

# Tata Motors

Refer to important disclosures at the end of this report

## Weak quarter; Better demand and chip supplies to drive growth ahead

- For Q1FY23, Tata Motors' consolidated EBITDA declined by 64% qoq to Rs32bn, 58% below our estimates, due to commodity hedging losses and adverse mix at JLR. Revenue declined by 8% to Rs719bn, 3% below our estimates, because of realization miss at JLR due to lower-than-expected sales of RR/RR Sport.
- JLR's order book is strong at ~200,000 units. Models such as Defender and new-generation RR/RR Sport form ~65% of order bookings, which should lead to product-mix improvement going ahead. Chip supplies are expected to improve in a staggered manner going ahead. We expect a 15% volume CAGR over FY22-24E.
- We estimate FY22-24E India CV/PV volume CAGRs of 16%/28%, driven by continued upcycle in industry sales and better chip supplies. The focus remains on E-PVs, with medium-term investments of US\$2bn toward new products, capacity expansion, localization, and charging infrastructure.
- We reduce FY23E consolidated EPS by 9%, factoring weak Q1 results, and FY24E EPS by 7% due to lower volume assumptions of JLR. We reaffirm Buy with an SOTP-based TP of Rs530 (unchanged), based on Sep'24E (June'24E earlier) estimates.

**Results below estimates:** Tata Motors' Q1FY23 consolidated revenue declined by 8% qoq to Rs719bn (est. Rs743bn), below our estimates, due to lower-than-expected realizations at JLR. EBITDA declined by 64% to Rs31.8bn, 58% lower than estimates, owing to weak operational performance at JLR. **JLR's** revenue declined by 8% to GBP4.4bn (est. GBP4.8bn), below estimates, as product mix was weaker than expected, with lower share of RR/RR Sport models. EBITDA declined by 53% to GBP279mn, 53% below our estimates, owing to adverse mix and unfavorable commodity revaluation. Commodity hedge mark-to-market losses were large at GBP175mn. **India CV** revenue declined by 14% to Rs148.7bn (est. Rs142bn), above estimates, owing to better realizations. EBITDA declined by 38% to Rs6.9bn (est. Rs5.7bn), above estimates, due to better gross margin. **India PV** revenue grew by 10% qoq to Rs116bn (est. Rs112bn). EBITDA declined by 2% qoq to Rs7.1bn (est. Rs7.2bn), broadly in-line with our estimates.

**Retain Buy with a Sep'23E TP of Rs530:** Our TP is based on: 1) India CV business valuation of 12x EV/EBITDA (in line with Ashok Leyland's historical valuations of 12x), or Rs166/share; 2) India PV business (excluding EV) at 5x (notable discount to Maruti Suzuki's historical valuation of 13x, factoring in reducing share of the ICE segment in the long term), or Rs51/share; 3) India E-PV business at a pre-money valuation of Rs516bn, or Rs135/share; 4) JLR/CJLR valuation of 2x/4x EV/EBITDA or Rs145/share; and 5) other investments at Rs38/share.

**Key risks:** Delay in ramping up production due to supply issues for semiconductors, luxury car demand contraction in target markets, lower-than-expected growth in India CVs/PVs, failure of new launches, and adverse currency/commodity prices.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Automobiles & Auto Ancillaries \(Page 12\)](#)

### Financial Snapshot (Consolidated)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	2,497,948	2,784,536	3,568,621	4,022,285	4,423,325
EBITDA	305,553	248,132	389,606	481,629	531,520
EBITDA Margin (%)	12.2	8.9	10.9	12.0	12.0
APAT	(14,225)	(107,188)	57,205	135,621	166,965
EPS (Rs)	(3.7)	(28.0)	14.9	35.4	43.6
EPS (% chg)	NM	NM	NM	137.1	23.1
ROE (%)	(2.4)	(21.5)	12.1	23.9	23.5
P/E (x)	NM	NM	29.7	12.5	10.2
EV/EBITDA (x)	8.5	10.9	6.8	5.3	4.5
P/BV (x)	3.1	3.8	3.4	2.7	2.2

Source: Company, Emkay Research

CMP	Target Price
Rs 444 as of (July 27, 2022)	Rs 530 (■) 12 months
Rating	Upside
BUY (■)	19.4 %

### Change in Estimates

EPS Chg FY23E/FY24E (%)	(9)/(7)
Target Price change (%)	-
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	14.9	35.4
Consensus	19.7	39.3
Mean Consensus TP (12M)	Rs 522	

### Stock Details

Bloomberg Code	TTMT IN
Face Value (Rs)	2
Shares outstanding (mn)	3,321
52 Week H/L	537 / 268
M Cap (Rs bn/USD bn)	1,587 / 19.86
Daily Avg Volume (nos.)	18,300,570
Daily Avg Turnover (US\$ mn)	95.9

### Shareholding Pattern Jun '22

Promoters	46.4%
FIIIs	13.7%
DIIIs	15.2%
Public and Others	24.7%

### Price Performance

(%)	1M	3M	6M	12M
Absolute	7	3	(10)	52
Rel. to Nifty	2	6	(8)	44

### Relative price chart



Source: Bloomberg

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## Story in Charts

**Exhibit 1: We expect volume upsurge across divisions**

Volume (units in 000s)	FY21	FY22	FY23E	FY24E	FY25E	FY22-24E Change
India CVs	260	354	424	477	521	16% CAGR
Growth (%)	(22)	36	20	13	9	
India PVs	225	375	538	611	667	28% CAGR
Growth (%)	60	67	43	14	9	
JLR	348	294	365	388	403	15% CAGR
Growth (%)	(27)	(15)	24	6	4	

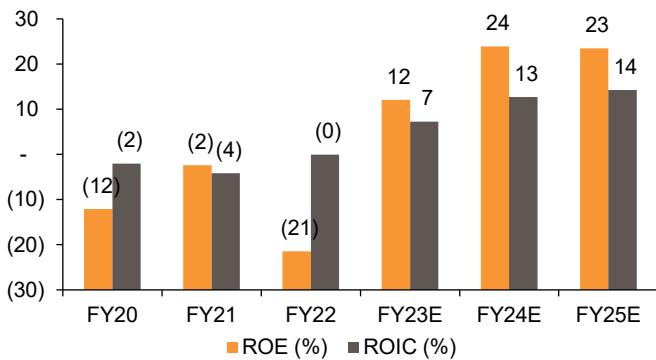
Source: Company, Emkay Research

**Exhibit 2: We expect strong margin performance across divisions**

(Rs bn)	FY21	FY22	FY23E	FY24E	FY25E	FY22-24E Change
India CV revenue	302	473	654	761	853	27% CAGR
India CV EBIT (%)	(0.8)	(0.3)	3.5	5.6	5.9	590 bps
India PV revenue	167	326	480	557	623	31% CAGR
India PV EBIT (%)	(12.4)	(3.5)	2.8	3.4	3.5	688 bps
JLR revenue	1,914	1,865	2,316	2,579	2,814	18% CAGR
JLR EBIT (%)	2.8	(0.3)	4.4	5.2	5.5	545 bps

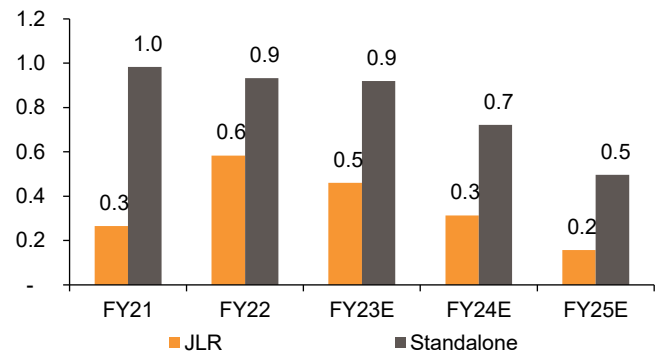
Source: Company, Emkay Research

**Exhibit 3: ROE to improve to 24% by FY24E**



Source: Company, Emkay Research

**Exhibit 4: Net debt/equity (x) to improve notably over FY22-24E**



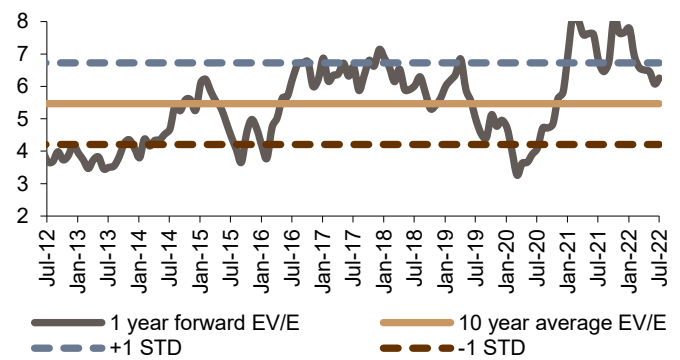
Source: Company, Emkay Research

**Exhibit 5: SOTP: Fair value at Rs530 on Sep'24E estimates**

	Basis of valuation	Equity value (Rsmn)	Equity value (Rs/share)	Contribution to SOTP (%)
India CV	EV/EBITDA 12x	634,636	166	31
India ICE-PV	EV/EBITDA 5x	195,416	51	10
India E-PV	Transaction value	516,250	135	25
JLR	EV/EBITDA 2x	498,062	130	24
JLR China JV	EV/EBITDA 4x	58,178	15	3
Tata Sons	NAV 1x	69,723	18	3
Tata Motors Finance	P/B 1x FY22	45,905	12	2
Tata Technologies	P/E 20x FY22	28,481	7	1
<b>Total</b>			<b>534</b>	
<b>Total (Rounded off)</b>			<b>530</b>	

Source: Emkay Research

**Exhibit 6: One-year forward EV/EBITDA (Avg.: 5x, +1sd: 7x, -1sd: 4x)**



Source: Company, Emkay Research

## Earnings Call Highlights

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### JLR

- Covid lockdowns in China and slower-than-expected ramp up of new-generation Range Rover/Range Rover Sport models due to supply chain constraints limited volume improvements in Q1FY23.
- Wholesale volumes are expected to improve to 90,000 in Q2 and are expected to progressively improve thereafter.
- Higher volumes and commodity price reduction should support margins ahead. The target is to achieve a 5% EBIT margin and GBP1bn positive free cash flow in FY23.
- FY23 breakeven volume target stands at 350,000 units
- FY26 EBIT margin target remains at 10%.
- Strong demand for the new Range Rover has pushed the order book to a new record at more than 200,000 units (New Range Rover: 62,000 units; Defender: 47,000 units; and New Range Rover Sport: 20,000 units). Order book has increased by 32,000 units in Q1FY23.
- Cost-savings programme (Refocus) has led to savings of GBP250mn in Q1FY23, and full-year target stands at GBP1bn+.

### India CV/PV businesses

- Cargo CV demand remains buoyant on account of improving fleet utilization, government thrust on infra spending, and freight rates.
- Passenger CV demand is robust because of re-opening of offices/educational institutions, pickup in the tour and travels segment, and orders from state transport undertakings.
- PV demand is strong with an order book up to three months for ICEs and up to seven months for EVs.
- In E-PVs, market share stood at 88% in Q1FY23. Vehicles are now available in 90 cities.
- The recent reduction in commodity prices should support margins in H2FY23.
- India CV EBITDA margin is expected to improve to double digits on account of better scale, cost savings, and favourable commodity prices.

### Others

- Consolidated automotive debt stands at Rs607bn in Jun'22 vs. Rs613bn in Jun'21 and Rs487bn in Mar'22.
- The target is to be near-zero net automotive debt by FY24.

**Exhibit 7: JLR region-wise volume assumptions**

Region-wise volume (units)	FY21	FY22	FY23E	FY24E	FY25E	CAGR (FY22-24E)
UK	81,500	57,193	78,116	82,268	85,375	20
North America	93,759	79,350	97,821	102,439	106,396	14
China (excl. CJLR)	47,145	41,416	50,335	55,350	57,854	16
Europe	76,606	65,161	80,041	84,301	87,487	14
ROW	48,622	51,062	58,211	63,239	66,327	11
<b>Total</b>	<b>347,632</b>	<b>294,182</b>	<b>364,523</b>	<b>387,597</b>	<b>403,439</b>	<b>15</b>
yoy (%)	(27)	(15)	24	6	4	

Source: Company, Emkay Research

**Exhibit 8: JLR financial snapshot**

	FY21	FY22	FY23E	FY24E	FY25E	FY22-24E CAGR (%)
<b>Total volumes (Units)</b>	<b>412,911</b>	<b>347,650</b>	<b>426,011</b>	<b>453,389</b>	<b>472,521</b>	<b>14</b>
yoy (%)	(21)	(16)	23	6	4	
<b>Volumes excl. CJLR (Units)</b>	<b>347,632</b>	<b>294,182</b>	<b>364,523</b>	<b>387,597</b>	<b>403,439</b>	<b>15</b>
yoy (%)	(27.0)	(15.4)	23.9	6.3	4.1	
<b>Realization (GBP/unit)</b>	<b>56,758</b>	<b>62,274</b>	<b>66,617</b>	<b>68,587</b>	<b>70,463</b>	<b>5</b>
yoy (%)	17.5	9.7	7.0	3.0	2.7	
<b>Revenue (GBP mn)</b>	<b>19,731</b>	<b>18,320</b>	<b>24,284</b>	<b>26,584</b>	<b>28,427</b>	<b>20</b>
yoy (%)	(14.2)	(7.2)	32.6	9.5	6.9	
<b>Adj. EBITDA (GBP mn)</b>	<b>2,531</b>	<b>1,896</b>	<b>3,123</b>	<b>3,529</b>	<b>3,798</b>	<b>36</b>
EBITDA margin (%)	12.8	10.3	12.9	13.3	13.4	
yoy (%)	23.5	(25.1)	64.7	13.0	7.6	
<b>Adj. PAT (GBP mn)</b>	<b>35</b>	<b>(800)</b>	<b>471</b>	<b>887</b>	<b>1,096</b>	
yoy (%)	NM	(2,385.7)	(158.9)	88.3	23.5	

Source: Company, Emkay Research

**Exhibit 9: India CV volume assumptions**

India CV (units)	FY21	FY22	FY23E	FY24E	FY25E	FY22-24E CAGR (%)
Domestic M&HCV	82,296	128,333	164,600	189,067	208,203	21
yoy (%)	(26.4)	55.9	28.3	14.9	10.1	
Domestic LCV	158,110	191,083	222,316	248,661	268,994	14
yoy (%)	(17.7)	20.9	16.3	11.9	8.2	
Exports	20,071	34,599	36,675	39,609	43,570	7
yoy (%)	(30.7)	72.4	6.0	8.0	10.0	
<b>Total</b>	<b>260,477</b>	<b>354,015</b>	<b>423,591</b>	<b>477,337</b>	<b>520,767</b>	<b>16</b>
yoy (%)	(21.7)	35.9	19.7	12.7	9.1	

Source: Company, Emkay Research

**Exhibit 10: India PV volume assumptions**

India PV (units)	FY21	FY22	FY23E	FY24E	FY25E	FY22-24E CAGR (%)
Domestic	224,111	373,138	535,452	609,103	664,068	28
yoy (%)	62.1	66.5	43.5	13.8	9.0	
Exports	775	1,995	2,115	2,284	2,512	7
yoy (%)	(67.5)	157.4	6.0	8.0	10.0	
<b>Total</b>	<b>224,886</b>	<b>375,133</b>	<b>537,567</b>	<b>611,387</b>	<b>666,581</b>	<b>28</b>
yoy (%)	59.9	66.8	43.3	13.7	9.0	

Source: Company, Emkay Research

## Exhibit 11: Changes in estimates

Consolidated (Rsmn)	FY23E				FY24E				FY25E			
	Earlier	Revised	% chg	% YoY	Earlier	Revised	% chg	% YoY	Earlier	Revised	% chg	% YoY
JLR Volume (excl. China JV)	354,075	364,505	2.9	23.9	398,370	387,579	(2.7)	6.3	414,651	403,421	(2.7)	4.1
Standalone Volume	423,591	423,591	-	19.7	477,337	477,337	-	12.7	520,767	520,767	-	9.1
Cons. Revenue	3,548,984	3,568,621	0.6	28.2	4,136,552	4,022,285	(2.8)	12.7	4,515,798	4,423,325	(2.0)	10.0
Cons. EBITDA	391,016	389,606	(0.4)	57.0	501,546	481,629	(4.0)	23.6	549,054	531,520	(3.2)	10.4
Cons. Margin (%)	11.0	10.9 (10) bps	201 bps		12.1	12.0 (15) bps	106 bps		12.2	12.0 (14) bps	4 bps	
Cons. PAT	62,956	57,205	(9.1)	NM	145,116	135,621	(6.5)	137.1	175,820	166,965	(5.0)	23.1
Cons. EPS (Rs)	16.4	14.9	(9.1)	NM	37.9	35.4	(6.5)	137.1	45.9	43.6	(5.0)	23.1

Source: Company, Emkay Research

## Exhibit 12: Q1FY23 Consolidated EBITDA was below estimate due to weak operational performance at JLR

(Rs mn)	Actual	Estimates	Gap
<b>Consolidated</b>			
Revenue	719,347	742,995	(23,648)
Gross profit	237,129	256,333	(19,204)
Employee + Other expense	205,324	180,294	25,030
EBITDA	31,805	76,039	(44,234)
<b>JLR</b>			
Revenue	427,823	463,499	(35,676)
Gross profit	159,632	190,498	(30,866)
Employee + Other expense	132,542	132,420	122
EBITDA	27,091	58,078	(30,987)
<b>CV</b>			
Revenue	148,744	141,929	6,815
Gross profit	36,119	30,961	5,158
Employee + Other expense	29,201	25,306	3,895
EBITDA	6,918	5,655	1,263
<b>PV</b>			
Revenue	116,000	112,441	3,559
EBITDA	7,076	7,196	(120)

Source: Company, Emkay Research

## Exhibit 13: Actual vs. Estimates (Q1FY23)

(Rs mn)	Actual	Estimate (Emkay)	Consensus Estimate	% Variation		Comment
				Emkay	Consensus	
Revenue	719,347	742,995	715,097	(3.2)	0.6	Below our estimates due to lower-than-expected realizations at JLR
EBITDA	31,805	76,039	66,085	(58.2)	(51.9)	Below estimates owing to weak operational performance at JLR
Margin (%)	4.4	10.2	9.2	(581) bps	(482) bps	
Adjusted PAT	(57,324)	(3,536)	(10,396)	NM	NM	Losses higher than estimates due to weak operating profit and higher tax outgo

Source: Bloomberg, Company, Emkay Research

**Exhibit 14: Consolidated quarterly performance**

Rs mn	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ(%)
<b>Revenue</b>	<b>664,065</b>	<b>613,788</b>	<b>722,293</b>	<b>784,391</b>	<b>719,347</b>	<b>8.3</b>	<b>(8.3)</b>
<b>Expenditure</b>	<b>611,489</b>	<b>573,290</b>	<b>654,651</b>	<b>696,975</b>	<b>687,542</b>	<b>12.4</b>	<b>(1.4)</b>
as % of sales	92.1	93.4	90.6	88.9	95.6		
Consumption of RM	425,501	410,905	460,488	511,964	482,217	13.3	(5.8)
as % of sales	64.1	66.9	63.8	65.3	67.0		
Employee Cost	79,947	71,334	76,510	80,294	77,864	(2.6)	(3.0)
as % of sales	12.0	11.6	10.6	10.2	10.8		
Other expenditure	106,041	91,051	117,653	104,716	127,461	20.2	21.7
as % of sales	16.0	14.8	16.3	13.4	17.7		
<b>EBITDA</b>	<b>52,576</b>	<b>40,499</b>	<b>67,642</b>	<b>87,416</b>	<b>31,805</b>	<b>(39.5)</b>	<b>(63.6)</b>
Depreciation	62,021	61,233	60,781	64,321	58,410	(5.8)	(9.2)
<b>EBIT</b>	<b>-9,446</b>	<b>-20,735</b>	<b>6,861</b>	<b>23,095</b>	<b>-26,605</b>	<b>181.7</b>	
Other Income	5,816	8,669	7,026	9,026	8,874	52.6	(1.7)
Interest	22,033	23,273	24,007	23,805	24,207	9.9	1.7
<b>PBT</b>	<b>-25,663</b>	<b>-35,339</b>	<b>-10,121</b>	<b>8,315</b>	<b>-41,939</b>		
Total Tax	17,420	10,051	7,261	7,582	15,190	(12.8)	100.3
<b>Adjusted PAT</b>	<b>-43,082</b>	<b>-45,389</b>	<b>-17,381</b>	<b>733</b>	<b>-57,129</b>		
MI and Inc from JV	1,303	-350	1,780	-665	196	(85.0)	
<b>Adjusted PAT after MI</b>	<b>-44,385</b>	<b>-45,039</b>	<b>-19,161</b>	<b>1,397</b>	<b>-57,324</b>		
Extra ordinary items (Loss)/Gain	-124	623	3,998	-11,726	7,258		
Reported PAT	-44,509	-44,416	-15,162	-10,328	-50,066		
<b>Adjusted EPS (Rs)</b>	<b>(11.6)</b>	<b>(11.8)</b>	<b>(5.0)</b>	<b>0.4</b>	<b>(15.0)</b>		

Margins (%)						(bps)	(bps)
EBIDTA	7.9	6.6	9.4	11.1	4.4	-350	-672
EBIT	(1.4)	(3.4)	0.9	2.9	(3.7)	-228	-664
EBT	(3.9)	(5.8)	(1.4)	1.1	(5.8)	-197	-689
PAT	(6.7)	(7.3)	(2.7)	0.2	(8.0)	-129	-815
Effective Tax rate	(67.9)	(28.4)	(71.7)	91.2	(36.2)	3,166	-12,741

Source: Company, Emkay Research

## Exhibit 15: Standalone quarterly performance

Rs mn	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ(%)	
<b>Revenue</b>	<b>65,766</b>	<b>109,960</b>	<b>123,528</b>	<b>173,383</b>	<b>148,744</b>	<b>126.2</b>	<b>(14.2)</b>	
<b>Expenditure</b>	<b>66,001</b>	<b>107,546</b>	<b>120,516</b>	<b>162,216</b>	<b>141,826</b>	<b>114.9</b>	<b>(12.6)</b>	
as % of sales	100.4	97.8	97.6	93.6	95.3			
Consumption of RM	47,395	84,130	96,540	135,127	112,626	137.6	(16.7)	
as % of sales	72.1	76.5	78.2	77.9	75.7			
Employee Cost	9,216	8,863	9,181	8,756	10,629	15.3	21.4	
as % of sales	14.0	8.1	7.4	5.1	7.1			
Other expenditure	9,390	14,554	14,795	18,334	18,572	97.8	1.3	
as % of sales	14.3	13.2	12.0	10.6	12.5			
<b>EBITDA</b>	<b>-235</b>	<b>2,414</b>	<b>3,012</b>	<b>11,166</b>	<b>6,918</b>		<b>(38.0)</b>	
Depreciation	4,179	4,327	4,522	4,579	4,230	1.2	(7.6)	
<b>EBIT</b>	<b>-4,414</b>	<b>-1,913</b>	<b>-1,510</b>	<b>6,588</b>	<b>2,688</b>			
Other Income	1,246	2,013	1,387	1,953	2,108	69.2	7.9	
Interest	5,635	5,309	5,356	4,918	5,288	(6.2)	7.5	
PBT	-8,803	-5,209	-5,478	3,623	-492			
Total Tax	8	38	538	407	414	5,068.8	1.5	
<b>Adjusted PAT</b>	<b>-8,811</b>	<b>-5,247</b>	<b>-6,016</b>	<b>3,216</b>	<b>-905</b>			
Extra ordinary items (Loss)/Gain	-603	-510	-339	918	-905			
<b>Reported PAT</b>	<b>-9,414</b>	<b>-5,757</b>	<b>-6,355</b>	<b>4,134</b>	<b>-1,810</b>			
<b>Adjusted EPS (Rs)</b>	<b>(2.3)</b>	<b>(1.4)</b>	<b>(1.6)</b>	<b>0.8</b>	<b>(0.2)</b>			
PAT from discontinued operations (PV)	-3,793	-837	8,113	0	0			
<b>Adjusted PAT incl. discontinued ops</b>	<b>-12,604</b>	<b>-6,084</b>	<b>2,097</b>	<b>3,216</b>	<b>-905</b>			
<b>Reported PAT incl. discontinued ops</b>	<b>-13,207</b>	<b>-6,593</b>	<b>1,758</b>	<b>4,134</b>	<b>-1,810</b>			
<b>Margins (%)</b>							<b>(bps)</b>	<b>(bps)</b>
EBIDTA	(0.4)	2.2	2.4	6.4	4.7	501	-179	
EBIT	(6.7)	(1.7)	(1.2)	3.8	1.8	852	-199	
EBT	(13.4)	(4.7)	(4.4)	2.1	(0.3)	1,305	-242	
PAT	(13.4)	(4.8)	(4.9)	1.9	(0.6)	1,279	-246	
Effective Tax rate	(0.1)	(0.7)	(9.8)	11.2	(84.1)	-8,397	-9,531	

Source: Company, Emkay Research

**Exhibit 16: JLR quarterly performance**

£ mn	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	YoY (%)	QoQ(%)
<b>Revenue</b>	<b>4,966</b>	<b>3,871</b>	<b>4,716</b>	<b>4,767</b>	<b>4,406</b>	<b>(11.3)</b>	<b>(7.6)</b>
<b>Expenditure</b>	<b>4,517</b>	<b>3,588</b>	<b>4,151</b>	<b>4,168</b>	<b>4,127</b>	<b>(8.6)</b>	<b>(1.0)</b>
<i>as % of sales</i>	91.0	92.7	88.0	87.4	93.7		
Consumption of RM	3,149	2,500	2,783	2,807	2,762	(12.3)	(1.6)
<i>as % of sales</i>	63.4	64.6	59.0	58.9	62.7		
Employee Cost	592	513	561	599	570	(3.7)	(4.8)
<i>as % of sales</i>	11.9	13.3	11.9	12.6	12.9		
Other expenditure	776	575	807	762	795	2.4	4.3
<i>as % of sales</i>	15.6	14.9	17.1	16.0	18.0		
<b>EBITDA</b>	<b>449</b>	<b>283</b>	<b>565</b>	<b>599</b>	<b>279</b>	<b>(37.9)</b>	<b>(53.4)</b>
Depreciation	485	467	483	509	477	(1.6)	(6.3)
<b>EBIT</b>	<b>-36</b>	<b>-184</b>	<b>82</b>	<b>90</b>	<b>-198</b>		<b>(320.0)</b>
Other Income	0	0	0	0	0		
Interest	78	91	95	96	107	37.2	11.5
Share of JV	-10	3	-14	3	2		
<b>PBT</b>	<b>-124</b>	<b>-272</b>	<b>-27</b>	<b>-3</b>	<b>-303</b>		
Total Tax	176	79	58	54	113	(35.8)	109.3
<b>Adjusted PAT</b>	<b>-300</b>	<b>-351</b>	<b>-85</b>	<b>-57</b>	<b>-416</b>		
Extra ordinary items (Loss)/Gain	14	-30	18	-31	-66		
<b>Reported PAT</b>	<b>-286</b>	<b>-381</b>	<b>-67</b>	<b>-88</b>	<b>-482</b>		

<b>Margins (%)</b>						<b>(bps)</b>	<b>(bps)</b>
EBIDTA	9.0	7.3	12.0	12.6	6.3	-271	-623
EBIT	(0.7)	(4.8)	1.7	1.9	(4.5)	-377	-638
EBT	(2.5)	(7.0)	(0.6)	(0.1)	(6.9)	-438	-681
PAT	(6.0)	(9.1)	(1.8)	(1.2)	(9.4)	-340	-825
Effective Tax rate	(141.9)	(29.0)	(214.8)	(1,800.0)	(37.3)	10,464	176,271

Source: Company, Emkay Research



**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>2,497,948</b>	<b>2,784,536</b>	<b>3,568,621</b>	<b>4,022,285</b>	<b>4,423,325</b>
<b>Expenditure</b>	<b>2,192,395</b>	<b>2,536,404</b>	<b>3,179,014</b>	<b>3,540,657</b>	<b>3,891,805</b>
<b>EBITDA</b>	<b>305,553</b>	<b>248,132</b>	<b>389,606</b>	<b>481,629</b>	<b>531,520</b>
Depreciation	235,467	248,357	232,781	249,412	266,417
<b>EBIT</b>	<b>70,086</b>	<b>(225)</b>	<b>156,825</b>	<b>232,217</b>	<b>265,103</b>
Other Income	26,432	30,536	32,063	33,666	35,350
Interest expenses	80,972	93,119	99,043	90,315	81,470
<b>PBT</b>	<b>15,546</b>	<b>(62,807)</b>	<b>89,845</b>	<b>175,569</b>	<b>218,983</b>
Tax	25,419	42,313	33,804	41,943	54,709
Extraordinary Items	(120,289)	(7,227)	0	0	0
Minority Int./Income from Assoc.	(4,353)	(2,068)	1,163	1,996	2,691
<b>Reported Net Income</b>	<b>(134,514)</b>	<b>(114,415)</b>	<b>57,205</b>	<b>135,621</b>	<b>166,965</b>
<b>Adjusted PAT</b>	<b>(14,225)</b>	<b>(107,188)</b>	<b>57,205</b>	<b>135,621</b>	<b>166,965</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	7,658	7,659	7,659	7,659	7,659
Reserves & surplus	544,809	437,954	494,365	625,173	782,619
<b>Net worth</b>	<b>552,467</b>	<b>445,612</b>	<b>502,024</b>	<b>632,831</b>	<b>790,278</b>
<b>Minority Interest</b>	<b>15,735</b>	<b>42,711</b>	<b>44,038</b>	<b>45,365</b>	<b>46,692</b>
<b>Loan Funds</b>	<b>1,570,335</b>	<b>1,642,165</b>	<b>1,502,046</b>	<b>1,365,083</b>	<b>1,221,252</b>
Net deferred tax liability	(29,645)	(23,124)	(23,573)	(24,451)	(25,546)
<b>Total Liabilities</b>	<b>2,108,892</b>	<b>2,107,364</b>	<b>2,024,535</b>	<b>2,018,828</b>	<b>2,032,675</b>
<b>Net block</b>	<b>1,387,076</b>	<b>1,388,555</b>	<b>1,468,443</b>	<b>1,465,037</b>	<b>1,466,162</b>
<b>Investment</b>	<b>246,203</b>	<b>293,795</b>	<b>283,795</b>	<b>273,795</b>	<b>263,795</b>
<b>Current Assets</b>	<b>1,543,136</b>	<b>1,482,630</b>	<b>1,702,693</b>	<b>1,882,452</b>	<b>2,057,414</b>
Cash & bank balance	467,925	406,692	323,787	328,250	348,252
Other Current Assets	119,323	118,896	152,375	171,746	188,869
<b>Current liabilities &amp; Provision</b>	<b>1,277,162</b>	<b>1,160,127</b>	<b>1,453,748</b>	<b>1,627,196</b>	<b>1,781,674</b>
<b>Net current assets</b>	<b>265,974</b>	<b>322,504</b>	<b>248,946</b>	<b>255,256</b>	<b>275,740</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>2,108,892</b>	<b>2,107,364</b>	<b>2,024,535</b>	<b>2,018,828</b>	<b>2,032,675</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>(134,964)</b>	<b>(101,311)</b>	<b>60,273</b>	<b>145,226</b>	<b>187,652</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(926)	(104,737)	(10,141)	(5,867)	(5,187)
<b>Operating Cashflow</b>	<b>263,573</b>	<b>112,292</b>	<b>347,703</b>	<b>436,264</b>	<b>474,547</b>
Capital expenditure	(198,548)	(149,383)	(233,510)	(247,395)	(269,780)
<b>Free Cash Flow</b>	<b>65,025</b>	<b>(37,091)</b>	<b>114,193</b>	<b>188,869</b>	<b>204,767</b>
Investments	(67,188)	94,783	10,000	10,000	10,000
Other Investing Cash Flow	4,474	6,850	0	0	0
<b>Investing Cashflow</b>	<b>(234,831)</b>	<b>(17,215)</b>	<b>(191,447)</b>	<b>(203,729)</b>	<b>(224,430)</b>
Equity Capital Raised	26,025	37,686	0	0	0
Loans Taken / (Repaid)	154,549	22,026	(140,119)	(136,963)	(143,832)
Dividend paid (incl tax)	(303)	(999)	0	(793)	(4,814)
Other Financing Cash Flow	2,870	(122,508)	0	0	0
<b>Financing Cashflow</b>	<b>101,912</b>	<b>(156,310)</b>	<b>(239,162)</b>	<b>(228,071)</b>	<b>(230,115)</b>
<b>Net chg in cash</b>	<b>130,655</b>	<b>(61,233)</b>	<b>(82,905)</b>	<b>4,464</b>	<b>20,002</b>
Opening cash position	337,270	467,925	406,692	323,787	328,250
<b>Closing cash position</b>	<b>467,925</b>	<b>406,692</b>	<b>323,787</b>	<b>328,250</b>	<b>348,252</b>

Source: Company, Emkay Research

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**Key Ratios**

<b>Profitability (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EBITDA Margin	12.2	8.9	10.9	12.0	12.0
EBIT Margin	2.8	0.0	4.4	5.8	6.0
Effective Tax Rate	163.5	(67.4)	37.6	23.9	25.0
Net Margin	(0.4)	(3.8)	1.6	3.3	3.7
ROCE	3.4	0.7	6.5	9.5	10.8
ROE	(2.4)	(21.5)	12.1	23.9	23.5
RoIC	(4.2)	0.0	7.3	12.7	14.3

<b>Per Share Data (Rs)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EPS	(3.7)	(28.0)	14.9	35.4	43.6
CEPS	57.8	36.9	75.7	100.5	113.2
BVPS	144.3	116.4	131.1	165.3	206.4
DPS	0.0	0.0	0.2	1.3	2.5

<b>Valuations (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
PER	NM	NM	29.7	12.5	10.2
P/CEPS	7.7	12.0	5.9	4.4	3.9
P/BV	3.1	3.8	3.4	2.7	2.2
EV / Sales	1.0	1.0	0.7	0.6	0.5
EV / EBITDA	8.5	10.9	6.8	5.3	4.5
Dividend Yield (%)	0.0	0.0	0.0	0.3	0.6

<b>Gearing Ratio (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Net Debt/ Equity	1.6	2.2	1.9	1.3	0.9
Net Debt/EBIDTA	3.0	4.0	2.5	1.7	1.3
Working Cap Cycle (days)	(29.5)	(11.0)	(7.7)	(6.6)	(6.0)

<b>Growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Revenue	(4.3)	11.5	28.2	12.7	10.0
EBITDA	54.9	(18.8)	57.0	23.6	10.4
EBIT	NM	NM	NM	48.1	14.2
PAT	NM	NM	NM	137.1	23.1

<b>Quarterly (Rs mn)</b>	<b>Q1FY22</b>	<b>Q2FY22</b>	<b>Q3FY22</b>	<b>Q4FY22</b>	<b>Q1FY23</b>
Revenue	664,065	613,788	722,293	784,391	719,347
EBITDA	52,576	40,499	67,642	87,416	31,805
<b>EBITDA Margin (%)</b>	<b>7.9</b>	<b>6.6</b>	<b>9.4</b>	<b>11.1</b>	<b>4.4</b>
PAT	(44,385)	(45,039)	(19,161)	1,397	(57,324)
<b>EPS (Rs)</b>	<b>(11.6)</b>	<b>(11.8)</b>	<b>(5.0)</b>	<b>0.4</b>	<b>(15.0)</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Jun-21</b>	<b>Sep-21</b>	<b>Dec-21</b>	<b>Mar-22</b>	<b>Jun-22</b>
Promoters	46.4	46.4	46.4	46.4	46.4
FIIIs	14.3	13.4	14.6	14.5	13.7
DIIIs	11.5	13.3	13.6	14.4	15.2
Public and Others	27.8	27.0	25.4	24.8	24.7

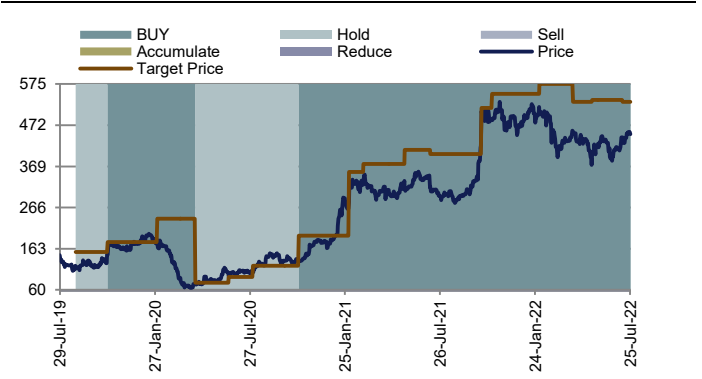
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
10-Jul-22	442	530	12m	Buy	Raghunandhan NL
13-May-22	404	535	12m	Buy	Raghunandhan NL
6-Apr-22	456	530	12m	Buy	Raghunandhan NL
24-Feb-22	428	575	12m	Buy	Raghunandhan NL
1-Feb-22	504	575	12m	Buy	Raghunandhan NL
2-Nov-21	488	550	12m	Buy	Raghunandhan NL
13-Oct-21	507	515	12m	Buy	Raghunandhan NL
27-Jul-21	291	400	12m	Buy	Raghunandhan NL
7-Jul-21	317	400	12m	Buy	Raghunandhan NL
2-Jul-21	345	410	12m	Buy	Raghunandhan NL
18-Jun-21	337	410	12m	Buy	Raghunandhan NL
1-Jun-21	318	410	12m	Buy	Raghunandhan NL
30-May-21	319	410	12m	Buy	Raghunandhan NL
19-May-21	314	410	12m	Buy	Raghunandhan NL
1-Mar-21	328	375	12m	Buy	Raghunandhan NL
23-Feb-21	324	355	12m	Buy	Raghunandhan NL
1-Feb-21	280	355	12m	Buy	Raghunandhan NL
28-Oct-20	135	196	12m	Buy	Raghunandhan NL
11-Oct-20	138	120	12m	Hold	Raghunandhan NL
28-Sep-20	133	120	12m	Hold	Raghunandhan NL
1-Aug-20	105	120	12m	Hold	Raghunandhan NL
29-Jun-20	99	92	12m	Hold	Raghunandhan NL
16-Jun-20	95	92	12m	Hold	Raghunandhan NL
4-May-20	84	78	12m	Hold	Raghunandhan NL
13-Apr-20	74	78	12m	Hold	Raghunandhan NL
27-Feb-20	145	238	12m	Buy	Raghunandhan NL
14-Feb-20	169	238	12m	Buy	Raghunandhan NL
9-Feb-20	174	238	12m	Buy	Raghunandhan NL
31-Jan-20	177	238	12m	Buy	Raghunandhan NL
30-Jan-20	186	180	12m	Buy	Raghunandhan NL
27-Dec-19	176	180	12m	Buy	Raghunandhan NL
27-Nov-19	166	180	12m	Buy	Raghunandhan NL
1-Nov-19	175	180	12m	Buy	Raghunandhan NL
30-Oct-19	172	180	12m	Buy	Raghunandhan NL
28-Oct-19	148	180	12m	Buy	Raghunandhan NL
1-Oct-19	115	155	12m	Hold	Raghunandhan NL
26-Sep-19	125	155	12m	Hold	Raghunandhan NL
3-Sep-19	113	155	12m	Hold	Raghunandhan NL
28-Aug-19	116	155	12m	Hold	Raghunandhan NL

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Automobiles & Auto Ancillaries



### Analyst: Raghunandhan NL

#### Contact Details

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#### Sector

Automobiles and Ancillaries

#### Analyst bio

Raghu holds an MBA and comes with total 13 years of research experience. His team currently covers 17 stocks in the Indian Automobiles and Ancillaries space.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight based on Current NAV	Change vs last published EAP (bps)
<b>Auto &amp; Auto Ancillaries</b>	<b>5.12</b>	<b>5.12</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>	
Amara Raja Batteries	0.00	0.00	NA	0	0.00	0
Apollo Tyres	0.00	0.00	NA	0	0.00	0
Ashok Leyland	0.21	0.21	0%	0	4.19	0
Atul Auto	0.00	0.00	NA	0	0.00	0
<b>Bajaj Auto</b>	<b>0.53</b>	<b>0.40</b>	<b>-23%</b>	<b>-12</b>	<b>7.87</b>	<b>0</b>
Bharat Forge	0.19	0.18	0%	0	3.62	0
Eicher Motors	0.43	0.43	0%	0	8.47	0
Escorts	0.00	0.02	NA	2	0.37	0
Exide Industries	0.00	0.00	NA	0	0.00	0
Hero Motocorp	0.37	0.39	4%	2	7.61	0
Mahindra & Mahindra	1.12	1.12	0%	0	21.83	0
Maruti Suzuki India	1.16	1.19	2%	2	23.19	0
Minda Industries	0.00	0.02	NA	2	0.44	0
Motherson Sumi Wiring India	0.00	0.02	NA	2	0.44	0
Samvardhana Motherson International	0.00	0.00	NA	0	0.00	0
Tata Motors	0.80	0.81	2%	1	15.83	0
Tata Motors DVR*	0.11	0.12	10%	1	2.27	0
TVS Motor	0.20	0.20	0%	0	3.88	0
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.0</b>	<b>0</b>

Source: Emkay Research

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

### Sector portfolio NAV

	Base					Latest
	1-Apr-19	26-Jul-21	25-Jan-22	26-Apr-22	27-Jun-22	26-Jul-22
EAP - Auto & Auto Ancillaries	100.0	120.6	138.1	134.6	142.0	147.8
BSE200 Neutral Weighted Portfolio (ETF)	100.0	120.1	137.1	134.1	141.7	147.4

\*Performance measurement base date 1<sup>st</sup> April 2019

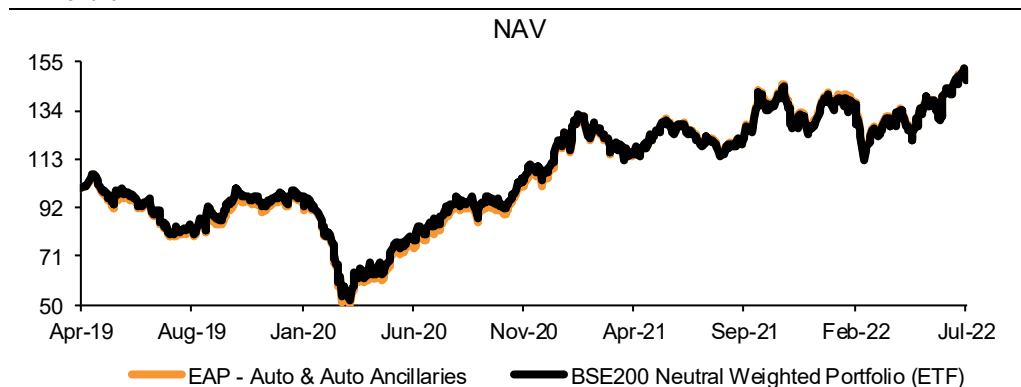
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Auto & Auto Ancillaries	4.1%	9.8%	7.0%	22.6%
BSE200 Neutral Weighted Portfolio (ETF)	4.0%	9.9%	7.5%	22.7%

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

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## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 28 Jul 2022 04:56:09 (SGT)

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