

In-line quarter; steady outlook

Auto & Auto Ancillaries ▶ Result Update ▶ February 3, 2024

TARGET PRICE (Rs): 925

TTMT's Q3 results were healthy with JLR/CV/ICE-PV margins rising 127bps/~70bps/~20bps QoQ to 16.2%/11.1%/9.4%. JLR's FY24E EBIT margin guidance has been raised to over 8% (on expected lines vs. 8% earlier). We believe strong mix (despite some normalization from Q3) and healthy profitability would help meet the deleveraging target (maintains net cash guidance for JLR by FY25E). In PVs, we expect upcoming model launches to aid outperformance amid weakening industry outlook with competition launches now largely behind. We believe domestic CVs will peak in FY24, though margin expectations remain resilient on pricing discipline. We raise FY24E/25E/26E EPS by 3%/5%/8% (on Q3 beat, lower JLR tax rate assumption) and maintain ADD with new SOTP-based TP of Rs925 (vs. Rs900 earlier).

Tata Motors: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	27,84,536	34,59,670	42,75,631	46,86,064	49,90,670
EBITDA	2,48,132	3,18,296	5,97,776	6,31,166	6,85,151
Adj. PAT	(1,07,188)	7,336	2,11,981	2,29,913	2,76,711
Adj. EPS (Rs)	(28.0)	1.9	55.3	62.5	75.3
EBITDA margin (%)	8.9	9.2	14.0	13.5	13.7
EBITDA growth (%)	(18.8)	28.3	87.8	5.6	8.6
Adj. EPS growth (%)	0.0	0.0	811.7	13.0	20.4
RoE (%)	(21.5)	1.6	38.1	29.8	27.3
RoIC (%)	0.0	3.0	25.4	24.7	27.3
P/E (x)	(31.4)	458.8	15.9	14.1	11.7
EV/EBITDA (x)	17.6	12.7	6.7	5.9	5.0
P/B (x)	7.6	7.4	5.1	3.7	2.8
FCFF yield (%)	(0.2)	4.3	4.4	6.8	11.0

Source: Company, Emkay Research

Healthy margin expansion across operations in Q3

Consolidated revenue was higher by 25% YoY at Rs1,106bn (largely in-line). EBITDA margin increased by 86bps QoQ to 13.9%; sequential improvement was driven by lower RM cost (down ~190bps QoQ) amid 127bps QoQ improvement in JLR's EBITDA margin to 16.2% and 75bps QoQ uptick in standalone margin to 11.4%. Consolidated automotive FCF stood at Rs64bn (equivalent to Rs64bn achieved in H1), while net automotive debt reduced further to Rs292bn (Rs387bn as of Q2FY24). JLR's FCF stood at GBP626mn in Q3FY24 vs. GBP751mn in H1; net debt now stands reduced to GBP1.6bn.

Earnings call KTAs

i) JLR: Order book stands at ~150K units (Q3 exit); expects run-down to 110K units going ahead (~19K reduction in Q3); the mix would normalize in the coming quarters on further ramp up in production; monitoring the evolution of the Red Sea issue – the situation is manageable at the moment; Electric Range Rover could be introduced in 12M – currently it has 16K customers on the wait list; expects marketing spends to rise going ahead (2.5% in Q3), though they would remain lower than earlier highs; there may be some inflation in wages, but no major cost headwinds are seen in raw material or energy; EBIT guidance for FY24E now stands at over 8% (vs. 8% earlier); retained 10% EBIT margin guidance for FY26; continues to expect less than GBP1bn net debt in FY24E and net cash status by FY25E. **ii) India PVs:** Industry growth is expected to moderate to sub-5% next year on a high base; turn in commodities flagged as potential risk; TTMT aims to maintain its market share (second largest player on retail basis) in ICE and drive EV penetration to >15% vs. 12% now; aims for double-digit margins in ICE PVs soon (9.4% in Q3) with improvement in E-PVs (near breakeven in Q3 pre-R&D spends); Sanand plant (acquired from Ford) to reach full utilization over the next 2-3 years; Curvv EV to be introduced in Q2FY25 with ICE launch 3-4 months later, Harrier EV planned in CY24. **iii) India CVs:** Tepid outlook till Q1FY25 with YoY growth seen returning in Q2/H2 on economic growth, infra spends; aiming to sustain double-digit margins in CVs.

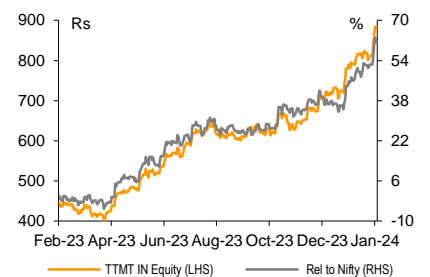
Target Price – 12M	Mar-25
Change in TP (%)	2.8
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	5.3
CMP (02-Feb-24) (Rs)	878.8

Stock Data	Ticker
52-week High (Rs)	902
52-week Low (Rs)	400
Shares outstanding (mn)	3,322.8
Market-cap (Rs bn)	3,218
Market-cap (USD mn)	38,810
Net-debt, FY24E (Rs mn)	6,22,818
ADTV-3M (mn shares)	11
ADTV-3M (Rs mn)	8,530.4
ADTV-3M (USD mn)	102.9
Free float (%)	53.6
Nifty-50	21,854
INR/USD	82.9
Shareholding, Dec-23	
Promoters (%)	46.4
FPIs/MFs (%)	18.6/17.3

Price Performance

(%)	1M	3M	12M
Absolute	12.0	38.1	97.6
Rel. to Nifty	11.1	20.9	59.2

1-Year share price trend (Rs)



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Exhibit 1: Actual vs. Estimates (Q3FY24): Beat on estimates driven by healthy margin expansion in JLR and standalone

(Rs mn)	Actual	Emkay Est.	Variation (%)	Consensus	Variation (%)
Net revenue	1,105,771	1,093,951	1.1	1,085,168	1.9
EBITDA	153,333	147,683	3.8	147,783	3.8
Margin (%)	13.9	13.5	37 bps	13.6	25 bps
Adj. net income	70,284	47,211	48.9	45,567	54.2

Source: Company, Emkay Research

Exhibit 2: Consolidated Quarterly Snapshot: Revenue up 25% YoY; margins expand 86bps QoQ on better gross margins

Rs mn	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ (%)
Revenue	884,886	1,059,324	1,022,361	1,051,282	1,105,771	25.0	5.2
Expenditure	788,456	931,225	886,766	914,541	952,438	20.8	4.1
As a % of sales	89.1	87.9	86.7	87.0	86.1		
Consumption of RM	574,585	681,944	637,835	669,097	682,777	18.8	2.0
As a % of sales	64.9	64.4	62.4	63.6	61.7		
Employee Cost	85,929	93,775	98,518	100,989	111,022	29.2	9.9
As a % of sales	9.7	8.9	9.6	9.6	10.0		
Other expenditure	127,942	155,506	150,413	144,455	158,639	24.0	9.8
as % of sales	14.5	14.7	14.7	13.7	14.3		
EBITDA	96,430	128,098	135,595	136,741	153,333	59.0	12.1
EBITDA margin (%)	10.9	12.1	13.3	13.0	13.9		
Depreciation	60,718	70,502	66,332	66,364	68,500	12.8	3.2
EBIT	35,712	57,596	69,264	70,377	84,833	137.5	20.5
Other Income	11,304	15,769	13,605	16,307	14,988	32.6	(8.1)
Interest	26,758	26,417	26,154	26,517	24,849	(7.1)	(6.3)
PBT	20,257	46,949	56,715	60,168	74,972		
Total Tax	2,628	(6,207)	15,630	22,028	5,418	106.1	(75.4)
Adjusted PAT	17,629	53,155	41,085	38,139	69,554		
MI and Inc from JV	(179)	(30)	(1,131)	190	(729)	306.8	(483.1)
Adjusted PAT after MI	17,808	53,185	42,216	37,949	70,284		
Extraordinary items (Loss)/Gain	11,769	893	(10,188)	(309)	(33)	(100.3)	(89.4)
Reported PAT	29,577	54,078	32,028	37,640	70,251		
Adjusted EPS (Rs)	4.6	13.9	11.0	9.9	18.4	294.7	85.2
Margins (%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (bps)	QoQ (bps)
EBITDA	10.9	12.1	13.3	13.0	13.9	297	86
EBIT	4.0	5.4	6.8	6.7	7.7	364	98
EBT	2.3	4.4	5.5	5.7	6.8	449	106
PAT	2.0	5.0	4.1	3.6	6.4	434	275
Effective Tax Rate	13.0	(13.2)	27.6	36.6	7.2	(575)	(2,939)

Source: Company, Emkay Research

Exhibit 3: JLR Quarterly Snapshot: ~4%/~3% increase in volumes/ASPs QoQ; margins up 127bps QoQ to 16.2%

£ mn	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ(%)
Volumes	79,591	94,649	93,253	96,817	101,043	27.0	4.4
ASP/ Unit (GBP/Unit)	75,901	75,035	74,024	70,824	72,989	(3.8)	3.1
Revenue	6,041	7,102	6,903	6,857	7,375	22.1	7.6
Expenditure	5,325	6,067	5,780	5,836	6,183	16.1	5.9
<i>as % of sales</i>	88.1	85.4	83.7	85.1	83.8		
Consumption of RM	3,707	4,327	4,026	4,166	4,237	14.3	1.7
<i>as % of sales</i>	61.4	60.9	58.3	60.8	57.5		
Employee Cost	654	696	716	713	809	23.7	13.5
<i>as % of sales</i>	10.8	9.8	10.4	10.4	11.0		
Other expenditure	964	1,044	1,038	957	1,137	17.9	18.8
<i>as % of sales</i>	16.0	14.7	15.0	14.0	15.4		
EBITDA	716	1,035	1,123	1,021	1,192	66.5	16.7
EBITDA margin (%)	11.9	14.6	16.3	14.9	16.2		
Depreciation	494	578	538	525	547	10.7	4.2
EBIT	222	457	585	496	645	190.5	30.0
Interest	117	104	98	84	64	(45.3)	(23.8)
Share of JV	3	4	10	5	3	0.0	(40.0)
PBT	108	357	497	417	584		
Total Tax	4	115	112	170	35	775.0	(79.4)
Adjusted PAT	104	242	385	247	549	427.9	122.3
Extra ordinary items (Loss)/Gain	157	17	(62)	25	43	(72.6)	72.0
Reported PAT	261	259	323	272	592	126.8	117.6
Free cash flow	490	815	451	300	626	27.8	108.7
Margins (%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (bps)	QoQ (bps)
EBITDA	11.9	14.6	16.3	14.9	16.2	431	127
EBIT	3.7	6.4	8.5	7.2	8.7	507	151
EBT	1.8	5.0	7.2	6.1	7.9	613	184
PAT	1.7	3.4	5.6	3.6	7.4	572	384
Effective Tax rate	3.7	32.2	22.5	40.8	6.0	229	(3,477)

Source: Company, Emkay Research

Exhibit 4: Standalone Quarterly Snapshot (India CV business): Margins up QoQ despite lower volumes on account of a better mix

Rs mn	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (%)	QoQ(%)
Revenue	157,940	201,421	158,326	185,417	186,686	18.2	0.7
Expenditure	144,065	180,619	145,043	165,617	165,352	14.8	(0.2)
As a % of sales	91.2	89.7	91.6	89.3	88.6		
Consumption of RM	116,337	148,393	114,371	133,244	130,887	12.5	(1.8)
As a % of sales	73.7	73.7	72.2	71.9	70.1		
Employee Cost	9,723	10,221	10,645	10,859	11,105	14.2	2.3
As a % of sales	6.2	5.1	6.7	5.9	5.9		
Other expenditure	18,005	22,005	20,027	21,513	23,360	29.7	8.6
As a % of sales	11.4	10.9	12.6	11.6	12.5		
EBITDA	13,874	20,803	13,283	19,800	21,333	53.8	7.7
EBITDA margin (%)	8.8	10.3	8.4	10.7	11.4		
Depreciation	4,302	4,676	4,959	5,090	5,131	19.3	0.8
EBIT	9,573	16,127	8,324	14,710	16,202	69.3	10.1
Other Income	1,732	2,419	2,991	5,798	1,468	(15.2)	(74.7)
Interest	5,034	4,659	4,117	4,715	4,120	(18.2)	(12.6)
PBT	6,270	13,887	7,197	15,794	13,551		
Total Tax	540	(16,097)	859	1,476	2,961	448.0	100.6
Adjusted PAT	5,730	29,984	6,339	14,317	10,590	84.8	(26.0)
Extraordinary items (Loss)/Gain	(668)	(3,028)	(6,979)	(1,621)	35,111		
Reported PAT	5,062	26,956	(640)	12,696	45,701		
Adjusted EPS (Rs)	1.5	7.8	1.7	3.7	2.8		
PAT from discontinued operations (PV)	0	0	0	0	0		
Adjusted PAT incl. discontinued ops	5,730	29,984	6,339	14,317	10,590		
Reported PAT incl. discontinued ops	5,062	26,956	(640)	12,696	45,701		

Margins (%)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY (bps)	QoQ (bps)
EBIDTA	8.8	10.3	8.4	10.7	11.4	264	75
EBIT	6.1	8.0	5.3	7.9	8.7	262	75
EBT	4.0	6.9	4.5	8.5	7.3	329	(126)
PAT	3.6	14.9	4.0	7.7	5.7	204	(205)
Effective Tax rate	8.6	(115.9)	11.9	9.3	21.8	1,323	1,250

Source: Company, Emkay Research

Exhibit 5: Revenue model: We build 8%/7%/17% consolidated Revenue/EBITDA/PAT CAGR over FY24E-26E

Rs mn	FY22	FY23	FY24E	FY25E	FY26E
CV revenue	472,637	657,573	742,224	812,105	844,633
Growth (%)	56.6	39.1	12.9	9.4	4.0
PV revenues	325,722	488,671	504,473	620,818	683,994
Growth (%)	94.9	50.0	3.2	23.1	10.2
Total India business revenues (Rs m)	798,359	1,146,244	1,246,697	1,432,923	1,528,627
Growth (%)	70.3	43.6	8.8	14.9	6.7
CV EBITDA	16,357	48,108	80,160	87,301	92,910
EBITDA margin (%)	3.5	7.3	10.8	10.8	11.0
PV EBITDA	9,150	27,862	35,341	46,010	52,753
EBITDA margin (%)	2.8	5.7	7.0	7.4	7.7
CV EBIT	(1,248)	30,440	59,577	63,211	64,696
EBIT margin (%)	(0.3)	4.6	8.0	7.8	7.7
PV EBIT	(11,265)	5,552	10,465	18,148	21,548
EBIT margin (%)	(3.5)	1.1	2.1	2.9	3.2
JLR Business (GBP m)	FY22	FY23	FY24E	FY25E	FY26E
JLR Revenues	18,320	22,809	29,154	31,016	33,004
Growth (%)	-7.2	24.5	27.8	6.4	6.4
JLR EBITDA (GBP m)	1,896	2,571	4,666	4,935	5,167
EBITDA margin (%)	10.3	11.3	16.0	15.9	15.7
JLR EBIT	(48)	529	2,466	2,478	2,540
EBIT margin (%)	-0.3	2.3	8.5	8.0	7.7
JLR PAT (GBP mn)	(793)	(53)	1,708	1,792	1,919
Consolidated Financials (Rs m)	FY22	FY23	FY24E	FY25E	FY26E
India revenue	798,359	1,146,244	1,246,697	1,432,923	1,528,627
JLR revenue	1,864,976	2,213,460	2,886,211	3,101,613	3,300,418
Consolidated revenues (Rs m)	2,784,536	3,459,670	4,275,631	4,686,064	4,990,670
Growth (%)	11.5	24.2	23.6	9.6	6.5
India EBITDA	25,507	75,971	115,501	133,311	145,663
JLR EBITDA	193,013	249,498	461,938	493,461	516,736
Consolidated EBITDA	248,132	318,296	597,776	631,166	685,151
Growth (%)	-18.8	28.3	87.8	5.6	8.6
EBITDA margin (%)					
India	3.2	6.6	9.3	9.3	9.5
JLR	10.3	11.3	16.0	15.9	15.7
Consolidated EBITDA margin (%)	8.9	9.2	14.0	13.5	13.7
India EBIT	(12,514)	35,991	70,042	81,359	86,245
JLR EBIT	(4,886)	51,336	244,098	247,805	254,019
Consol EBIT	(225)	69,692	330,477	333,558	363,015
Consol EBIT margin (%)	0.0	2.0	7.7	7.1	7.3
Consol PAT	(107,188)	7,336	211,981	229,913	276,711
Consol EPS (Rs)	-28.0	1.9	55.3	62.5	75.3
Consol Net Debt (Rs mn)	1,008,381	698,066	634,501	475,983	176,802
Consol FCF	(6,555)	175,774	173,701	252,099	374,509
ROE (%)	(21.5)	1.6	28.6	22.4	20.4
ROCE (%)	0.7	4.0	15.1	14.5	14.4

Source: Company, Emkay Research

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Exhibit 6: Consolidate EPS increase driven by Q3 margin beat, change in JLR tax rate assumption to 22% vs. 25% earlier

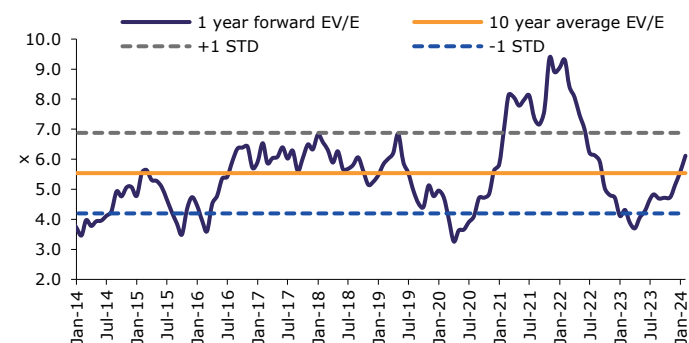
Rs mn	FY24E				FY25E				FY26E			
	Earlier	Revised	% chg	% YoY	Earlier	Revised	% chg	% YoY	Earlier	Revised	% chg	% YoY
JLR Volume (excl. China JV)	397,990	397,990	-	23.8	419,223	419,223	-	5.3	441,677	441,677	-	5.4
Standalone Volume	403,645	395,198	(2.1)	(3.1)	424,471	396,684	(6.5)	0.4	451,344	398,357	(11.7)	0.4
Cons. Revenue	4,294,255	4,275,631	(0.4)	23.6	4,675,193	4,686,064	0.2	9.6	5,011,934	4,990,670	(0.4)	6.5
Cons. EBITDA	591,187	597,776	1.1	87.8	615,156	631,166	2.6	5.6	673,488	685,151	1.7	8.6
Cons. Margin (%)	13.8	14.0	21 bps	478 bps	13.2	13.5	31 bps	(51) bps	13.4	13.7	29 bps	1.9
Cons. PAT	204,915	211,981	3.4	NM	218,392	229,913	5.3	8.5	256,979	276,711	7.7	20.4
Cons. EPS	53.5	55.3	3.4	NM	59.4	62.5	5.3	13.0	69.9	75.3	7.7	20.4

Source: Emkay Research

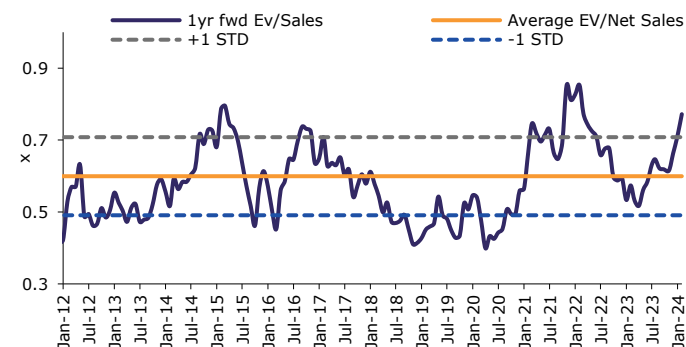
Exhibit 7: Tata Motors – SOTP based valuation

	Basis of valuation	Equity value (Rsmn)	Equity value (Rsmn)	Equity value (Rs/share)	Contribution to SOTP (%)	Remarks
India CV	EV/EBITDA 9x	707,255	764,606	208	23	Above implied 8x EV/EBITDA for AL amid market share gains
India ICE-PV	EV/Sales 1.6x	843,911	942,338	256	27	In line with MSIL's multiple of ~1.6x EV/Sales
India E-PV	Transaction value	309,750	309,750	84	10	Taking pre-money transaction valuation fixed during the TPG deal at 40% discount
JLR	EV/EBITDA 1.9x	910,097	1,089,488	296	29	EV/EBITDA multiple is at ~30% premium to the present valuation of European peers amid significantly higher earnings growth
JLR China JV	EV/EBITDA 4x	56,118	4,493	1	2	Stake stands at 50%
Tata Sons	NAV 1x	67,692	67,692	18	2	Holding company discount at 80% as the stake may not be monetized
Tata Motors Finance	P/B 1x FY22	45,905	45,905	12	1	Holding company discount at 20%
Tata Technologies	Mcap	190,336	190,336	52	6	20% discount to CMP
Total				929		
Total (Rounded-off)				925		

Source: Company, Emkay Research

Exhibit 8: One-year forward EV/EBITDA at ~6x; above the 10-year average of 5.5x

Source: Bloomberg, Emkay Research

Exhibit 9: Trading above 1SD above LTA on forward EV/Sales basis

Source: Bloomberg, Emkay Research

Tata Motors: Consolidated Financials and Valuations

Profit and Loss

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	27,84,536	34,59,670	42,75,631	46,86,064	49,90,670
Revenue growth (%)	11.5	24.2	23.6	9.6	6.5
EBITDA	2,48,132	3,18,296	5,97,776	6,31,166	6,85,151
EBITDA growth (%)	(18.8)	28.3	87.8	5.6	8.6
Depreciation & Amortization	2,48,357	2,48,604	2,67,299	2,97,608	3,22,135
EBIT	(225)	69,692	3,30,477	3,33,558	3,63,015
EBIT growth (%)	(100.3)	0.0	374.2	0.9	8.8
Other operating income	0	0	0	0	0
Other income	30,536	46,332	44,015	46,216	47,602
Financial expense	93,119	1,02,255	1,02,476	87,767	67,254
PBT	(62,807)	13,769	2,72,016	2,92,007	3,43,364
Extraordinary items	0	0	0	0	0
Taxes	42,313	7,041	65,526	67,576	72,468
Minority interest	1,327	2,756	(2,000)	(2,000)	(2,000)
Income from JV/Associates	(741)	3,364	3,491	3,483	3,815
Reported PAT	(1,14,415)	23,250	2,11,981	2,29,913	2,76,711
PAT growth (%)	0.0	0.0	811.7	8.5	20.4
Adjusted PAT	(1,07,188)	7,336	2,11,981	2,29,913	2,76,711
Diluted EPS (Rs)	(28.0)	1.9	55.3	62.5	75.3
Diluted EPS growth (%)	0.0	0.0	811.7	13.0	20.4
DPS (Rs)	0.0	2.0	1.5	2.2	2.3
Dividend payout (%)	0.0	32.9	2.7	3.5	3.1
EBITDA margin (%)	8.9	9.2	14.0	13.5	13.7
EBIT margin (%)	0.0	2.0	7.7	7.1	7.3
Effective tax rate (%)	(67.4)	51.1	24.1	23.1	21.1
NOPLAT (pre-IndAS)	(376)	34,056	2,50,868	2,56,365	2,86,400
Shares outstanding (mn)	3,829.4	3,830.1	3,830.1	3,676.9	3,676.9

Source: Company, Emkay Research

Cash Flows

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	(62,807)	13,769	2,72,016	2,92,007	3,43,364
Others (non-cash items)	3,37,436	3,83,002	3,69,775	3,85,375	3,89,390
Taxes paid	(19,096)	(31,790)	(65,526)	(67,576)	(72,468)
Change in NWC	(1,04,737)	(31,271)	(26,055)	18,811	(10,297)
Operating cash flow	1,42,828	3,53,880	5,53,701	6,32,099	6,53,803
Capital expenditure	(1,49,383)	(1,78,107)	(3,80,000)	(3,80,000)	(2,79,294)
Acquisition of business	94,783	(134)	0	0	0
Interest & dividend income	6,913	10,199	0	0	0
Investing cash flow	(47,751)	(1,68,042)	(3,80,000)	(3,80,000)	(2,79,294)
Equity raised/(repaid)	37,686	34,737	0	0	0
Debt raised/(repaid)	22,026	(2,02,397)	(1,02,007)	(1,15,022)	(3,97,800)
Payment of lease liabilities	(15,590)	(15,166)	0	0	0
Interest paid	(92,514)	(93,360)	(1,02,476)	(87,767)	(67,254)
Dividend paid (incl tax)	(999)	(1,409)	(7,660)	(5,814)	(8,074)
Others	(1,06,919)	55,220	0	0	0
Financing cash flow	(1,56,310)	(2,22,375)	(2,12,143)	(2,08,603)	(4,73,128)
Net chg in Cash	(61,233)	(36,537)	(38,442)	43,496	(98,619)
OCF	1,42,828	3,53,880	5,53,701	6,32,099	6,53,803
Adj. OCF (w/o NWC chg.)	2,47,565	3,85,151	5,79,756	6,13,288	6,64,100
FCFF	(6,555)	1,75,774	1,73,701	2,52,099	3,74,509
FCFE	(92,761)	83,717	71,225	1,64,332	3,07,255
OCF/EBITDA (%)	57.6	111.2	92.6	100.1	95.4
FCFE/PAT (%)	81.1	360.1	33.6	71.5	111.0
FCFF/NOPLAT (%)	1,743.0	516.1	69.2	98.3	130.8

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	7,659	7,660	7,660	7,660	7,660
Reserves & Surplus	4,37,954	4,45,558	6,51,725	8,73,564	11,41,804
Net worth	4,45,612	4,53,218	6,59,385	8,81,224	11,49,464
Minority interests	42,711	72,777	70,777	68,777	66,777
Deferred tax liability (net)	(23,124)	(37,777)	(37,777)	(37,777)	(37,777)
Total debt	16,42,165	12,56,605	11,54,598	10,39,576	6,41,776
Total liabilities & equity	21,07,364	17,44,823	18,46,982	19,51,800	18,20,240
Net tangible fixed assets	8,09,001	7,29,760	7,39,480	8,21,872	7,79,031
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	2,45,726	2,45,726	2,45,726
Goodwill	8,072	8,406	8,406	8,406	8,406
Investments [JV/Associates]	60,725	60,725	63,725	66,725	69,725
Cash & equivalents	6,39,762	5,73,222	5,31,780	5,72,276	4,70,657
Current assets (ex-cash)	10,75,938	12,11,477	15,75,621	17,26,871	18,39,122
Current Liab. & Prov.	11,60,127	15,64,145	19,00,388	20,72,708	21,75,058
NWC (ex-cash)	(84,188)	(3,52,667)	(3,24,766)	(3,45,837)	(3,35,936)
Total assets	21,07,364	17,44,823	18,46,982	19,51,800	18,20,240
Net debt	10,02,403	6,83,383	6,22,818	4,67,299	1,71,119
Capital employed	21,07,364	17,44,823	18,46,982	19,51,800	18,20,240
Invested capital	13,04,366	9,68,130	10,05,752	10,67,072	10,34,132
BVPS (Rs)	116.4	118.3	172.2	239.7	312.6
Net Debt/Equity (x)	2.2	1.5	0.9	0.5	0.1
Net Debt/EBITDA (x)	4.0	2.1	1.0	0.7	0.2
Interest coverage (x)	3.1	0.9	0.3	0.2	0.2
RoCE (%)	0.7	4.0	15.1	14.5	14.4

Source: Company, Emkay Research

Valuations and Key Ratios

Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	(31.4)	458.8	15.9	14.1	11.7
P/CE(x)	23.8	13.2	7.0	6.1	5.4
P/B (x)	7.6	7.4	5.1	3.7	2.8
EV/Sales (x)	1.6	1.2	0.9	0.8	0.7
EV/EBITDA (x)	17.6	12.7	6.7	5.9	5.0
EV/EBIT(x)	(19,437.0)	58.1	12.1	11.1	9.4
EV/IC (x)	3.3	4.2	4.0	3.5	3.3
FCFF yield (%)	(0.2)	4.3	4.4	6.8	11.0
FCFE yield (%)	(2.8)	2.5	2.1	5.1	9.5
Dividend yield (%)	0.0	0.2	0.2	0.2	0.3
DuPont-RoE split					
Net profit margin (%)	(3.8)	0.2	5.0	4.9	5.5
Total asset turnover (x)	1.3	1.8	2.4	2.5	2.6
Assets/Equity (x)	4.2	4.3	3.2	2.5	1.9
RoE (%)	(21.5)	1.6	38.1	29.8	27.3
DuPont-RoIC					
NOPLAT margin (%)	0.0	1.0	5.9	5.5	5.7
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	0.0	3.0	25.4	24.7	27.3
Operating metrics					
Core NWC days	(11.0)	(37.2)	(27.7)	(26.9)	(24.6)
Total NWC days	(11.0)	(37.2)	(27.7)	(26.9)	(24.6)
Fixed asset turnover	0.9	1.0	1.2	1.2	1.2
Opex-to-revenue (%)	26.1	25.3	23.0	24.0	23.8

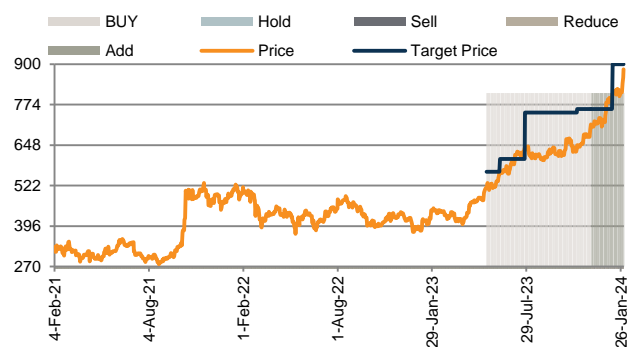
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
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: Bloomberg, Company, 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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