

November 3, 2023

## Q2FY24 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	785		760	
Sales (Rs. m)	44,75,836	47,85,708	44,15,502	47,43,610
% Chng.	1.4	0.9		
EBITDA (Rs. m)	6,28,530	6,78,447	5,88,543	6,49,910
% Chng.	6.8	4.4		
EPS (Rs.)	60.1	67.9	51.2	61.0
% Chng.	17.3	11.4		

### Key Financials - Consolidated

Y/e Mar	FY23	FY24E	FY25E	FY26E
Sales (Rs. bn)	3,460	4,476	4,786	4,993
EBITDA (Rs. bn)	318	629	678	717
Margin (%)	9.2	14.0	14.2	14.4
PAT (Rs. bn)	7	230	260	281
EPS (Rs.)	1.9	60.1	67.9	73.4
Gr. (%)	(106.7)	3,097.9	13.0	8.1
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	1.6	40.2	31.6	25.7
RoCE (%)	3.8	18.0	17.1	16.1
EV/Sales (x)	0.9	0.7	0.6	0.5
EV/EBITDA (x)	10.1	4.9	4.3	3.8
PE (x)	338.6	10.6	9.4	8.7
P/BV (x)	5.4	3.5	2.6	2.0

### Key Data

TAMO.BO | TTMT IN

52-W High / Low	Rs.678 / Rs.375
Sensex / Nifty	64,081 / 19,133
Market Cap	Rs.2,334bn / \$ 28,038m
Shares Outstanding	3,322m
3M Avg. Daily Value	Rs.7216.71m

### Shareholding Pattern (%)

Promoter's	46.38
Foreign	18.40
Domestic Institution	17.37
Public & Others	17.70
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	1.0	32.5	50.8
Relative	3.7	26.9	43.3

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## Strong performance to continue

### Quick Pointers:

- Faster ramp-up in volumes across segments in 2H vs 1H.
- Guidance upgrade at JLR higher than expected

**We increase our FY24/25/26E EBITDA estimates by 7%/4%/4%, to factor in company's updated margin guidance and 2Q performance. Tata Motors' (TTMT) consol. revenue was below our and consensus estimates (by c3%), led by lower realization across JLR, CV and PV segments. However, margin beat at CV and PV helped report in line absolute EBITDA. JLR has increased its FY24 EBIT margin guidance from >6% to ~8% (higher than expected). JLR's ASP have declined QoQ for the third successive quarter due to poor mix, we see this trend normalizing now. Benefits from volume ramp up helped by a strong order book of 168k units (with >77% mix of higher ASP models) should support the ASP and margins at higher levels. Lower discounts at CV helped margins in 2Q; we see CV margins continuing to expand. TTMT sees 2H to be better than 1H for PVs and EVs to see fast ramp-up going ahead.**

**We maintain our positive stance on TTMT given (1) JLR's volume ramp-up resulting in strong revenue, profitability and FCF, (2) Domestic CV benefitting from underlying economic strength, operating leverage, benign input costs and lower discounts and (3) focus on market share in PV segment (13.4% in 1HFY24 vs 8% in FY21) led by model launches and rising EV penetration. Retain 'BUY' with SoTP based TP of Rs 785 (earlier Rs 760).**

- **2QFY24 CV & PV margin beat offset lower revenues:** Consol. revenue grew by c32% YoY however, was below our and Bloomberg consensus estimate (BBGe) by c3% each. Consol. EBITDA margin at c13.1% beat PLe (12.5%) and BBGe (12.7%). Absolute EBITDA was largely in line. India CV revenues were a miss, as realisations declined 3.5% QoQ, while EBITDA margins (+c630bps YoY) reached 10.7% (PLe: 9.0%). PV (ex-JLR) revenue missed while EBITDA margins (6.4%; +110bp QoQ) beat PLe (5.1%).

- **Key takeaways:** (1) **JLR:** Anticipates improved wholesale and production volumes in 2H due to more working days and easing supply constraints. The order bank, predominantly high-margin models (Range Rover, Range Rover Sport, Defender), remains robust at 168k units (185k in 1Q), despite a slight decrease from 1QFY24. Sales in China are stable YoY amidst market challenges. Enhanced semiconductor availability has led to cost savings by reducing broker-sourced chips. The two-week summer shutdown affected working capital. (2) **CV segment:** TTMT maintains a positive demand outlook for its CV products, underpinned by better performance driven by seasonality, improved supply, and new product introductions. MHCV segment showed promising performance, with ILCV on the recovery path, but the LCV segment still faces hurdles. Margins have benefited from lower input prices and cost management, with non-vehicle business revenues up by 20% YoY. Efforts in cost reduction and realization improvements MoM have strengthened margins. Customer sentiment is stable or improving, despite a typical Q2 dip. (3) The **PV segment** saw QoQ margin growth, maintaining volume amidst transitions, including updates to Nexon models. The EV volume is expected to grow beyond the current 25-cities, which represents 75% of EV sales.

**Exhibit 1: SOTP valuation**

SoTP value	Valuation	Multiple (x)	Sep-25 (Rs bn)
Standalone business	EV/EBITDA	11.0	1,000
JLR	EV/EBITDA	1.8	914
PV subsidiary	EV/EBITDA	10.0	523
China JV	P/E	8.0	27
Tata Motors Finance	P/BV	1.0	50
Total EV			2,513
(-) Net automotive debt (ex TMFL)			(23)
<b>Total Equity Value (Rs bn)</b>			<b>2,536</b>
Fair value / share			690
EVCo value / share			96
<b>Target price</b>			<b>785</b>

Source: PL

**Exhibit 2: Q2FY24 Result Overview - Consolidated (Rs m)**

Y/e March	2QFY24	2QFY23	YoY Gr. (%)	1QFY24	QoQ Gr. (%)	1HFY24	1HFY23	YoY Gr. (%)
<b>Net Revenues</b>	<b>10,51,282</b>	<b>7,96,114</b>	<b>32.1%</b>	<b>10,22,361</b>	<b>2.8%</b>	<b>20,73,643</b>	<b>15,15,460</b>	<b>36.8%</b>
Raw Materials	6,69,097	5,25,950	27.2%	6,37,835	4.9%	13,06,932	10,08,167	29.6%
<i>% of Net Sales</i>	<i>63.6%</i>	<i>66.1%</i>		<i>62.4%</i>		<i>63.0%</i>	<i>66.5%</i>	
Personnel	1,00,989	78,979	27.9%	98,518	2.5%	1,99,507	1,56,843	27.2%
<i>% of Net Sales</i>	<i>9.6%</i>	<i>9.9%</i>		<i>9.6%</i>		<i>9.6%</i>	<i>10.3%</i>	
Manufacturing & Other Exp	1,18,451	1,04,007	13.9%	1,26,277	-6.2%	2,44,728	2,04,548	19.6%
<i>% of Net Sales</i>	<i>11.3%</i>	<i>13.1%</i>		<i>12.4%</i>		<i>11.8%</i>	<i>13.5%</i>	
Total Expenditure	8,88,538	7,08,936	25.3%	8,62,629	3.0%	17,51,166	13,69,558	27.9%
<b>EBITDA</b>	<b>1,62,745</b>	<b>87,178</b>	<b>86.7%</b>	<b>1,59,732</b>	<b>1.9%</b>	<b>3,22,477</b>	<b>1,45,902</b>	<b>121.0%</b>
<i>EBITDA Margin (%)</i>	<i>15.5%</i>	<i>11.0%</i>		<i>15.6%</i>		<i>15.6%</i>	<i>9.6%</i>	
Depreciation	90,501	85,892	5.4%	94,450	-4.2%	1,82,338	1,69,519	7.6%
<b>EBIT</b>	<b>72,244</b>	<b>1,286</b>	<b>5519.0%</b>	<b>65,282</b>	<b>NA</b>	<b>1,40,139</b>	<b>-23,616</b>	<b>NA</b>
Interest Expenses	27,015	24,873	8.6%	26,154	3.3%	53,169	49,080	8.3%
Non-operating income	16,307	10,385	57.0%	13,605	19.9%	29,913	19,259	55.3%
Forex gain	928	-6,239	NA	-3,418	-127.2%	-2,490	-13,917	NA
Exceptional gain/(loss)	-1,237	3,126	NA	-6,770	-81.7%	-8,007	18,063	NA
<b>PBT</b>	<b>61,228</b>	<b>-16,315</b>	<b>NA</b>	<b>42,545</b>	<b>43.9%</b>	<b>1,06,386</b>	<b>-49,292</b>	<b>NA</b>
Tax-Total	22,028	-4,571	NA	15,630	NA	37,659	10,619	254.6%
<i>Tax Rate (%) - Total</i>	<i>36.0%</i>	<i>28.0%</i>		<i>36.7%</i>		<i>35.4%</i>	<i>-21.5%</i>	
<b>Reported PAT</b>	<b>39,199</b>	<b>-11,744</b>	<b>NA</b>	<b>26,915</b>	<b>45.6%</b>	<b>68,727</b>	<b>-59,911</b>	<b>NA</b>
Share of profit of joint ventures and associates	490	1,057	-53.6%	2,110	-76.8%	2,600	1,418	NA
Minority interest	681	463	47.2%	979	-30.4%	1,659	1,019	62.9%
<b>Adj. PAT</b>	<b>40,246</b>	<b>-14,276</b>	<b>NA</b>	<b>34,816</b>	<b>15.6%</b>	<b>77,675</b>	<b>-77,575</b>	<b>NA</b>
<i>PAT Margin</i>	<i>3.8%</i>	<i>-1.8%</i>		<i>3.4%</i>		<i>3.7%</i>	<i>-5.1%</i>	

Source: Company, PL

**Exhibit 3: Q2FY24 Result Overview - JLR (GBP m)**

Y/e March	2QFY24	2QFY23	YoY Gr. (%)	1QFY24	QoQ Gr. (%)	1HFY24	1HFY23	YoY Gr. (%)
Volumes (in units)	96,817	75,307	28.6%	93,253	3.8%	1,90,070	1,47,122	29.2%
Net ASP (Rs/veh)	70,824	69,847	1.4%	74,024	-4.3%	72,394	65,701	10.2%
<b>Net Revenues</b>	<b>6,857</b>	<b>5,260</b>	<b>30.4%</b>	<b>6,903</b>	<b>-0.7%</b>	<b>13,760</b>	<b>9,666</b>	<b>42.4%</b>
Raw Materials	4,166	3,212	29.7%	4,026	3.5%	8,192	5,974	37.1%
<i>% of Net Sales</i>	<i>60.8%</i>	<i>61.1%</i>		<i>58.3%</i>		<i>59.5%</i>	<i>61.8%</i>	
Personnel	713	604	18.0%	716	-0.4%	1,429	1,174	21.7%
<i>% of Net Sales</i>	<i>10.4%</i>	<i>11.5%</i>		<i>10.4%</i>		<i>10.4%</i>	<i>12.1%</i>	
Manufacturing & Other Exp	957	903	6.0%	1,038	-7.8%	1,995	1,698	17.5%
<i>% of Net Sales</i>	<i>14.0%</i>	<i>17.2%</i>		<i>15.0%</i>		<i>14.5%</i>	<i>17.6%</i>	
Total Expenditure	5,836	4,719	23.7%	5,780	1.0%	11,616	8,846	31.3%
<b>EBITDA</b>	<b>1,021</b>	<b>541</b>	<b>88.7%</b>	<b>1,123</b>	<b>-9.1%</b>	<b>2,144</b>	<b>820</b>	<b>161.5%</b>
<i>EBITDA Margin (%)</i>	<i>14.9%</i>	<i>10.3%</i>		<i>16.3%</i>		<i>15.6%</i>	<i>8.5%</i>	
Depreciation	525	493	6.5%	538	-2.4%	1,063	970	9.6%
<b>EBIT</b>	<b>496</b>	<b>48</b>	<b>933.3%</b>	<b>585</b>	<b>-15.2%</b>	<b>1,081</b>	<b>-150</b>	<b>-820.7%</b>
Interest Expenses	84	112	-25.0%	98	-14.3%	182	219	-16.9%
Non-operating income	0	0		0		0	0	
Forex gain	25	-115	-121.7%	-62	-140.3%	-37	-336	NA
Exceptional gain/(loss)	0	0	0.0%	0	NA	0	-336	NA
China JV profit	5	6		10		15	8	
<b>PBT</b>	<b>442</b>	<b>-173</b>	<b>NA</b>	<b>435</b>	<b>1.6%</b>	<b>877</b>	<b>-1,033</b>	<b>-184.9%</b>
Tax-Total	170	-75	-326.7%	112	51.8%	282	38	642.1%
<i>Tax Rate (%) - Total</i>	<i>38.5%</i>	<i>43.4%</i>		<i>25.7%</i>		<i>32.2%</i>	<i>-3.7%</i>	<i>-974.1%</i>
<b>Reported PAT</b>	<b>272</b>	<b>-98</b>	<b>NA</b>	<b>323</b>	<b>-15.8%</b>	<b>595</b>	<b>-1,071</b>	<b>-155.6%</b>
<i>PAT Margin</i>	<i>4.0%</i>	<i>-1.9%</i>		<i>4.7%</i>		<i>4.3%</i>	<i>-11.1%</i>	

Source: Company, PL

**Exhibit 4: Q2FY24 Result Overview – Standalone (Rs m)**

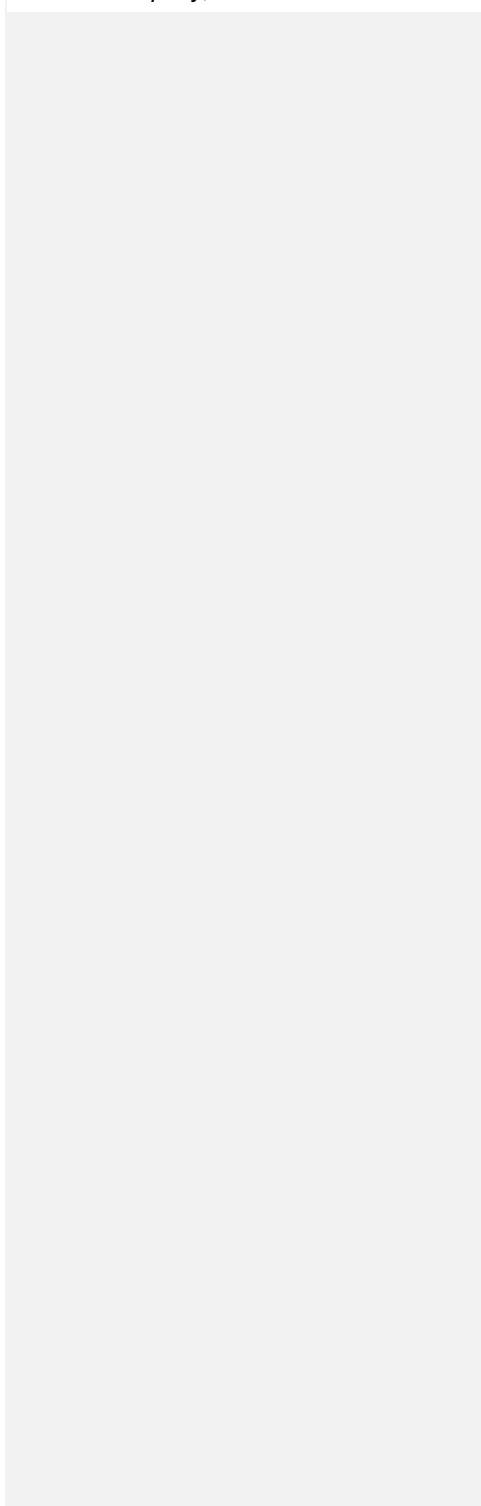
Y/e March	2QFY24	2QFY23	YoY Gr. (%)	1QFY24	QoQ Gr. (%)	1HFY24	1HFY23	YoY Gr. (%)
<b>Net Revenues</b>	<b>1,85,417</b>	<b>1,49,468</b>	<b>24.1%</b>	<b>1,58,326</b>	<b>17.1%</b>	<b>3,43,743</b>	<b>2,98,212</b>	<b>15.3%</b>
Raw Materials	1,33,244	1,15,372	15.5%	1,14,371	16.5%	2,47,615	2,27,998	8.6%
<i>% of Net Sales</i>	<i>71.9%</i>	<i>77.2%</i>		<i>72.2%</i>		<i>72.0%</i>	<i>76.5%</i>	
Personnel	10,859	9,644	12.6%	10,645	2.0%	21,504	20,273	6.1%
<i>% of Net Sales</i>	<i>5.9%</i>	<i>6.5%</i>		<i>6.7%</i>		<i>6.3%</i>	<i>6.8%</i>	
Manufacturing & Other Exp	19,288	15,936	21.0%	17,779	8.5%	37,067	32,732	13.2%
<i>% of Net Sales</i>	<i>10.4%</i>	<i>10.7%</i>		<i>11.2%</i>		<i>10.8%</i>	<i>11.0%</i>	
Total Expenditure	1,63,391	1,40,953	15.9%	1,42,794	14.4%	3,06,185	2,81,003	9.0%
<b>EBITDA</b>	<b>22,026</b>	<b>8,515</b>	<b>158.7%</b>	<b>15,531</b>	<b>41.8%</b>	<b>37,557</b>	<b>17,210</b>	<b>118.2%</b>
<i>EBITDA Margin (%)</i>	<i>11.9%</i>	<i>5.7%</i>		<i>9.8%</i>		<i>10.9%</i>	<i>5.8%</i>	
Depreciation	7,339	6,238	17.6%	8,023	-8.5%	14,523	12,470	16.5%
<b>EBIT</b>	<b>14,688</b>	<b>2,277</b>	<b>545.1%</b>	<b>7,509</b>	<b>95.6%</b>	<b>23,034</b>	<b>4,740</b>	<b>NA</b>
Interest Expenses	4,715	5,494	-14.2%	4,117	14.5%	8,832	10,782	-18.1%
Non-operating income	5,798	1,951	197.2%	2,991	93.9%	8,789	4,058	116.6%
Forex gain	-361	-984	NA	-500	-27.8%	-860	-1,875	NA
Exceptional gain/(loss)	-1,260	-40	NA	-6,480	NA	-7,740	-55	NA
<b>PBT</b>	<b>14,150</b>	<b>-2,291</b>	<b>-717.7%</b>	<b>-597</b>	<b>-2469.8%</b>	<b>14,391</b>	<b>-3,913</b>	<b>NA</b>
Tax-Total	1,476	410	260.0%	859	72.0%	2,335	824	183.5%
<i>Tax Rate (%) - Total</i>	<i>10.4%</i>	<i>-17.9%</i>		<i>-143.8%</i>		<i>16.2%</i>	<i>-21.0%</i>	
<b>Reported PAT</b>	<b>12,674</b>	<b>-2,701</b>	<b>-569.3%</b>	<b>-1,456</b>	<b>-970.7%</b>	<b>12,056</b>	<b>-4,736</b>	<b>NA</b>
<b>Adj. PAT</b>	<b>13,934</b>	<b>-2,660</b>	<b>-623.8%</b>	<b>5,024</b>	<b>177.4%</b>	<b>19,796</b>	<b>-4,681</b>	<b>NA</b>
<i>PAT Margin</i>	<i>7.5%</i>	<i>-1.8%</i>		<i>3.2%</i>		<i>5.8%</i>	<i>-1.6%</i>	

Source: Company, PL

**Exhibit 5: Operating Metrics**

Y/e March	2QFY24	2QFY23	YoY Gr. (%)	1QFY24	QoQ Gr. (%)	1HFY24	1HFY23	YoY Gr. (%)
<b>Sales Volume (nos)</b>	<b>1,04,085</b>	<b>1,00,921</b>	<b>3.1%</b>	<b>1,16,058</b>	<b>-10.3%</b>	<b>1,89,880</b>	<b>1,37,032</b>	<b>38.6%</b>
Net Realisation/Vehicle	17,81,400	14,81,038	20.3%	13,64,195	30.6%	18,10,315	21,76,223	-16.8%
Material cost / vehicle	12,80,145	11,43,195	12.0%	9,85,462	29.9%	13,04,058	16,63,831	-21.6%
Gross Profit / vehicle	5,01,255	3,37,842	48.4%	3,78,733	32.4%	5,06,257	5,12,392	-1.2%
Employee cost /vehicle	1,04,332	95,563	9.2%	91,719	13.8%	1,13,251	1,47,942	-23.4%
Other expenses / vehicle	1,85,307	1,57,909	17.4%	1,53,190	21.0%	1,95,211	2,38,861	-18.3%
EBITDA/vehicle	2,11,616	84,371	150.8%	1,33,824	58.1%	1,97,795	1,25,589	57.5%
Net Profit/vehicle	1,33,869	-26,359	-607.9%	43,288	209.3%	1,04,254	-34,163	-405.2%

Source: Company, PL



## Financials

### Income Statement (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Net Revenues</b>	<b>34,59,670</b>	<b>44,75,836</b>	<b>47,85,708</b>	<b>49,93,229</b>
YoY gr. (%)	24.2	29.4	6.9	4.3
Cost of Goods Sold	22,64,696	28,39,895	30,30,738	31,61,977
Gross Profit	11,94,973	16,35,941	17,54,969	18,31,252
Margin (%)	34.5	36.6	36.7	36.7
Employee Cost	3,36,547	4,08,483	4,39,429	4,56,252
Other Expenses	5,40,268	5,98,928	6,37,094	6,57,765
<b>EBITDA</b>	<b>3,18,158</b>	<b>6,28,530</b>	<b>6,78,447</b>	<b>7,17,235</b>
YoY gr. (%)	28.3	97.6	7.9	5.7
Margin (%)	9.2	14.0	14.2	14.4
Depreciation and Amortization	2,48,604	2,80,787	2,99,948	3,12,090
<b>EBIT</b>	<b>69,554</b>	<b>3,47,742</b>	<b>3,78,499</b>	<b>4,05,145</b>
Margin (%)	2.0	7.8	7.9	8.1
Net Interest	1,02,255	1,06,133	1,04,429	1,07,915
Other Income	47,371	47,722	50,585	53,620
<b>Profit Before Tax</b>	<b>30,576</b>	<b>2,89,331</b>	<b>3,24,655</b>	<b>3,50,849</b>
Margin (%)	0.9	6.5	6.8	7.0
Total Tax	7,041	57,866	64,931	70,170
Effective tax rate (%)	23.0	20.0	20.0	20.0
<b>Profit after tax</b>	<b>23,535</b>	<b>2,31,465</b>	<b>2,59,724</b>	<b>2,80,680</b>
Minority interest	2,756	2,783	2,811	2,839
Share Profit from Associate	3,364	1,532	3,257	3,381
<b>Adjusted PAT</b>	<b>7,199</b>	<b>2,30,213</b>	<b>2,60,170</b>	<b>2,81,221</b>
YoY gr. (%)	-	-	-	-
Margin (%)	0.2	5.1	5.4	5.6
Extra Ord. Income / (Exp)	15,905	-	-	-
<b>Reported PAT</b>	<b>24,143</b>	<b>2,30,213</b>	<b>2,60,170</b>	<b>2,81,221</b>
YoY gr. (%)	(121.1)	853.5	13.0	8.1
Margin (%)	0.7	5.1	5.4	5.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
<b>Equity Shares O/s (m)</b>	<b>3,830</b>	<b>3,830</b>	<b>3,830</b>	<b>3,830</b>
<b>EPS (Rs)</b>	<b>1.9</b>	<b>60.1</b>	<b>67.9</b>	<b>73.4</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>34,55,051</b>	<b>37,69,409</b>	<b>40,82,340</b>	<b>43,93,700</b>
Tangibles	34,55,051	37,69,409	40,82,340	43,93,700
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>21,01,009</b>	<b>23,81,797</b>	<b>26,81,744</b>	<b>29,93,835</b>
Tangibles	21,01,009	23,81,797	26,81,744	29,93,835
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>13,54,042</b>	<b>13,87,613</b>	<b>14,00,595</b>	<b>13,99,865</b>
Tangibles	13,54,042	13,87,613	14,00,595	13,99,865
Intangibles	-	-	-	-
Capital Work In Progress	1,42,745	1,57,020	1,72,721	1,89,994
Goodwill	8,406	8,406	8,406	8,406
Non-Current Investments	75,409	79,179	83,138	87,295
Net Deferred tax assets	(14,070)	(15,336)	(16,716)	(18,220)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	1,88,383	1,97,802	2,07,692	2,18,077
Inventories	4,07,554	5,51,815	6,03,130	6,29,284
Trade receivables	1,57,380	2,20,726	2,88,454	2,94,122
Cash & Bank Balance	3,70,156	5,21,718	6,95,637	9,67,407
Other Current Assets	6,98,390	7,61,063	8,29,430	9,04,014
<b>Total Assets</b>	<b>34,02,464</b>	<b>38,85,342</b>	<b>42,89,203</b>	<b>46,98,463</b>
<b>Equity</b>				
Equity Share Capital	7,660	7,660	7,660	7,660
Other Equity	4,45,558	6,84,751	9,44,920	12,26,141
<b>Total Networkth</b>	<b>4,53,218</b>	<b>6,92,411</b>	<b>9,52,580</b>	<b>12,33,802</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	13,41,134	13,73,070	14,08,199	14,46,840
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	7,20,558	9,31,955	9,96,476	10,39,686
Other current liabilities	7,59,057	7,97,010	8,36,860	8,78,703
<b>Total Equity &amp; Liabilities</b>	<b>33,60,814</b>	<b>38,85,342</b>	<b>42,89,203</b>	<b>46,98,463</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY23	FY24E	FY25E	FY26E
PBT	33,939	2,90,863	3,27,912	3,54,230
Add. Depreciation	2,48,604	2,80,787	2,99,948	3,12,090
Add. Interest	1,02,255	1,06,133	1,04,429	1,07,915
Less Financial Other Income	47,371	47,722	50,585	53,620
Add. Other	(63,276)	(47,722)	(50,585)	(53,620)
Op. profit before WC changes	3,21,522	6,30,061	6,81,704	7,20,616
Net Changes-WC	(6,864)	(20,931)	(83,037)	(21,353)
Direct tax	(8,556)	(56,600)	(63,551)	(68,665)
<b>Net cash from Op. activities</b>	<b>3,06,102</b>	<b>5,52,531</b>	<b>5,35,116</b>	<b>6,30,598</b>
Capital expenditures	(2,21,081)	(3,70,283)	(3,28,632)	(3,28,632)
Interest / Dividend Income	-	-	-	-
Others	93,280	34,532	36,736	39,079
<b>Net Cash from Inv. activities</b>	<b>(1,27,801)</b>	<b>(3,35,751)</b>	<b>(2,91,896)</b>	<b>(2,89,554)</b>
Issue of share cap. / premium	10,773	8,980	-	-
Debt changes	(1,23,356)	31,935	35,129	38,642
Dividend paid	-	-	-	-
Interest paid	(1,02,255)	(1,06,133)	(1,04,429)	(1,07,915)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(2,14,837)</b>	<b>(65,218)</b>	<b>(69,301)</b>	<b>(69,274)</b>
<b>Net change in cash</b>	<b>(36,536)</b>	<b>1,51,562</b>	<b>1,73,919</b>	<b>2,71,770</b>
Free Cash Flow	85,021	1,82,248	2,06,484	3,01,965

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q3FY23	Q4FY23	Q1FY24	Q2FY24
<b>Net Revenue</b>	<b>8,84,886</b>	<b>10,59,324</b>	<b>10,22,361</b>	<b>10,51,282</b>
YoY gr. (%)	22.5	35.1	42.1	32.1
Raw Material Expenses	5,74,585	6,81,944	6,37,835	6,69,097
Gross Profit	3,10,301	3,77,380	3,84,526	3,82,185
Margin (%)	35.1	35.6	37.6	36.4
<b>EBITDA</b>	<b>1,22,796</b>	<b>1,56,079</b>	<b>1,59,732</b>	<b>1,62,745</b>
YoY gr. (%)	35.6	36.0	172.0	86.7
Margin (%)	13.9	14.7	15.6	15.5
Depreciation / Depletion	87,084	98,621	90,469	91,870
<b>EBIT</b>	<b>35,712</b>	<b>57,459</b>	<b>69,264</b>	<b>70,875</b>
Margin (%)	4.0	5.4	6.8	6.7
Net Interest	26,758	26,417	26,154	27,015
Other Income	23,077	18,953	10,187	17,236
<b>Profit before Tax</b>	<b>32,026</b>	<b>47,841</b>	<b>46,527</b>	<b>59,859</b>
Margin (%)	3.6	4.5	4.6	5.7
Total Tax	2,628	(6,207)	15,630	22,028
Effective tax rate (%)	8.2	(13.0)	33.6	36.8
<b>Profit after Tax</b>	<b>29,398</b>	<b>54,048</b>	<b>30,897</b>	<b>37,830</b>
Minority interest	854	883	979	681
Share Profit from Associates	1,034	913	2,110	490
<b>Adjusted PAT</b>	<b>29,581</b>	<b>56,231</b>	<b>38,798</b>	<b>38,877</b>
YoY gr. (%)	(284.6)	(1,862.6)	(159.7)	(409.2)
Margin (%)	3.3	5.3	3.8	3.7
Extra Ord. Income / (Exp)	(4)	(2,153)	(6,770)	(1,237)
<b>Reported PAT</b>	<b>29,577</b>	<b>54,078</b>	<b>32,028</b>	<b>37,640</b>
YoY gr. (%)	(295.1)	(623.6)	(164.0)	(498.5)
Margin (%)	3.3	5.1	3.1	3.6
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>8.0</b>	<b>15.3</b>	<b>10.6</b>	<b>10.6</b>

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Per Share(Rs)</b>				
EPS	1.9	60.1	67.9	73.4
CEPS	66.8	133.4	146.2	154.9
BVPS	118.3	180.8	248.7	322.1
FCF	22.2	47.6	53.9	78.8
DPS	-	-	-	-
<b>Return Ratio(%)</b>				
RoCE	3.8	18.0	17.1	16.1
ROIC	4.1	23.0	23.1	24.3
RoE	1.6	40.2	31.6	25.7
<b>Balance Sheet</b>				
Net Debt : Equity (x)	1.7	0.9	0.5	0.2
Net Working Capital (Days)	(70)	(57)	(51)	(52)
<b>Valuation(x)</b>				
PER	338.6	10.6	9.4	8.7
P/B	5.4	3.5	2.6	2.0
P/CEPS	9.5	4.8	4.4	4.1
EV/EBITDA	10.1	4.9	4.3	3.8
EV/Sales	0.9	0.7	0.6	0.5
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY23	FY24E	FY25E	FY26E
Volume (units)	4,13,429	4,12,459	4,27,910	4,41,758
Net realisation (Rs/unit)	15,39,058	18,64,080	18,94,358	19,21,106

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Oct-23	BUY	760	622
2	26-Jul-23	BUY	760	639
3	07-Jul-23	BUY	675	601
4	08-Jun-23	BUY	605	568
5	15-May-23	BUY	605	516
6	12-Apr-23	BUY	590	459
7	27-Jan-23	BUY	520	419
8	05-Jan-23	BUY	520	386
9	10-Nov-22	BUY	520	433

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	BUY	220	172
2	Bajaj Auto	Reduce	4,800	5,144
3	Bharat Forge	BUY	1,170	1,092
4	CEAT	Accumulate	2,515	2,195
5	Eicher Motors	Accumulate	3,730	3,450
6	Endurance Technologies	Accumulate	1,820	1,585
7	Exide Industries	Accumulate	295	259
8	Hero Motocorp	Accumulate	3,575	3,038
9	Mahindra & Mahindra	BUY	1,775	1,549
10	Maruti Suzuki	BUY	12,485	10,561
11	Tata Motors	BUY	760	622
12	TVS Motor Company	Accumulate	1,650	1,609

**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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