

Hushed quarter; best likely behind across businesses

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.

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

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.

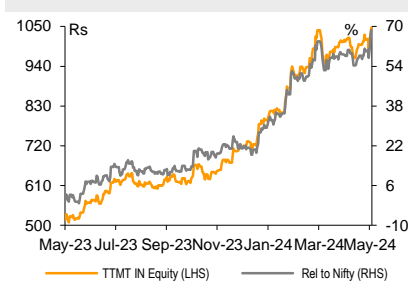
Target Price – 12M	Mar-25
Change in TP (%)	-
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(9.2)
CMP (10-May-24) (Rs)	1,046.7

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)



Chirag Jain

chirag.jain@emkayglobal.com
+91 22 6624 2428

Jaimin Desai

jaimin.desai@emkayglobal.com
+91 22 6612 1334

Nandan Pradhan

nandan.pradhan@emkayglobal.com
+91 22 6612 1238

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

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 07/08/2024 11:05 AM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

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

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

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

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

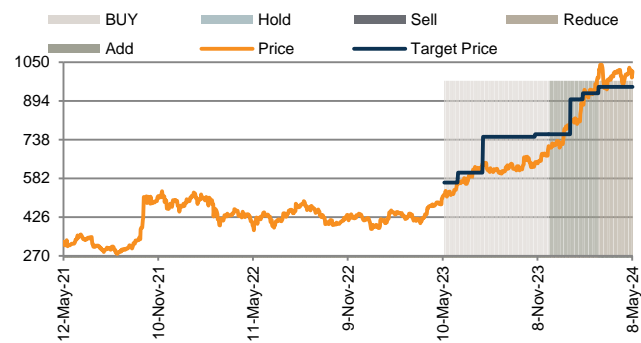
Source: Company, Emkay Research

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

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

RESTRICTIONS ON DISTRIBUTION

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons¹ may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of May 11, 2024
- EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report
Disclosure of previous investment recommendation produced:
- EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of May 11, 2024
- EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the May 11, 2024
- EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
- EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

OTHER DISCLAIMERS AND DISCLOSURES:**Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) :-**

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.