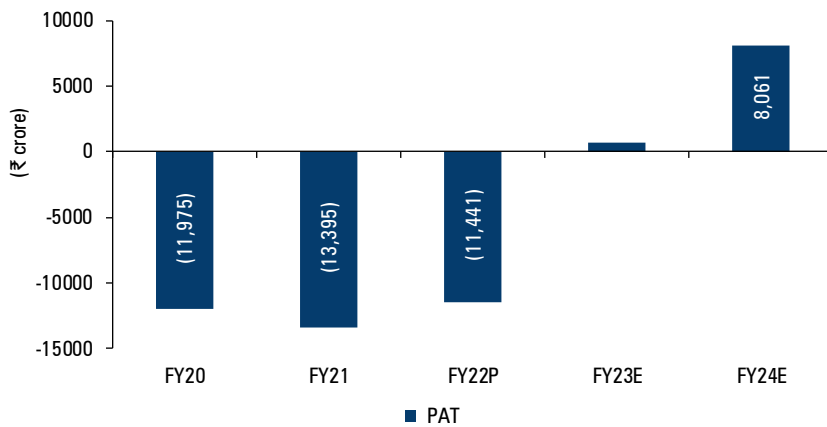
Exhibit 6: Trend in margins



Margins are expected to rise to 14.3% by FY24E on the back of cost controls, lowered breakeven levels and higher operating leverage

Source: Company, ICICI Direct Research

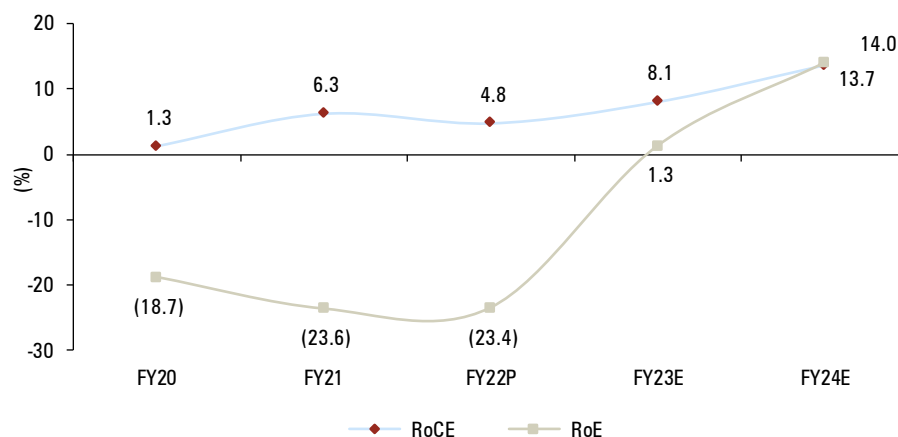
Exhibit 7: Trend in profitability



We expect consolidated PAT of ₹ 8,061 crore in FY24E

Source: Company, ICICI Direct Research

Exhibit 8: Trend in return ratios



Higher margins and lower interest outgo on reduced debt is seen leading to return to double digit return ratios starting FY24E

Source: Company, ICICI Direct Research

Exhibit 9: Valuation summary

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY19	3,01,938	2.5	(79.8)	NA	NM	7.3	-47.3	3.7
FY20	2,61,068	-13.5	(33.3)	NA	NM	9.5	-18.7	1.3
FY21	2,49,795	-4.3	(35.0)	NA	NM	6.2	-23.6	6.3
FY22P	2,78,454	11.5	(29.9)	NA	NM	6.7	-23.4	4.8
FY23E	3,21,161	15.3	1.7	NA	239.0	5.5	1.3	8.1
FY24E	3,56,857	11.1	21.1	1,157.8	19.0	4.0	14.0	13.7

Source: Company, ICICI Direct Research

Exhibit 10: SOTP valuation

Particulars	Parameters	FY24E EBITDA (₹ crore)	EV/EBITDA Multiple (x)	Resultant EV (₹ crore)
Tata Motors India business (CV, PV, Ex-Electric-PV)	FY24E EV/EBITDA	7,431	10.0	74,306
JLR	FY24E Adj EV/EBITDA	35,164	3.0	1,05,492
India EV business (PV)	~11% stake sale @₹7,500	NA	NA	60,682
Other Investments	2x P/B on FY21	2,369	2.0	4,738
Total Enterprise Value (EV)				245,218
Net Debt	FY24E			52,795
Resultant Equity Value				1,92,423
Target Price per share				500

Source: ICICI Direct Research

Exhibit 11: Segment-wise, model-wise FY22 volumes at TML

Particulars	Domestic			Exports			Total			% of sales mix		Domestic MS %
	FY21	FY22	YoY %	FY21	FY22	YoY %	FY21	FY22	YoY %	FY21	FY22	
I. Passenger cars	1,35,578	1,44,221	6.4	349	449	28.7	1,35,927	1,44,670	6.4	28.0	19.8	9.8
Compact	1,35,578	1,44,221	6.4	349	449	28.7	1,35,927	1,44,670	6.4	28.0	19.8	
<i>Altroz</i>	60,379	62,247	3.1	30	38	26.7	60,409	62,285	3.1	12.4	8.5	
<i>Bolt</i>	-	-	NA	30	-	(100.0)	30	-	(100.0)	0.0	-	
<i>Tiago</i>	60,711	58,089	(4.3)	204	287	40.7	60,915	58,376	(4.2)	12.6	8.0	
<i>Tigor</i>	14,488	23,885	64.9	85	124	45.9	14,573	24,009	64.7	3.0	3.3	
<i>Zest</i>	-	-	NA	-	-	NA	-	-	NA	-	-	
II. Utility Vehicles	86,447	2,26,151	161.6	217	1,355	524.4	86,664	2,27,506	162.5	17.9	31.2	15.2
< 4m	63,756	1,76,846	177.4	204	1,262	518.6	63,960	1,78,108	178.5	13.2	24.4	
<i>Nexon</i>	63,756	1,24,130	94.7	204	1,262	518.6	63,960	1,25,392	96.0	13.2	17.2	
<i>Punch</i>	-	52,716	NM	-	-	NA	-	52,716	NM	-	7.2	
4.4-4.7m	22,691	49,305	117.3	13	88	576.9	22,704	49,393	117.6	4.7	6.8	
<i>Harrier</i>	18,836	29,093	54.5	13	33	153.8	18,849	29,126	54.5	3.9	4.0	
<i>Safari</i>	3,855	20,212	424.3	-	55	NA	3,855	20,267	425.7	0.8	2.8	
<i>Sumo</i>	-	-	NA	-	-	NA	-	-	NA	-	-	
>4.7m	-	-	NA	-	5	NA	-	5	NA	-	0.0	
<i>Hexa</i>	-	-	NA	-	5	NA	-	5	NA	-	0.0	
III. Vans	2,084	2,766	32.7	209	191	(8.6)	2,293	2,957	29.0	0.5	0.4	2.4
Hard tops	2,084	2,766	32.7	-	5	NA	2,084	2,771	33.0	0.4	0.4	
<i>Magic Express</i>	2,084	2,766	32.7	-	5	NA	2,084	2,771	33.0	0.4	0.4	
Soft tops	-	-	NA	209	186	(11.0)	209	186	(11.0)	0.0	0.0	
<i>Magic Iris</i>	-	-	NA	209	186	(11.0)	209	186	(11.0)	0.0	0.0	
A. Total PV (I + II + III)	2,24,109	3,73,138	66.5	775	1,995	157.4	2,24,884	3,75,133	66.8	46.3	51.4	12.2
IV. M&HCV	82,296	1,28,333	55.9	7,856	16,167	105.8	90,152	1,44,500	60.3	18.6	19.8	
<i>Passenger</i>	2,514	4,523	79.9	899	1,802	100.4	3,413.0	6,325.0	85.3	0.7	0.9	38.3
<i>Goods</i>	79,782	1,23,810	55.2	6,957	14,365	106.5	86,739	1,38,175	59.3	17.9	19.0	54.1
V. LCV	1,58,110	1,91,083	20.9	12,215	18,432	50.9	1,70,325	2,09,515	23.0	35.1	28.7	
<i>Passenger</i>	3,999	7,331	83.3	895	1,160	29.6	4,894	8,491	73.5	1.0	1.2	36.7
<i>Goods</i>	1,54,111	1,83,752	19.2	11,320	17,272	52.6	1,65,431	2,01,024	21.5	34.1	27.6	40.3
B. Total CV (IV + V)	2,40,406	3,19,416	32.9	20,071	34,599	72.4	2,60,477	3,54,015	35.9	53.7	48.6	44.6
C. Total sales (A + B)	4,64,515	6,92,554	49.1	20,846	36,594	75.5	4,85,361	7,29,148	50.2	100.0	100.0	

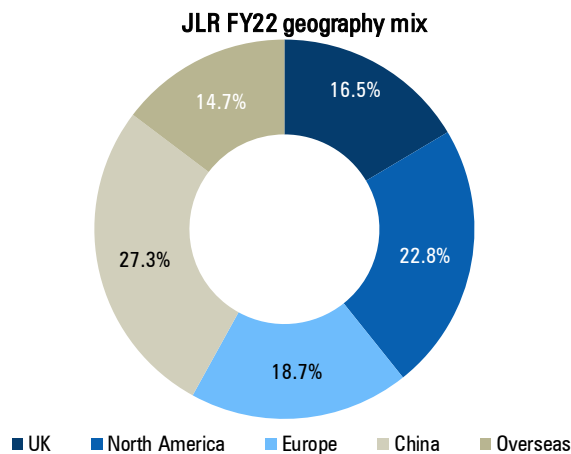
Source: SIAM, ICICI Direct Research

Exhibit 12: Segment-wise, model-wise FY22 volumes at JLR

Particulars	Total			% of sales mix	
	FY21	FY22	YoY %	FY21	FY22
A. Jaguar	90,440	68,405	(24.4)	21.9	19.7
<i>XE</i>	16,507	12,570	(23.9)	4.0	3.6
<i>XF</i>	9,601	10,861	13.1	2.3	3.1
<i>XJ</i>	632	32	(94.9)	0.2	0.0
<i>E - Pace</i>	19,617	11,890	(39.4)	4.8	3.4
<i>F - Pace</i>	24,046	20,358	(15.3)	5.8	5.9
<i>I-Pace</i>	14,262	8,808	(38.2)	3.5	2.5
<i>F TYPE</i>	5,775	3,886	(32.7)	1.4	1.1
	-	-	-	-	-
B. Land Rover	3,22,471	2,79,245	(13.4)	78.1	80.3
<i>Defender</i>	53,053	58,442	10.2	12.8	16.8
<i>Discovery Sport</i>	60,033	43,286	(27.9)	14.5	12.5
<i>Discovery</i>	16,677	15,621	(6.3)	4.0	4.5
<i>Range Rover Sport</i>	57,694	46,479	(19.4)	14.0	13.4
<i>Range Rover</i>	37,410	33,520	(10.4)	9.1	9.6
<i>Range Rover Velar</i>	33,832	29,847	(11.8)	8.2	8.6
<i>Range Rover Evoque</i>	63,772	52,050	(18.4)	15.4	15.0
	-	-	-	-	-
C. Total Sales (A + B)	4,12,911	3,47,650	(15.8)	100.0	100.0

Source: ICICI Direct Research

Exhibit 13: Geography wise mix at JLR



Source: ICICI Direct Research

Financial Summary

Exhibit 14: Profit and loss statement					₹ crore
(Year-end March)	FY21	FY22P	FY23E	FY24E	
Total operating Income	2,49,795	2,78,454	3,21,161	3,56,857	
Growth (%)	-4.3	11.5	15.3	11.1	
Raw Material Expenses	1,58,291	1,80,886	2,11,704	2,35,286	
Employee Expenses	27,648	30,809	31,225	31,943	
Marketing Expenses	40,922	47,134	53,620	56,545	
Capitalised Expenses	-12,849	-14,397	-16,058	-17,843	
Total Operating Expenditure	2,14,013	2,44,431	2,80,492	3,05,932	
EBITDA	35,782	34,023	40,669	50,926	
Growth (%)	49.6	-4.9	19.5	25.2	
Product development Exp	5227	9210	7821	8684	
Depreciation	23547	24836	25693	26764	
Interest	8097	9312	9567	8762	
Other Income	2643	3054	3132	3305	
PBT	8,513	2,836	8,541	18,704	
Minority Interest	0	133	163	179	
Total Tax	2542	4231	144	2255	
Reported PAT	(13,395)	(11,441)	641	8,061	
Growth (%)	NM	LP	-105.6	1,157.8	
EPS (₹)	(35.0)	(29.9)	1.7	21.1	

Source: Company, ICICI Direct Research

Exhibit 15: Cash flow statement					₹ crore
(Year-end March)	FY21	FY22P	FY23E	FY24E	
Profit after Tax	(13,395.0)	(11,441.5)	640.9	8,061.1	
Add: Depreciation	23,547	24,836	25,693	26,764	
(Inc)/dec in Current Assets	-6,045	-2,555	-13,794	-7,822	
Inc/(dec) in CL and Provisions	9,999	-6,188	24,877	13,677	
Others	21,444	9,312	9,567	8,762	
CF from operating activities	35,549	13,963	46,985	49,443	
(Inc)/dec in Investments	-8,312	-4,759	-750	250	
(Inc)/dec in Fixed Assets	-33,809	-14,267	-32,000	-25,000	
Others	4,317	1,026	1,673	1,234	
CF from investing activities	(37,803)	(18,000)	(31,077)	(23,516)	
Issue/(Buy back) of Equity	46	0	0	0	
Inc/(dec) in loan funds	17,094	3,772	-6,000	-17,000	
Dividend paid & dividend tax	0	0	0	0	
Inc/(dec) in Sec. premium	3,424	0	0	0	
Others (incl finance costs)	-5,244	-5,858	-9,567	-8,762	
CF from financing activities	15,320	(2,086)	(15,567)	(25,762)	
Net Cash flow	13,066	-6,123	340	164	
Opening Cash	33,727	46,792	40,669	41,009	
Closing Cash	46,792	40,669	41,009	41,173	

Source: Company, ICICI Direct Research

Exhibit 16: Balance Sheet					₹ crore
(Year-end March)	FY21	FY22P	FY23E	FY24E	
Liabilities					
Equity Capital	766	766	766	766	
Reserve and Surplus	54,481	43,795	44,436	52,497	
Others	1,574	4,271	4,271	4,271	
Total Shareholders funds	56,820	48,832	49,473	57,534	
Total Debt	1,35,905	1,39,677	1,33,677	1,16,677	
Deferred Tax Liability	1,556	1,558	1,797	1,997	
Long term provisions	13,607	12,956	14,943	16,604	
Minority Interest / Others	21,095	19,641	22,653	25,171	
Total Liabilities	2,28,982	2,22,665	2,22,544	2,17,984	
Assets					
Gross Block	3,46,703	3,71,683	4,06,183	4,33,683	
Less: Acc Depreciation	2,08,799	2,33,635	2,59,328	2,86,092	
Net Block	1,37,904	1,38,048	1,46,855	1,47,591	
Capital WIP	20,964	10,251	7,751	5,251	
Total Fixed Assets	1,58,868	1,48,299	1,54,606	1,52,842	
Investments	24,620	29,380	30,130	29,880	
Inventory	36,089	35,240	43,995	48,885	
Debtors	12,679	12,442	17,598	19,554	
Loans and Advances	1,749	1,672	1,928	2,143	
Cash	46,792	40,669	41,009	41,173	
Total Current Assets	1,27,836	1,24,268	1,38,402	1,46,388	
Creditors	68,180	59,970	79,190	87,992	
Provisions	12,848	10,766	13,821	15,357	
Total Current Liabilities	1,14,143	1,07,955	1,32,832	1,46,510	
Net Current Assets	13,693	16,313	5,569	(121)	
Deferred Tax Asset	4,520	3,871	4,465	4,961	
Application of Funds	2,28,982	2,22,665	2,22,544	2,17,984	

Source: Company, ICICI Direct Research

Exhibit 17: Key ratios				
(Year-end March)	FY21	FY22P	FY23E	FY24E
Per share data (₹)				
EPS	-35.0	-29.9	1.7	21.1
Cash EPS	26.5	35.0	68.8	91.0
BV	148.4	127.5	129.2	150.3
DPS	0.0	0.0	0.0	0.0
Cash Per Share	172.0	165.5	167.7	166.8
Operating Ratios				
EBITDA Margin (%)	14.3	12.2	12.7	14.3
PBT / Net sales (%)	4.9	3.3	4.7	6.8
PAT Margin (%)	-5.4	-4.1	-4.8	1.0
Inventory days	52.7	46.2	50.0	50.0
Debtor days	18.5	16.3	20.0	20.0
Creditor days	99.6	78.6	90.0	90.0
Return Ratios (%)				
RoE	-23.6	-23.4	1.3	14.0
RoCE	6.3	4.8	8.1	13.7
RoIC	11.4	7.9	13.3	22.6
Valuation Ratios (x)				
P/E (adjusted)	NM	NM	22.2	10.4
EV / EBITDA	6.2	6.7	5.5	4.0
EV / Net Sales	0.9	0.8	0.7	0.6
Market Cap / Sales	0.6	0.6	0.5	0.4
Price to Book Value	2.7	3.1	3.1	2.7
Solvency Ratios				
Debt/EBITDA	3.8	4.1	3.3	2.3
Debt / Equity	2.4	2.9	2.7	2.0
Current Ratio	0.6	0.6	0.6	0.6
Quick Ratio	0.3	0.3	0.3	0.3

Source: Company, ICICI Direct Research

Exhibit 18: ICICI Direct coverage universe (Auto & Auto Ancillary)

Sector / Company	CMP		TP	Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	(₹)				FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Apollo Tyre (APOTYR)	199	270	Buy	12,631	11.0	15.5	23.3	18.1	12.8	8.5	6.4	4.9	3.6	6.4	8.3	11.5	5.9	7.8	10.8	
Ashok Leyland (ASHLEY)	122	140	Buy	35,711	-0.8	1.3	3.7	-147.4	95.0	33.2	63.4	25.5	15.6	-1.1	6.5	14.4	-4.2	5.6	15.2	
Bajaj Auto (BAAUTO)	3,629	3,950	Hold	1,05,020	173.4	183.4	204.1	20.9	19.8	17.8	15.6	13.8	12.3	18.4	19.9	21.6	17.6	19.1	20.5	
Balkrishna Ind. (BALIND)	1,930	2,650	Buy	37,306	72.8	74.2	91.6	26.5	26.0	21.1	19.5	17.6	14.1	17.6	17.4	20.2	20.6	18.3	19.5	
Bharat Forge (BHAFOR)	626	910	Buy	29,133	23.3	24.4	29.3	26.9	25.7	21.4	16.1	13.7	11.5	10.2	11.8	13.5	15.8	15.8	16.6	
Eicher Motors (EICMOT)	2,438	2,535	Hold	66,621	57.9	83.5	100.5	42.1	29.2	24.3	28.0	19.9	16.4	12.6	16.3	17.2	12.7	16.3	17.3	
Escorts (ESCORT)	1,580	2,050	Hold	20,848	53.8	66.1	78.1	29.3	23.9	20.2	17.2	15.1	12.3	10.0	10.0	10.6	9.0	10.1	10.9	
Hero Moto (HERHON)	2,442	2,495	Hold	48,757	123.8	156.1	176.3	19.7	15.6	13.8	12.1	9.4	8.3	16.3	20.7	22.2	15.7	18.7	19.9	
M&M (MAHMAH)	885	1,045	Buy	1,10,054	40.5	46.7	56.5	21.8	19.0	15.7	15.2	12.5	10.4	9.8	11.5	13.1	13.4	13.2	14.3	
Maruti Suzuki (MARUTI)	7,299	8,545	Hold	2,20,488	124.7	206.4	284.8	58.5	35.4	25.6	31.6	20.0	14.6	5.1	9.5	12.8	7.0	10.7	13.5	
Minda Industries (MININD)	844	1,115	Hold	24,109	10.7	17.1	24.2	78.5	49.3	34.9	29.1	22.2	16.9	9.9	13.5	17.8	9.5	13.3	16.0	
Tata Motors (TATMOT)	400	500	Buy	1,53,160	-29.9	1.7	21.1	-13.4	239.0	19.0	6.7	5.5	4.0	4.8	8.1	13.7	-23.4	1.3	14.0	

Source: Company, ICICI Direct Research

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