

July 26, 2023

## Q1FY24 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	760		675	
Sales (Rs. m)	43,74,924	46,99,371	43,59,139	46,81,923
% Chng.	0.4	0.4		
EBITDA (Rs. m)	5,99,799	6,56,848	5,30,641	6,02,673
% Chng.	13.0	9.0		
EPS (Rs.)	54.1	64.3	38.3	53.6
% Chng.	41.4	19.9		

### Key Financials - Consolidated

Y/e Mar	FY22	FY23	FY24E	FY25E
Sales (Rs. bn)	2,785	3,460	4,375	4,699
EBITDA (Rs. bn)	248	318	600	657
Margin (%)	8.9	9.2	13.7	14.0
PAT (Rs. bn)	(107)	7	207	246
EPS (Rs.)	(28.0)	1.9	54.1	64.3
Gr. (%)	654.5	(106.7)	2,779.1	18.7
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	(21.5)	1.6	37.5	31.8
RoCE (%)	0.0	3.8	17.0	17.2
EV/Sales (x)	1.2	0.9	0.7	0.6
EV/EBITDA (x)	13.2	10.1	5.1	4.2
PE (x)	(22.8)	339.7	11.8	9.9
P/BV (x)	5.5	5.4	3.8	2.7

### Key Data

TAMO.BO | TTMT IN

52-W High / Low	Rs.643 / Rs.375
Sensex / Nifty	66,342 / 19,672
Market Cap	Rs.2,309bn / \$ 28,209m
Shares Outstanding	3,322m
3M Avg. Daily Value	Rs.7155.01m

### Shareholding Pattern (%)

Promoter's	46.39
Foreign	16.91
Domestic Institution	17.78
Public & Others	18.92
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	14.1	52.4	42.0
Relative	8.3	38.3	19.4

Himanshu Singh

himanshuksingh@plindia.com | 91-22-66322269

## Strong performance, ripe for guidance upgrade

### Quick Pointers:

- JLR's 2QFY24 volumes to be similar to 1Q, due to 2-week production shutdown.
- JLR guidance may be revised upwards post 2Q performance.

**We increase our FY24/25E EBITDA estimates by 13%/9%, to factor in company's guidance and 1Q results. Tata Motors' (TTMT) consolidated revenue was higher than our and consensus estimates (+c30% YoY). Moreover, solid performance of JLR and India CV business boosted margin beat. JLR's volume improvement along with better mix will likely continue and may result in guidance upgrade in coming quarters. Benefits from better product mix should continue helped by a strong order book of 185k units (with 76% mix of higher ASP models) and help post strong ASP and margins. Also, lower discounts at CV should help margins and TTMT is confident of maintaining its lead in SUVs.**

**Overall, we maintain our positive stance on TTMT given (1) JLR's volume ramp-up resulting in strong revenue, profitability and FCF, 2) CV segment (on domestic side) benefitting from ongoing upcycle, operating leverage and tailwinds from low commodity costs & low discounting and (3) sustained market share in PV segment (13.5% vs 8% in FY21) led by revamped portfolio, rising SUV share and rising EV penetration. We expect Revenue/EBITDA CAGR of 17%/44% over FY24/25E. Retain 'BUY' with SoTP based TP of Rs 760 (earlier Rs 675).**

- 1QFY24 JLR and CV help post strong performance:** Consol. revenue grew by c30% YoY (helped by JLR's revenue growth of c45%) beating our and Bloomberg consensus estimate (BBGe). Consol. EBITDA margin at c13.3% beat PLe (10.6%) and BBGe (11.0%). Consol. Opex was lower led by JLR and India CV segment. India CV revenues were a strong beat, as realisations grew 6.3% QoQ despite inferior mix in 1Q, benefitting from lower discounting; which has helped EBITDA margins (+c370bps YoY) to reach 8.4% (PLe: 6.8%). PV (ex-JLR) revenue beat while EBITDA margins (5.3%; -200bp QoQ) missed PLe.

- Key takeaways: (1) JLR:** Remains optimistic on demand. Current order book is 185k units (200k in 4QFY23) of which +76% is for New RR, RR sport and Defender. JLR started activating marketing to build demand momentum for end of FY24 or early FY25, but will not see VME going beyond 2-3% in future (1.1% in 1Q). It also sees 2Q wholesale to be similar to 1Q (on lower production from plat shut down), however, has maintained its 400k FY24 volume targets. JLR will ramp-up production of RR and RR Sport by 30% from current levels by end of FY24. China volumes are improving with higher profitability. Its margins benefited from inventorisation (c1.1%) in 1Q and may upward revise guidance post 2Q. **(2) CV segment:** TTMT noted that lower availability of vehicles post BS6 (II) (as it had made major upgrades), impacted market share, which has now normalized. It expects CV industry to grow 5-10%YoY, while HCVs could grow in double digits. TTMT is focusing on profitable growth (lower discounting). Non-CV business grew by +25% YoY in 1Q. Commodity price should come down to 4QFY23 levels **(3) PV segment:** TTMT has waiting period of 3-12 weeks and strong demand for SUVs have continued. There is increase in competition, but has not used VME freely. EV division saw impact on margins due to higher lithium prices and IPL spends in 1Q, start of PLI, fall in lithium prices and cost control efforts should help margins 2Q onwards.

**Exhibit 1: SOTP valuation**

SoTP value	Valuation	Multiple (x)	Mar-25 (Rs bn)
Standalone business	EV/EBITDA	12.0	884
JLR	EV/EBITDA	1.8	860
PV subsidiary	EV/EBITDA	10	516
China JV	P/E	8	42
Tata Motors Finance	P/BV	1	49
Total EV			2,350
(-) Net automotive debt (ex TMFL)			(85)
<b>Total Equity Value (Rs bn)</b>			<b>2,435</b>
Fair value / share			662
EVCo value / share			98
<b>Target price</b>			<b>760</b>

Source: PL

**Exhibit 2: Q1FY24 Result Overview - Consolidated (Rs m)**

Y/e March	1QFY24	1QFY23	YoY gr.	4QFY23	QoQ gr.	FY24	FY23	YoY gr.
<b>Net Revenues</b>	<b>10,22,361</b>	<b>7,19,347</b>	<b>42.1%</b>	<b>10,59,324</b>	<b>-3.5%</b>	<b>43,49,041</b>	<b>34,59,670</b>	<b>25.7%</b>
Raw Materials	6,37,835	4,82,217	32.3%	6,81,944	-6.5%	27,56,417	22,64,696	21.7%
<i>% of Net Sales</i>	<i>62.4%</i>	<i>67.0%</i>		<i>64.4%</i>		<i>63.4%</i>	<i>65.5%</i>	
Personnel	98,518	77,864	26.5%	93,775	5.1%	4,13,120	3,36,547	22.8%
<i>% of Net Sales</i>	<i>9.6%</i>	<i>10.8%</i>		<i>8.9%</i>		<i>9.5%</i>	<i>9.7%</i>	
Manufacturing & Other Exp	1,26,277	1,00,542	25.6%	1,27,525	-1.0%	5,24,581	4,33,649	21.0%
<i>% of Net Sales</i>	<i>12.4%</i>	<i>14.0%</i>		<i>12.0%</i>		<i>12.1%</i>	<i>12.5%</i>	
Total Expenditure	8,62,629	6,60,623	30.6%	9,03,244	-4.5%	36,94,117	30,34,892	21.7%
<b>EBITDA</b>	<b>1,59,732</b>	<b>58,724</b>	<b>172.0%</b>	<b>1,56,079</b>	<b>2.3%</b>	<b>6,54,924</b>	<b>4,24,778</b>	<b>54.2%</b>
<i>EBITDA Margin (%)</i>	<i>15.6%</i>	<i>8.2%</i>		<i>14.7%</i>		<i>15.1%</i>	<i>12.3%</i>	
Depreciation	90,469	85,329	6.0%	98,621	-8.3%	3,86,127	3,55,223	8.7%
<b>EBIT</b>	<b>69,264</b>	<b>-26,605</b>	<b>-360.3%</b>	<b>57,459</b>	<b>NA</b>	<b>2,68,796</b>	<b>69,554</b>	<b>NA</b>
Interest Expenses	26,154	24,207	8.0%	26,417	-1.0%	1,03,793	1,02,255	1.5%
Non-operating income	13,605	8,874	53.3%	15,769	-13.7%	51,069	46,332	10.2%
Forex gain	-3,418	-7,678	NA	3,183	-207.4%	538	1,039	NA
Exceptional gain/(loss)	-6,770	14,936	NA	-2,153	214.4%	-6,770	15,905	NA
<b>PBT</b>	<b>46,527</b>	<b>-34,680</b>	<b>NA</b>	<b>47,841</b>	<b>-2.7%</b>	<b>2,09,840</b>	<b>30,576</b>	<b>NA</b>
Tax-Total	15,630	15,190	NA	-6,207	NA	64,830	7,041	820.8%
<i>Tax Rate (%) - Total</i>	<i>33.6%</i>	<i>-43.8%</i>		<i>-13.0%</i>		<i>30.9%</i>	<i>23.0%</i>	
<b>Reported PAT</b>	<b>30,897</b>	<b>-49,870</b>	<b>NA</b>	<b>54,048</b>	<b>-42.8%</b>	<b>1,45,011</b>	<b>23,535</b>	<b>NA</b>
Share of profit of joint ventures and associates	2,110	360	485.3%	913	131.2%	4,950	3,364	NA
Minority interest	979	556	75.9%	883	10.9%	3,252	2,756	18.0%
<b>Adj. PAT</b>	<b>38,798</b>	<b>-65,002</b>	<b>NA</b>	<b>56,231</b>	<b>-31.0%</b>	<b>1,53,478</b>	<b>8,238</b>	<b>NA</b>
<i>PAT Margin</i>	<i>3.8%</i>	<i>-9.0%</i>		<i>5.3%</i>		<i>3.5%</i>	<i>0.2%</i>	

Source: Company, PL

**Exhibit 3: Q1FY24 Result Overview - JLR (GBP m)**

Y/e March	1QFY24	1QFY23	YoY gr.	4QFY23	QoQ gr.	FY24	FY23	YoY gr.
Volumes (in units)	93,253	71,815	29.9%	94,649	-1.5%	3,90,545	3,21,362	21.5%
Net ASP (Rs/veh)	74,024	61,352	<b>20.7%</b>	75,035	<b>-1.3%</b>	73,460	70,976	<b>3.5%</b>
<b>Net Revenues</b>	<b>6,903</b>	<b>4,406</b>	<b>56.7%</b>	<b>7,102</b>	<b>-2.8%</b>	<b>28,690</b>	<b>22,809</b>	<b>25.8%</b>
Raw Materials	4,026	2,762	45.8%	4,327	-7.0%	17,042	14,008	21.7%
<i>% of Net Sales</i>	<i>58.3%</i>	<i>62.7%</i>		<i>60.9%</i>		<i>59.4%</i>	<i>61.4%</i>	
Personnel	716	570	25.6%	696	2.9%	3,055	2,524	21.1%
<i>% of Net Sales</i>	<i>10.4%</i>	<i>12.9%</i>		<i>9.8%</i>		<i>10.7%</i>	<i>11.1%</i>	
Manufacturing & Other Exp	1,038	795	30.6%	1,044	-0.6%	4,217	3,706	13.8%
<i>% of Net Sales</i>	<i>15.0%</i>	<i>18.0%</i>		<i>14.7%</i>		<i>14.7%</i>	<i>16.2%</i>	
Total Expenditure	5,780	4,127	40.1%	6,067	-4.7%	24,314	20,238	20.1%
<b>EBITDA</b>	<b>1,123</b>	<b>279</b>	<b>302.5%</b>	<b>1,035</b>	<b>8.5%</b>	<b>4,375</b>	<b>2,571</b>	<b>70.2%</b>
<i>EBITDA Margin (%)</i>	<i>16.3%</i>	<i>6.3%</i>		<i>14.6%</i>		<i>15.3%</i>	<i>11.3%</i>	
Depreciation	538	477	12.8%	578	-6.9%	2,198	2,042	7.6%
<b>EBIT</b>	<b>585</b>	<b>-198</b>	<b>-395.5%</b>	<b>457</b>	<b>28.0%</b>	<b>2,177</b>	<b>529</b>	<b>311.5%</b>
Interest Expenses	98	107	-8.4%	104	-5.8%	440	440	0.0%
Non-operating income	0	0		0		0	0	
Forex gain	-62	-221	<b>-71.9%</b>	11	<b>-663.6%</b>	0	-168	NA
Exceptional gain/(loss)	0	155	0.0%	6	<b>NA</b>	0	-168	NA
China JV profit	10	2		4		22	15	
<b>PBT</b>	<b>435</b>	<b>-369</b>	<b>NA</b>	<b>374</b>	<b>16.3%</b>	<b>1,759</b>	<b>-232</b>	<b>-858.3%</b>
Tax-Total	112	113	-0.9%	115	-2.6%	469	157	198.7%
<i>Tax Rate (%) - Total</i>	<i>25.7%</i>	<i>-30.6%</i>		<i>30.7%</i>		<i>26.7%</i>	<i>-67.7%</i>	<i>-139.4%</i>
<b>Reported PAT</b>	<b>323</b>	<b>-482</b>	<b>NA</b>	<b>259</b>	<b>24.7%</b>	<b>1,290</b>	<b>-389</b>	<b>-431.7%</b>
<i>PAT Margin</i>	<i>4.7%</i>	<i>-10.9%</i>		<i>3.6%</i>		<i>4.5%</i>	<i>-1.7%</i>	

Source: Company, PL

**Exhibit 4: Q1FY24 Result Overview – Standalone (Rs m)**

Y/e March	1QFY24	1QFY23	YoY gr.	4QFY23	QoQ gr.	FY24	FY23	YoY gr.
<b>Net Revenues</b>	<b>1,58,326</b>	<b>1,48,744</b>	<b>6.4%</b>	<b>2,01,421</b>	<b>-21.4%</b>	<b>7,23,070</b>	<b>6,57,573</b>	<b>10.0%</b>
Raw Materials	1,14,371	1,12,626	1.5%	1,48,393	-22.9%	5,27,837	4,92,728	7.1%
<i>% of Net Sales</i>	<i>72.2%</i>	<i>75.7%</i>		<i>73.7%</i>		<i>73.0%</i>	<i>74.9%</i>	
Personnel	10,645	10,629	0.2%	10,221	4.1%	44,769	40,216	11.3%
<i>% of Net Sales</i>	<i>6.7%</i>	<i>7.1%</i>		<i>5.1%</i>		<i>6.2%</i>	<i>6.1%</i>	
Manufacturing & Other Exp	17,779	16,795	5.9%	18,942	-6.1%	73,126	67,530	8.3%
<i>% of Net Sales</i>	<i>11.2%</i>	<i>11.3%</i>		<i>9.4%</i>		<i>10.1%</i>	<i>10.3%</i>	
Total Expenditure	1,42,794	1,40,050	2.0%	1,77,555	-19.6%	6,45,732	6,00,475	7.5%
<b>EBITDA</b>	<b>15,531</b>	<b>8,695</b>	<b>78.6%</b>	<b>23,866</b>	<b>-34.9%</b>	<b>77,339</b>	<b>57,099</b>	<b>35.4%</b>
<i>EBITDA Margin (%)</i>	<i>9.8%</i>	<i>5.8%</i>		<i>11.8%</i>		<i>10.7%</i>	<i>8.7%</i>	
Depreciation	7,208	6,007	20.0%	7,739	-6.9%	29,193	26,659	9.5%
<b>EBIT</b>	<b>8,324</b>	<b>2,688</b>	<b>209.6%</b>	<b>16,127</b>	<b>-48.4%</b>	<b>48,146</b>	<b>30,440</b>	<b>NA</b>
Interest Expenses	4,117	5,288	-22.1%	4,659	-11.6%	17,070	20,475	-16.6%
Non-operating income	2,991	2,108	41.9%	2,419	23.6%	9,400	8,209	14.5%
Forex gain	-500	-891	NA	-256	95.2%	0	-2,798	NA
Exceptional gain/(loss)	-6,480	-14	NA	-2,772	NA	-6,480	-2,828	NA
<b>PBT</b>	<b>218</b>	<b>-1,397</b>	<b>-115.6%</b>	<b>10,859</b>	<b>-98.0%</b>	<b>33,996</b>	<b>12,548</b>	<b>NA</b>
Tax-Total	859	414	107.6%	-16,097	-105.3%	7,896	-14,733	-153.6%
<i>Tax Rate (%) - Total</i>	<i>393.6%</i>	<i>-29.6%</i>		<i>-148.2%</i>		<i>23.2%</i>	<i>-117.4%</i>	
<b>Reported PAT</b>	<b>-640</b>	<b>-1,810</b>	<b>-64.6%</b>	<b>26,956</b>	<b>-102.4%</b>	<b>26,100</b>	<b>27,281</b>	<b>NA</b>
<b>Adj. PAT</b>	<b>5,839</b>	<b>-1,796</b>	<b>-425.1%</b>	<b>29,728</b>	<b>-80.4%</b>	<b>32,579</b>	<b>30,110</b>	<b>NA</b>
<i>PAT Margin</i>	<i>3.7%</i>	<i>-1.2%</i>		<i>14.8%</i>		<i>4.5%</i>	<i>4.6%</i>	

Source: Company, PL

**Exhibit 5: Operating Metrics**

Y/e March	1QFY24	1QFY23	YoY gr.	4QFY23	QoQ gr.	FY24	FY23	YoY gr.
<b>Sales Volume (nos)</b>	<b>1,16,058</b>	<b>1,19,870</b>	<b>-3.2%</b>	<b>95,914</b>	<b>21.0%</b>	<b>4,40,328</b>	<b>3,56,972</b>	<b>23.4%</b>
Net Realisation/Vehicle	13,64,195	12,40,881	9.9%	21,00,020	-35.0%	16,42,118	18,42,086	-10.9%
Material cost / vehicle	9,85,462	9,39,565	4.9%	15,47,144	-36.3%	11,98,736	13,80,299	-13.2%
Gross Profit / vehicle	3,78,733	3,01,316	25.7%	5,52,875	-31.5%	4,43,382	4,61,787	-4.0%
Employee cost /vehicle	91,719	88,667	3.4%	1,06,561	-13.9%	1,01,671	1,12,660	-9.8%
Other expenses / vehicle	1,53,190	1,40,113	9.3%	1,97,484	-22.4%	1,66,072	1,89,175	-12.2%
EBITDA/vehicle	1,33,824	72,536	84.5%	2,48,830	-46.2%	1,75,639	1,59,953	9.8%
Net Profit/vehicle	50,312	-14,983	-435.8%	3,09,944	-83.8%	73,989	84,347	-12.3%

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
<b>Net Revenues</b>	<b>27,84,536</b>	<b>34,59,670</b>	<b>43,74,924</b>	<b>46,99,371</b>
YoY gr. (%)	11.5	24.2	26.5	7.4
Cost of Goods Sold	18,08,858	22,64,696	27,83,599	29,88,781
Gross Profit	9,75,678	11,94,973	15,91,325	17,10,590
Margin (%)	35.0	34.5	36.4	36.4
Employee Cost	3,08,085	3,36,547	4,05,550	4,33,346
Other Expenses	4,19,605	5,40,268	5,85,977	6,20,396
<b>EBITDA</b>	<b>2,47,988</b>	<b>3,18,158</b>	<b>5,99,799</b>	<b>6,56,848</b>
YoY gr. (%)	(18.8)	28.3	88.5	9.5
Margin (%)	8.9	9.2	13.7	14.0
Depreciation and Amortization	2,48,357	2,48,604	2,78,852	2,93,961
<b>EBIT</b>	<b>(369)</b>	<b>69,554</b>	<b>3,20,946</b>	<b>3,62,887</b>
Margin (%)	0.0	2.0	7.3	7.7
Net Interest	93,119	1,02,255	1,08,955	1,08,814
Other Income	29,750	47,371	47,722	50,585
<b>Profit Before Tax</b>	<b>(70,034)</b>	<b>11,817</b>	<b>2,59,713</b>	<b>3,04,659</b>
Margin (%)	(2.5)	0.3	5.9	6.5
Total Tax	42,313	7,041	51,943	60,932
Effective tax rate (%)	(60.4)	59.6	20.0	20.0
<b>Profit after tax</b>	<b>(1,12,347)</b>	<b>4,777</b>	<b>2,07,771</b>	<b>2,43,727</b>
Minority interest	1,327	2,756	2,783	2,811
Share Profit from Associate	(741)	3,364	2,273	5,191
<b>Adjusted PAT</b>	<b>(1,07,332)</b>	<b>7,199</b>	<b>2,07,260</b>	<b>2,46,107</b>
YoY gr. (%)	-	-	-	-
Margin (%)	(3.9)	0.2	4.7	5.2
Extra Ord. Income / (Exp)	(6,296)	(2,853)	-	-
<b>Reported PAT</b>	<b>(1,14,415)</b>	<b>5,385</b>	<b>2,07,260</b>	<b>2,46,107</b>
YoY gr. (%)	(14.9)	(104.7)	3,749.1	18.7
Margin (%)	(4.1)	0.2	4.7	5.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
<b>Equity Shares O/s (m)</b>	<b>3,829</b>	<b>3,830</b>	<b>3,830</b>	<b>3,830</b>
<b>EPS (Rs)</b>	<b>(28.0)</b>	<b>1.9</b>	<b>54.1</b>	<b>64.3</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>32,32,889</b>	<b>34,54,489</b>	<b>37,17,375</b>	<b>39,78,833</b>
Tangibles	32,32,889	34,54,489	37,17,375	39,78,833
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>18,52,406</b>	<b>21,01,009</b>	<b>23,79,862</b>	<b>26,73,823</b>
Tangibles	18,52,406	21,01,009	23,79,862	26,73,823
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>13,80,483</b>	<b>13,53,480</b>	<b>13,37,513</b>	<b>13,05,011</b>
Tangibles	13,80,483	13,53,480	13,37,513	13,05,011
Intangibles	-	-	-	-
Capital Work In Progress	1,02,511	1,42,745	1,57,020	1,72,721
Goodwill	8,072	8,406	8,406	8,406
Non-Current Investments	66,703	75,409	79,179	83,138
Net Deferred tax assets	(15,584)	(14,070)	(15,336)	(16,716)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	2,27,092	1,88,383	1,97,802	2,17,582
Inventories	3,52,403	4,07,554	5,39,374	5,79,375
Trade receivables	1,24,421	1,57,380	2,39,722	2,57,500
Cash & Bank Balance	4,06,692	3,70,156	5,44,515	8,21,887
Other Current Assets	6,37,822	6,98,390	7,61,063	8,29,430
<b>Total Assets</b>	<b>33,06,199</b>	<b>34,01,902</b>	<b>38,64,594</b>	<b>42,75,049</b>
<b>Equity</b>				
Equity Share Capital	7,659	7,660	7,660	7,660
Other Equity	4,37,954	4,45,558	6,43,039	8,89,146
<b>Total Network</b>	<b>4,45,612</b>	<b>4,53,218</b>	<b>6,50,699</b>	<b>8,96,806</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	14,64,490	13,41,134	13,41,134	13,41,134
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	5,99,704	7,20,558	9,46,901	10,23,562
Other current liabilities	7,38,098	7,59,057	8,34,963	9,18,459
<b>Total Equity &amp; Liabilities</b>	<b>33,06,199</b>	<b>33,60,814</b>	<b>38,64,594</b>	<b>42,75,049</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY22	FY23	FY24E	FY25E
PBT	(70,775)	15,181	2,61,986	3,09,850
Add. Depreciation	2,48,357	2,48,604	2,78,852	2,93,961
Add. Interest	93,119	1,02,255	1,08,955	1,08,814
Less Financial Other Income	29,750	47,371	47,722	50,585
Add. Other	(23,454)	(44,518)	(47,722)	(50,585)
Op. profit before WC changes	2,47,247	3,21,522	6,02,071	6,62,039
Net Changes-WC	(2,93,911)	(6,864)	25,414	34,012
Direct tax	(42,287)	(8,556)	(50,676)	(59,552)
<b>Net cash from Op. activities</b>	<b>(88,951)</b>	<b>3,06,102</b>	<b>5,76,809</b>	<b>6,36,500</b>
Capital expenditures	(1,42,707)	(2,21,081)	(3,18,248)	(2,77,160)
Interest / Dividend Income	-	-	-	-
Others	(24,139)	74,521	34,532	26,846
<b>Net Cash from Invt. activities</b>	<b>(1,66,846)</b>	<b>(1,46,559)</b>	<b>(2,83,716)</b>	<b>(2,50,314)</b>
Issue of share cap. / premium	33,209	29,532	(9,779)	-
Debt changes	2,54,474	(1,23,356)	-	-
Dividend paid	-	-	-	-
Interest paid	(93,119)	(1,02,255)	(1,08,955)	(1,08,814)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>1,94,564</b>	<b>(1,96,079)</b>	<b>(1,18,733)</b>	<b>(1,08,814)</b>
<b>Net change in cash</b>	<b>(61,233)</b>	<b>(36,536)</b>	<b>1,74,359</b>	<b>2,77,372</b>
Free Cash Flow	(2,31,658)	85,021	2,58,561	3,59,339

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q1FY23	Q2FY23	Q3FY23	Q4FY23
<b>Net Revenue</b>	<b>7,19,347</b>	<b>7,96,114</b>	<b>8,84,886</b>	<b>10,59,324</b>
YoY gr. (%)	8.3	29.7	22.5	35.1
Raw Material Expenses	4,82,217	5,25,950	5,74,585	6,81,944
Gross Profit	2,37,129	2,70,164	3,10,301	3,77,380
Margin (%)	33.0	33.9	35.1	35.6
<b>EBITDA</b>	<b>58,724</b>	<b>87,178</b>	<b>1,22,796</b>	<b>1,56,079</b>
YoY gr. (%)	(19.6)	41.3	35.6	36.0
Margin (%)	8.2	11.0	13.9	14.7
Depreciation / Depletion	85,329	84,189	87,084	98,621
<b>EBIT</b>	<b>(26,605)</b>	<b>2,989</b>	<b>35,712</b>	<b>57,459</b>
Margin (%)	(3.7)	0.4	4.0	5.4
Net Interest	24,207	24,873	26,758	26,417
Other Income	1,196	4,146	23,077	18,953
<b>Profit before Tax</b>	<b>(34,680)</b>	<b>(14,612)</b>	<b>32,026</b>	<b>47,841</b>
Margin (%)	(4.8)	(1.8)	3.6	4.5
Total Tax	15,190	(4,571)	2,628	(6,207)
Effective tax rate (%)	(43.8)	31.3	8.2	(13.0)
<b>Profit after Tax</b>	<b>(49,870)</b>	<b>(10,041)</b>	<b>29,398</b>	<b>54,048</b>
Minority interest	556	463	854	883
Share Profit from Associates	360	1,057	1,034	913
<b>Adjusted PAT</b>	<b>(65,002)</b>	<b>(12,572)</b>	<b>29,581</b>	<b>56,231</b>
YoY gr. (%)	46.0	(71.7)	(284.6)	(1,862.6)
Margin (%)	(9.0)	(1.6)	3.3	5.3
Extra Ord. Income / (Exp)	14,936	3,126	(4)	(2,153)
<b>Reported PAT</b>	<b>(50,066)</b>	<b>(9,446)</b>	<b>29,577</b>	<b>54,078</b>
YoY gr. (%)	12.5	(78.7)	(295.1)	(623.6)
Margin (%)	(7.0)	(1.2)	3.3	5.1
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Avg. Shares O/s (m)	3,677	3,677	3,677	3,677
<b>EPS (Rs)</b>	<b>(17.7)</b>	<b>(3.4)</b>	<b>8.0</b>	<b>15.3</b>

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY22	FY23	FY24E	FY25E
<b>Per Share(Rs)</b>				
EPS	(28.0)	1.9	54.1	64.3
CEPS	36.8	66.8	126.9	141.0
BVPS	116.4	118.3	169.9	234.1
FCF	(60.5)	22.2	67.5	93.8
DPS	-	-	-	-
<b>Return Ratio(%)</b>				
RoCE	0.0	3.8	17.0	17.2
ROIC	0.0	2.2	22.3	27.0
RoE	(21.5)	1.6	37.5	31.8
<b>Balance Sheet</b>				
Net Debt : Equity (x)	1.9	1.7	0.9	0.3
Net Working Capital (Days)	(82)	(70)	(61)	(62)
<b>Valuation(x)</b>				
PER	(22.8)	339.7	11.8	9.9
P/B	5.5	5.4	3.8	2.7
P/CEPS	17.3	9.6	5.0	4.5
EV/EBITDA	13.2	10.1	5.1	4.2
EV/Sales	1.2	0.9	0.7	0.6
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY22	FY23	FY24E	FY25E
Volume (units)	3,56,972	4,13,429	4,40,328	4,67,693
Net realisation (Rs/unit)	12,78,177	15,39,058	16,32,074	16,58,658

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-23	BUY	675	601
2	08-Jun-23	BUY	605	568
3	15-May-23	BUY	605	516
4	12-Apr-23	BUY	590	459
5	27-Jan-23	BUY	520	419
6	05-Jan-23	BUY	520	386
7	10-Nov-22	BUY	520	433
8	06-Oct-22	BUY	570	408
9	28-Jul-22	BUY	535	444

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	BUY	215	165
2	Bajaj Auto	Reduce	4,450	4,918
3	Bharat Forge	BUY	955	855
4	CEAT	Hold	2,330	2,485
5	Eicher Motors	Accumulate	3,460	3,222
6	Endurance Technologies	Accumulate	1,745	1,654
7	Exide Industries	UR	-	185
8	Hero Motocorp	Accumulate	3,460	3,172
9	Mahindra & Mahindra	BUY	1,685	1,549
10	Maruti Suzuki	BUY	11,100	9,859
11	Tata Motors	BUY	675	601
12	TVS Motor Company	Accumulate	1,380	1,314

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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### **Prabhudas Lilladher Pvt. Ltd.**

**3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209**

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