REDUCE

Tata Motors

Hushed quarter; best likely behind across businesses

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Auto & Auto Ancillaries ▸ Result Update ▸ **May 11, 2024**

TARGET PRICE (Rs) : 950

TTMT's Q4 results were muted with limited margin expansion across businesses despite higher volumes. Company remains cautiously optimistic across businesses, with H1 expected to be weaker and the premium luxury segment seen as resilient amid overall emerging demand concerns. While deleveraging progress continues, we believe the best may be behind for all businesses amid i) declining orderbook, normalizing mix, and higher customer acquisition costs at JLR, with FCF generation to normalize; ii) flattish growth outlook for domestic CV space; and iii) moderating India PV outlook (though TTMT to outperform on new launches). FY25E/26E EPS is largely unchanged (we build-in consol. revenue/EBITDA CAGR of 7/8% over FY24-26E); we retain our REDUCE rating, with unchanged SOTP-based TP of Rs950/share.

Target Price – 12M	Mar-25
Change in TP (%)	-
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(9.2)
CMP (10-May-24) (Rs)	1,046.7

Tata Motors: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	27,84,536	34,59,670	43,79,278	47,01,087	49,84,363
EBITDA	2,48,132	3,18,296	5,95,603	6,37,877	6,99,927
Adj. PAT	(1,07,188)	7,336	3,23,981	2,32,285	2,82,161
Adj. EPS (Rs)	(28.0)	1.9	84.5	63.1	76.7
EBITDA margin (%)	8.9	9.2	13.6	13.6	14.0
EBITDA growth (%)	(18.8)	28.3	87.1	7.1	9.7
Adj. EPS growth (%)	0.0	0.0	1,199.7	(22.9)	21.5
RoE (%)	(21.5)	1.6	49.8	24.2	23.5
RoIC (%)	0.0	3.0	42.7	31.0	33.6
P/E (x)	(37.4)	546.4	12.4	16.6	13.6
EV/EBITDA (x)	20.2	14.7	7.3	6.6	5.7
P/B (x)	9.0	8.8	4.7	3.6	2.9
FCFF yield (%)	(0.1)	3.7	8.4	2.5	7.7

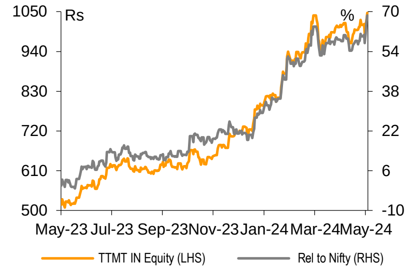
Source: Company, Emkay Research

Stock Data	Ticker
52-week High (Rs)	1,066
52-week Low (Rs)	504
Shares outstanding (mn)	3,323.7
Market-cap (Rs bn)	3,839
Market-cap (USD mn)	45,975
Net-debt, FY25E (Rs mn)	3,62,094
ADTV-3M (mn shares)	11
ADTV-3M (Rs mn)	10,991.0
ADTV-3M (USD mn)	131.6
Free float (%)	53.6
Nifty-50	22,055
INR/USD	83.5
Shareholding, Mar-24	
Promoters (%)	46.4
FPIs/MFs (%)	19.2/16.1

Price Performance

(%)	1M	3M	12M
Absolute	3.3	14.4	105.4
Rel. to Nifty	6.5	13.0	70.6

1-Year share price trend (Rs)



Results below estimates

Consol. revenue/EBITDA was higher 13%/33% YoY. Margins at 14.2% were higher by 30bps QoQ albeit lower than anticipated. Consol. FCF (automotive) for Q4FY24 stood at Rs141bn, whereas net automotive debt further reduced to Rs160bn. JLR revenue rose by 11% YoY to ~GBP7.9bn, with stable EBITDA margin QoQ at 16.3%, and net debt now reduced to GBP0.7mn. Standalone revenue was flattish YoY, with EBITDA margin placed at 12% vs. 11.4% in Q3. The PV-ICE business delivered double-digit margin, with EV business margin positive at 1.1% (pre-R&D expenses).

Earnings Call KTAs

1) **JLR:** Orderbook stands at 133K units (150K in Q3) – still ~25K units higher than normal levels; would continue to draw-down over coming months; demand is currently challenged in markets like Europe and the UK, stronger in North America, and stable in China; Company guided for stable EBIT margin in FY25 (~8.5%), with rising customer acquisition costs (variable and fixed marketing spends) being offset by raw material cost-saving efforts and better mix. *Range Rover* BEV has 33K customers in waiting; Company would work to convert this into bookings shortly. Capex guidance for FY25 hiked to GBP3.5bn (GBP3.3bn in FY24); expects Q1 to see FCF breakeven due to working capital reversal. Focus remains on further deleveraging, with the net cash guidance for FY25E and the 10% EBIT margin guidance for FY26E retained. 2) **India CVs:** Expects flattish to slightly negative performance by the industry for the full year; customer sentiment, freight rates, utilization levels remain intact. Company expects some impact from DFC operationalization on the North-West route; industry mix seen continuing to evolve in favor of higher tonnage trucks; the cycle is expected to be smoother than earlier instances. Some commodity increases are seen this year; TTMT would pass on the same with necessary price hikes. 3) **India PVs:** Expects sub-5% industry growth this year amid strong base and high inventory levels; TTMT seen performing better with new launches lined up (mid-size SUV *Curvv* in H2CY24, *Sierra* in H2CY25). Company maintains focus on EVs but would evaluate development of other options like hybrids in future.

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Exhibit 1: Actual vs. Estimates (Q4FY24): Consolidated operations

(Rs mn)	Actual	Emkay Est	% var	Consensus	% var
Net revenue	1,199,863	1,190,572	0.8	1,207,404	(0.6)
EBITDA	169,933	185,086	(8.2)	174,067	(2.4)
Margin (%)	14.2	15.5	(138) bps	14.4	(25) bps
Adj net income	173,532	59,357	192.4	69,670	149.1
FDEPS (Rs)	45.3	12.3	267.6	18.2	149.1

Source: Company, Emkay Research

Exhibit 2: Consolidated Quarterly Snapshot – Revenues up 13% YoY; margins up by 30bps QoQ to 14.2%

(Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Revenue	**719,347**	**796,114**	**884,886**	**1,059,324**	**1,022,361**	**1,051,282**	**1,105,771**	**1,199,863**	**13.3**	**8.5**
Expenditure	687,542	734,151	788,456	931,225	886,766	914,541	952,438	1,029,930	10.6	8.1
as % of sales	95.6	92.2	89.1	87.9	86.7	87.0	86.1	85.8		
Consumption of RM	482,217	525,950	574,585	681,944	637,835	669,097	682,777	737,849	8.2	8.1
as % of sales	67.0	66.1	64.9	64.4	62.4	63.6	61.7	61.5		
Employee Cost	77,864	78,979	85,929	93,775	98,518	100,989	111,022	114,337	21.9	3.0
as % of sales	10.8	9.9	9.7	8.9	9.6	9.6	10.0	9.5		
Other expenditure	127,461	129,222	127,942	155,506	150,413	144,455	158,639	177,745	14.3	12.0
as % of sales	17.7	16.2	14.5	14.7	14.7	13.7	14.3	14.8		
EBITDA	31,805	61,962	96,430	128,098	135,595	136,741	153,333	169,933	32.7	10.8
EBITDA margin (%)	**4.4**	**7.8**	**10.9**	**12.1**	**13.3**	**13.0**	**13.9**	**14.2**		
Depreciation	58,410	58,973	60,718	70,502	66,332	66,364	68,500	71,505	1.4	4.4
EBIT	-26,605	2,989	35,712	57,596	69,264	70,377	84,833	98,428	70.9	16.0
Other Income	8,874	10,385	11,304	15,769	13,605	16,307	14,988	14,598	(7.4)	(2.6)
Interest	24,207	24,873	26,758	26,417	26,154	26,517	24,849	22,338	(15.4)	(10.1)
PBT	-41,939	-11,498	20,257	46,949	56,715	60,168	74,972	90,688		
Total Tax	15,190	-4,571	2,628	-6,207	15,630	22,028	5,418	-81,593	1,214.6	(1,606.0)
Adjusted PAT	-57,129	-6,928	17,629	53,155	41,085	38,139	69,554	172,281		
MI and Inc from JV	196	-595	-179	-30	-1,131	190	-729	-1,251	4,071.3	71.6
Adjusted PAT after MI	-57,324	-6,333	17,808	53,185	42,216	37,949	70,284	173,532		
Extra ordinary items (Loss)/Gain	7,258	-3,113	11,769	893	-10,188	-309	-33	539	(39.6)	(1,749.5)
Reported PAT	-50,066	-9,446	29,577	54,078	32,028	37,640	70,251	174,072		
Adjusted EPS (Rs)	**(15.0)**	**(1.7)**	**4.6**	**13.9**	**11.0**	**9.9**	**18.4**	**45.3**	**226.3**	**146.9**

(%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (bps)	QoQ (bps)
EBITDAM	4.4	7.8	10.9	12.1	13.3	13.0	13.9	14.2	207	30
EBITM	(3.7)	0.4	4.0	5.4	6.8	6.7	7.7	8.2	277	53
EBTM	(5.8)	(1.4)	2.3	4.4	5.5	5.7	6.8	7.6	313	78
PATM	(8.0)	(0.8)	2.0	5.0	4.1	3.6	6.4	14.5	944	811
Effective Tax rate	(36.2)	39.8	13.0	(13.2)	27.6	36.6	7.2	(90.0)	-7,675	-9,720

Source: Company, Emkay Research

Exhibit 3: JLR Quarterly Snapshot – Volumes up 16% YoY, with margins stable QoQ at 16.3%

(GBP mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Volumes (no. of units)	**71,815**	**75,307**	**79,591**	**94,649**	**93,253**	**96,817**	**101,043**	**110,190**	**16.4**	**9.1**
ASP/ Unit (GBP/unit)	61,352	69,847	75,901	75,035	74,024	70,824	72,989	71,331	(4.9)	(2.3)
Revenue	**4,406**	**5,260**	**6,041**	**7,102**	**6,903**	**6,857**	**7,375**	**7,860**	**10.7**	**6.6**
Expenditure	4,127	4,719	5,325	6,067	5,780	5,836	6,183	6,576	8.4	6.4
as % of sales	93.7	89.7	88.1	85.4	83.7	85.1	83.8	83.7		
Consumption of RM	2,762	3,212	3,707	4,327	4,026	4,166	4,237	4,535	4.8	7.0
as % of sales	62.7	61.1	61.4	60.9	58.3	60.8	57.5	57.7		
Employee Cost	570	604	654	696	716	713	809	826	18.7	2.1
as % of sales	12.9	11.5	10.8	9.8	10.4	10.4	11.0	10.5		
Other expenditure	795	903	964	1,044	1,038	957	1,137	1,215	16.4	6.9
as % of sales	18.0	17.2	16.0	14.7	15.0	14.0	15.4	15.5		
EBITDA	279	541	716	1,035	1,123	1,021	1,192	1,284	24.1	7.7
EBITDA margin (%)	**6.3**	**10.3**	**11.9**	**14.6**	**16.3**	**14.9**	**16.2**	**16.3**		
Depreciation	477	493	494	578	538	525	547	565	(2.2)	3.3
EBIT	-198	48	222	457	585	496	645	719	57.3	11.5
Interest	107	112	117	104	98	84	64	59	(43.3)	(7.8)
Share of JV	2	6	3	4	10	5	3	5	25.0	66.7
PBT	-303	-58	108	357	497	417	584	665		
Total Tax	113	-75	4	115	112	170	35	-730	(734.8)	(2,185.7)
Adjusted PAT	-416	17	104	242	385	247	549	1,395	476.4	154.1
Extra ordinary items (Loss)/Gain	-66	-115	157	17	-62	25	43	-4	(123.5)	(109.3)
Reported PAT	-482	-98	261	259	323	272	592	1,391	437.1	135.0
Free cash flow	**-771**	**-15**	**490**	**815**	**451**	**300**	**626**	**892**	**9.4**	**42.5**

(%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (bps)	QoQ (bps)
EBITDAM	6.3	10.3	11.9	14.6	16.3	14.9	16.2	16.3	176	17
EBITM	(4.5)	0.9	3.7	6.4	8.5	7.2	8.7	9.1	271	40
EBTM	(6.9)	(1.1)	1.8	5.0	7.2	6.1	7.9	8.5	343	54
PATM	(9.4)	0.3	1.7	3.4	5.6	3.6	7.4	17.7	1,434	1,030
Effective Tax rate	(37.3)	129.3	3.7	32.2	22.5	40.8	6.0	(109.8)	-14,199	-11,577

Source: Company, Emkay Research

Exhibit 4: Standalone Quarterly Snapshot (largely India CV business) – Flat revenues; margins higher by 56% bps QoQ (12%)

(Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (%)	QoQ(%)
Revenue	**148,744**	**149,468**	**157,940**	**201,421**	**158,326**	**185,417**	**186,686**	**202,602**	**0.6**	**8.5**
Expenditure	141,826	142,955	144,065	180,619	145,043	165,617	165,352	178,318	(1.3)	7.8
as % of sales	95.3	95.6	91.2	89.7	91.6	89.3	88.6	88.0		
Consumption of RM	112,626	115,372	116,337	148,393	114,371	133,244	130,887	143,386	(3.4)	9.5
as % of sales	75.7	77.2	73.7	73.7	72.2	71.9	70.1	70.8		
Employee Cost	10,629	9,644	9,723	10,221	10,645	10,859	11,105	10,473	2.5	(5.7)
as % of sales	7.1	6.5	6.2	5.1	6.7	5.9	5.9	5.2		
Other expenditure	18,572	17,938	18,005	22,005	20,027	21,513	23,360	24,460	11.2	4.7
as % of sales	12.5	12.0	11.4	10.9	12.6	11.6	12.5	12.1		
EBITDA	6,918	6,513	13,874	20,803	13,283	19,800	21,333	24,284	16.7	13.8
EBITDA margin (%)	**4.7**	**4.4**	**8.8**	**10.3**	**8.4**	**10.7**	**11.4**	**12.0**		
Depreciation	4,230	4,461	4,302	4,676	4,959	5,090	5,131	4,988	6.7	(2.8)
EBIT	2,688	2,052	9,573	16,127	8,324	14,710	16,202	19,296	19.7	19.1
Other Income	2,108	1,951	1,732	2,419	2,991	5,798	1,468	1,242	(48.7)	(15.4)
Interest	5,288	5,494	5,034	4,659	4,117	4,715	4,120	4,106	(11.9)	(0.3)
PBT	-492	-1,491	6,270	13,887	7,197	15,794	13,551	16,432		
Total Tax	414	410	540	-16,097	859	1,476	2,961	-5,808	(63.9)	(296.2)
Adjusted PAT	-905	-1,901	5,730	29,984	6,339	14,317	10,590	22,240	(25.8)	110.0
Extra ordinary items (Loss)/Gain	-905	-1,025	-668	-3,028	-6,979	-1,621	35,111	-976		
Reported PAT	-1,810	-2,926	5,062	26,956	-640	12,696	45,701	21,264		
Adjusted EPS (Rs)	**(0.2)**	**(0.5)**	**1.5**	**7.8**	**1.7**	**3.7**	**2.8**	**5.8**		
PAT from discontinued operations (PV)	0	0	0	0	0	0	0	0		
Adjusted PAT incl discontinued ops	-905	-1,901	5,730	29,984	6,339	14,317	10,590	22,240		
Reported PAT incl discontinued ops	-1,810	-2,926	5,062	26,956	-640	12,696	45,701	21,264		

(%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	YoY (bps)	QoQ (bps)
EBITDAM	4.7	4.4	8.8	10.3	8.4	10.7	11.4	12.0	166	56
EBITM	1.8	1.4	6.1	8.0	5.3	7.9	8.7	9.5	152	85
EBTM	(0.3)	(1.0)	4.0	6.9	4.5	8.5	7.3	8.1	122	85
PATM	(0.6)	(1.3)	3.6	14.9	4.0	7.7	5.7	11.0	-391	530
Effective Tax rate	(84.1)	(27.5)	8.6	(115.9)	11.9	9.3	21.8	(35.3)	8,057	-5,719

Source: Company, Emkay Research

Exhibit 5: TTMT's Revenue model – We build-in 8%/9% consolidated revenue/EBITDA CAGR over FY24-26E

(Rs mn)	FY21	FY22	FY23	FY24E	FY25E	FY26E
CV revenue	301,750	472,637	657,573	733,031	810,908	842,510
Growth (%)	-31.3	56.6	39.1	11.5	10.6	3.9
PV revenue	167,148	325,722	488,671	526,850	556,185	593,176
Growth (%)	-	94.9	50.0	7.8	5.6	6.7
Total India business revenue (Rs m)	468,899	798,359	1,146,244	1,259,881	1,367,093	1,435,686
Growth (%)	6.7	70.3	43.6	9.9	8.5	5.0
CV EBITDA	14,870	16,357	48,108	78,701	87,173	92,676
EBITDA margin (%)	4.9	3.5	7.3	10.7	10.8	11.0
PV EBITDA	(4,020)	9,150	27,862	33,770	40,645	44,943
EBITDA margin (%)	(2.4)	2.8	5.7	6.4	7.3	7.6
CV EBIT	1,763	5,351	38,649	70,031	76,028	78,307
EBIT margin (%)	0.6	1.1	5.9	9.6	9.4	9.3
PV EBIT	(19,064)	(9,324)	7,571	17,070	21,753	23,192
EBIT margin (%)	(11.4)	(2.9)	1.5	3.2	3.9	3.9

JLR Business (GBP mn)	FY21	FY22	FY23	FY24E	FY25E	FY26E
JLR Revenue	19,731	18,320	22,809	28,995	31,016	33,006
Growth (%)	-14.2	-7.2	24.5	27.1	7.0	6.4
JLR EBITDA	2,531	1,896	2,571	4,620	4,992	5,362
EBITDA margin (%)	12.8	10.3	11.3	15.9	16.1	16.2
JLR EBIT (incl China JV)	555	(48)	529	2,445	2,523	2,700
EBIT margin (%)	2.8	-0.3	2.3	8.4	8.1	8.2
JLR PAT (GBP mn)	35	(793)	(53)	2,576	1,850	2,043

Consolidated Financials (Rs mn)	FY21	FY22	FY23	FY24E	FY25E	FY26E
India revenue	468,899	798,359	1,146,244	1,259,881	1,367,093	1,435,686
JLR revenue	1,913,907	1,864,976	2,213,460	2,870,505	3,256,635	3,465,588
Consolidated revenue (Rs m)	2,497,948	2,784,536	3,459,670	4,379,278	4,701,087	4,984,363
Growth (%)	-4.3	11.5	24.2	26.6	7.3	6.0
India EBITDA	10,850	25,507	75,971	112,471	127,818	137,619
JLR EBITDA	198,074	107,603	173,804	339,768	408,214	447,115
Consolidated EBITDA	305,553	248,132	318,296	595,603	637,877	699,927
Growth (%)	54.9	-18.8	28.3	87.1	7.1	9.7
EBITDA margin (%)						
India	2.3	3.2	6.6	8.9	9.3	9.6
JLR	12.8	10.3	11.3	15.9	16.1	16.2
Consolidated EBITDA margin (%)	12.2	8.9	9.2	13.6	13.6	14.0
Consol PAT	(14,225)	(107,188)	7,336	323,981	232,285	282,161
No of shares (mn)	3,829	3,829	3,830	3,833	3,679	3,679
Consol EPS (Rs)	-3.7	-28.0	1.9	84.5	63.1	76.7
Consol Net Debt (Rs mn)	911,898	1,008,381	698,066	384,402	385,547	152,243
Consol FCF	91,457	-6,555	175,774	367,328	105,318	307,159
ROE (%)	(2.4)	(21.5)	1.6	49.8	24.2	23.5
ROCE (%)	3.4	0.7	4.0	15.5	15.5	16.1

Source: Company, Emkay Research

Exhibit 6: Our forward estimates are largely unchanged

Consolidated	FY24		FY25E				FY26E			
	Actual	% YoY	Earlier	Revised	% chg	% YoY	Earlier	Revised	% chg	% YoY
JLR Volume (excl China JV)	401,303	24.9	419,386	419,386	(0.0)	4.5	441,439	441,439	(0.0)	5.3
Standalone Volume	395,845	(2.9)	392,954	392,954	(0.0)	(0.7)	401,373	401,373	(0.0)	2.1
Cons. Revenue	4,379,278	26.6	4,883,046	4,701,087	(3.7)	7.3	5,182,355	4,984,363	(3.8)	6.0
Cons. EBITDA	595,603	87.1	660,161	637,877	(3.4)	7.1	707,902	699,927	(1.1)	9.7
Cons. Margin (%)	13.6	440 bps	13.5	13.6	7 bps	(3) bps	13.7	14.0	34 bps	3.5
Cons. PAT	323,981	4,316.1	234,910	232,285	(1.1)	(28.3)	279,797	282,161	0.8	21.5
Cons. Dil. Adj. EPS (Rs)	84.5	4,313.4	63.9	63.1	(1.2)	(25.3)	76.1	76.7	0.8	21.5

Source: Emkay Research

Exhibit 7: Tata Motors – SOTP based valuation

	Basis of valuation	Equity value (Rs mn)	Equity value (Rs mn)	Equity value (Rs/share)	Contribution to SOTP (%)	Remarks
India CVs	EV/EBITDA 10x	805,461	896,973	244	26	10% premium to 9x EV/EBITDA for AL, on higher scale and market-share gains
India ICE-PVs	EV/Sales 1.5x	897,057	913,154	248	26	~ 20% discount to MSIL's multiple of ~1.9x EV/Sales
India E-PVs	Transaction value	309,750	309,750	84	9	Taking Pre-money transaction valuation fixed during the TPG deal at 40% discount - implied value of 2x P/Sales on FY26E EV revenue
JLR	EV/EBITDA 1.4x	736,532	1,069,590	291	31	EV/EBITDA at the average of valuation of European peers
JLR China JVs	EV/EBITDA 4x	58,924	4,717	1	0	Stake stands at 50%
Tata Sons	NAV 1x	67,692	67,692	18	2	Holding company discount at 80%, as stake may not be monetized
Tata Motors Finance	P/B 1x FY23	45,905	45,905	12	1	Holding company discount at 20%
Tata Technologies	Mcap	185,763	185,763	50	5	20% discount to CMP
Total				**950**		

Source: Emkay Research

Tata Motors: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	**27,84,536**	**34,59,670**	**43,79,278**	**47,01,087**	**49,84,363**
Revenue growth (%)	11.5	24.2	26.6	7.3	6.0
EBITDA	**2,48,132**	**3,18,296**	**5,95,603**	**6,37,877**	**6,99,927**
EBITDA growth (%)	(18.8)	28.3	87.1	7.1	9.7
Depreciation & Amortization	2,48,357	2,48,604	2,72,701	3,08,275	3,35,058
EBIT	**(225)**	**69,692**	**3,22,901**	**3,29,603**	**3,64,870**
EBIT growth (%)	(100.3)	0.0	363.3	2.1	10.7
Other operating income	0	0	0	0	0
Other income	30,536	46,332	59,499	60,689	61,903
Financial expense	93,119	1,02,255	99,858	83,450	60,557
PBT	**(62,807)**	**13,769**	**2,82,543**	**3,06,842**	**3,66,216**
Extraordinary items	0	0	0	0	0
Taxes	42,313	7,041	(38,516)	71,040	80,870
Minority interest	1,327	2,756	4,077	7,000	7,000
Income from JV/Associates	(741)	3,364	6,998	3,483	3,815
Reported PAT	**(1,14,415)**	**24,143**	**3,13,991**	**2,32,285**	**2,82,161**
PAT growth (%)	0.0	0.0	1,200.6	(26.0)	21.5
Adjusted PAT	**(1,07,188)**	**7,336**	**3,23,981**	**2,32,285**	**2,82,161**
Diluted EPS (Rs)	**(28.0)**	**1.9**	**84.5**	**63.1**	**76.7**
Diluted EPS growth (%)	0.0	0.0	1,199.7	(22.9)	21.5
DPS (Rs)	**0.0**	**2.0**	**6.0**	**3.6**	**3.8**
Dividend payout (%)	**0.0**	**31.7**	**7.3**	**5.7**	**4.9**
EBITDA margin (%)	8.9	9.2	13.6	13.6	14.0
EBIT margin (%)	0.0	2.0	7.4	7.0	7.3
Effective tax rate (%)	(67.4)	51.1	(13.6)	23.2	22.1
NOPLAT (pre-IndAS)	**(376)**	**34,056**	**3,66,920**	**2,53,294**	**2,84,297**
Shares outstanding (mn)	3,829.4	3,830.1	3,832.5	3,679.2	3,679.2

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	7,659	7,660	7,665	7,665	7,665
Reserves & Surplus	4,37,954	4,45,558	8,41,515	10,60,502	13,28,748
Net worth	**4,45,612**	**4,53,218**	**8,49,180**	**10,68,167**	**13,36,413**
Minority interests	42,711	72,777	81,759	88,759	95,759
Deferred tax liability (net)	(23,124)	(37,777)	(1,19,557)	(2,15,003)	(3,28,918)
Total debt	**16,42,165**	**12,56,605**	**9,85,001**	**8,88,283**	**4,71,093**
Total liabilities & equity	**21,07,364**	**17,44,823**	**17,96,384**	**18,30,205**	**15,74,347**
Net tangible fixed assets	8,09,001	7,29,760	6,21,620	6,92,216	7,20,744
Net intangible assets	5,04,621	5,04,621	5,04,621	5,04,621	5,04,621
Net ROU assets	66,860	78,010	78,010	78,010	78,010
Capital WIP	1,02,511	1,42,745	3,56,984	3,58,114	3,58,114
Goodwill	8,072	8,406	8,603	8,603	8,603
Investments [JV/Associates]	60,725	60,725	60,725	63,725	66,725
Cash & equivalents	**6,39,762**	**5,73,222**	**6,27,053**	**5,26,189**	**3,39,302**
Current assets (ex-cash)	10,75,938	12,11,477	13,18,033	15,73,515	16,68,331
Current Liab. & Prov.	11,60,127	15,64,145	17,79,266	19,74,787	21,70,104
NWC (ex-cash)	**(84,188)**	**(3,52,667)**	**(4,61,233)**	**(4,01,272)**	**(5,01,773)**
Total assets	**21,07,364**	**17,44,823**	**17,96,384**	**18,30,205**	**15,74,347**
Net debt	10,02,403	6,83,383	3,57,948	3,62,094	1,31,790
Capital employed	21,07,364	17,44,823	17,96,384	18,30,205	15,74,347
Invested capital	**13,04,366**	**9,68,130**	**7,51,622**	**8,82,178**	**8,10,205**
BVPS (Rs)	116.4	118.3	221.6	290.3	363.2
Net Debt/Equity (x)	2.2	1.5	0.4	0.3	0.1
Net Debt/EBITDA (x)	4.0	2.1	0.6	0.6	0.2
Interest coverage (x)	3.1	0.9	0.3	0.2	0.1
RoCE (%)	**0.7**	**4.0**	**15.5**	**15.5**	**16.1**

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	(62,807)	13,769	2,82,543	3,06,842	3,66,216
Others (non-cash items)	3,37,436	3,83,002	3,71,514	3,91,725	3,95,614
Taxes paid	(19,096)	(31,790)	(45,163)	(1,66,486)	(1,94,785)
Change in NWC	(1,04,737)	(31,271)	73,252	(50,245)	99,884
Operating cash flow	**1,42,828**	**3,53,880**	**6,79,154**	**4,85,318**	**6,70,745**
Capital expenditure	(1,49,383)	(1,78,107)	(3,11,825)	(3,80,000)	(3,63,586)
Acquisition of business	94,783	(134)	58,150	0	0
Interest & dividend income	6,913	10,199	0	0	0
Investing cash flow	**(47,751)**	**(1,68,042)**	**(2,28,281)**	**(3,80,000)**	**(3,63,586)**
Equity raised/(repaid)	37,686	34,737	819	0	0
Debt raised/(repaid)	22,026	(2,02,397)	(2,66,965)	(96,718)	(4,17,190)
Payment of lease liabilities	(15,590)	(15,166)	0	0	0
Interest paid	(92,514)	(93,360)	(93,323)	(83,450)	(60,557)
Dividend paid (incl tax)	(999)	(1,409)	(10,591)	(23,014)	(13,299)
Others	(1,06,919)	55,220	7,099	0	0
Financing cash flow	**(1,56,310)**	**(2,22,375)**	**(3,62,961)**	**(2,03,182)**	**(4,91,045)**
Net chg in Cash	(61,233)	(36,537)	87,912	(97,864)	(1,83,886)
OCF	1,42,828	3,53,880	6,79,154	4,85,318	6,70,745
Adj. OCF (w/o NWC chg.)	2,47,565	3,85,151	6,05,902	5,35,563	5,70,860
FCFF	(6,555)	1,75,774	3,67,328	1,05,318	3,07,159
FCFE	(92,761)	83,717	2,67,471	21,868	2,46,603
OCF/EBITDA (%)	57.6	111.2	114.0	76.1	95.8
FCFE/PAT (%)	81.1	346.8	85.2	9.4	87.4
FCFF/NOPLAT (%)	**1,743.0**	**516.1**	**100.1**	**41.6**	**108.0**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
P/E (x)	(37.4)	546.4	12.4	16.6	13.6
P/CE(x)	28.4	15.7	6.7	7.1	6.2
P/B (x)	9.0	8.8	4.7	3.6	2.9
EV/Sales (x)	1.8	1.4	1.0	0.9	0.8
EV/EBITDA (x)	20.2	14.7	7.3	6.6	5.7
EV/EBIT(x)	(22,298.4)	67.3	13.5	12.8	10.9
EV/IC (x)	3.8	4.8	5.8	4.8	4.9
FCFF yield (%)	(0.1)	3.7	8.4	2.5	7.7
FCFE yield (%)	(2.3)	2.1	6.7	0.6	6.4
Dividend yield (%)	0.0	0.2	0.6	0.3	0.4
DuPont-RoE split					
Net profit margin (%)	(3.8)	0.2	7.4	4.9	5.7
Total asset turnover (x)	1.3	1.8	2.5	2.6	2.9
Assets/Equity (x)	4.2	4.3	2.7	1.9	1.4
RoE (%)	**(21.5)**	**1.6**	**49.8**	**24.2**	**23.5**
DuPont-RoIC					
NOPLAT margin (%)	0.0	1.0	8.4	5.4	5.7
IC turnover (x)	2.1	3.6	5.8	5.3	6.2
RoIC (%)	**0.0**	**3.0**	**42.7**	**31.0**	**33.6**
Operating metrics					
Core NWC days	(11.0)	(37.2)	(38.4)	(31.2)	(36.7)
Total NWC days	**(11.0)**	**(37.2)**	**(38.4)**	**(31.2)**	**(36.7)**
Fixed asset turnover	0.9	1.0	1.2	1.2	1.2
Opex-to-revenue (%)	26.1	25.3	24.1	23.9	23.5

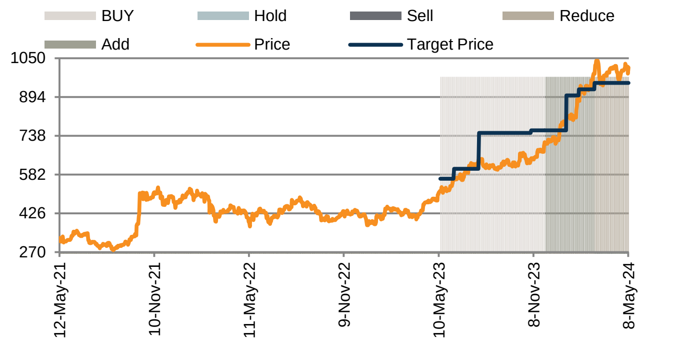
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
18-Apr-24	971	950	Reduce	Chirag Jain
04-Mar-24	987	950	Reduce	Chirag Jain
03-Feb-24	879	925	Add	Chirag Jain
10-Jan-24	808	900	Add	Chirag Jain
30-Nov-23	706	760	Add	Chirag Jain
03-Nov-23	648	760	Buy	Chirag Jain
26-Jul-23	641	750	Buy	Chirag Jain
08-Jun-23	560	605	Buy	Chirag Jain
13-May-23	516	565	Buy	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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