

May 16, 2023



Current Price: ₹ 530.8

STOCK DATA

BSE Code	500570
NSE Symbol	TATAMOTORS
Reuters	TAMO.BO
Bloomberg	TTMT IN

VALUE PARAMETERS

52 W H/L(Rs)	537.15/375.50
Mkt. Cap.(Rs Cr)	190117.20
Latest Equity(Subscribed)	664.28
Latest Reserve (cons.)	44555.77
Latest EPS (cons.) -Unit Curr.	7.58
Latest P/E Ratio -cons	70.03
Latest Bookvalue (cons.) -Unit Curr.	136.15
Latest P/BV - cons	3.90
Dividend Yield -%	0.40
Face Value	2.00

Consolidated Financial Results

Particulars	Qtr Ending	Qtr Ending	In Cr.
	Mar. 23	Mar. 22	VAR %
Total Income	105,932.35	78,439.06	35
OPM (%)	12.12	9.63	249bps
OP	12,837.49	7,550.83	70
Other income	1,638.52	920.70	78
PBIDT	14,476.01	8,471.53	71
Net Finance Charges	2,641.67	2,380.52	11
PBDT	11,834.34	6,091.01	94
Depreciation	7,050.20	6,432.11	10
PBT before EO	4,784.14	-341.10	LP
EO	-165.06	212.01	
PBT after EO	4,949.20	-553.11	LP
Tax expense	-620.65	758.22	
PAT	5,569.85	-1,311.33	LP
Minority Interest	88.25	40.79	116
Share of Profit of Associates	91.25	107.27	
Profit after Minority Interest and Share of profit of Associates	5,407.90	-1,032.98	LP
EPS (Rs)	14.55	-3.25	

Tata Motors, The auto major reported a consolidated net profit of Rs 5,407.90 crore in Q4 FY23 as against a net loss of Rs 1,032.84 crore recorded in Q4 FY22, beats estimates

Total revenue from operations jumped 35.05% YoY to Rs 1,05,932.35 crore in the quarter ended 31 March 2023. The company recorded a pre-tax profit of Rs 4,784.14 crore in the fourth quarter of FY23 as against a pre-tax loss of Rs 341.10 crore reported in the corresponding quarter last fiscal.

EBITDA for the period under review was Rs 14,113 crore, registering a growth of 60.32% YoY. EBITDA margin improved by 210 bps to 13.3% in Q4 FY23 as compared to 11.2% reported in Q4 FY22. EBIT margin increased to 6.8%, up 360 bps on YoY basis.

JLR reported a net profit of 259 million pounds in Q4 FY23 as against a net loss of 102 million pounds recorded in Q4 FY22. Revenue surged by 49% YoY to 7,102 million pounds in Q4 FY23.

During the quarter, wholesales stood at 94,649 units, up 24% YoY. Free cash flow in Q4 FY23 of 815 million pounds resulting in 1.3 billion pounds in H2FY23 and 521 million pounds for the full year.

Other highlights

- Net debt improved to 3 billion pounds as of 31 March 2023 with cash of 3.8 billion pounds and liquidity of 5.3 billion pounds (including undrawn 1.52 billion pounds revolving credit facility).
- Order book stood at 200,000 units remains strong despite increased retail sales. Range Rover, Range Rover Sport and Defender represent 76% of the book, said the company.

SHARE HOLDING PATTERN (%)

Description as on	% of Holding 31/03/2023
Foreign	16.09
Institutions	19.34
Govt Holding	0.06
Non Promoter Corp. Hold.	0.59
Promoters	46.39
Public & Others	17.52

- Tata Commercial Vehicles (Tata CV) recorded a profit before tax of Rs 1,704 crore in Q4 FY23, up 180.72% as against Rs 607 crore reported in Q4 FY22. Revenue from operations during the quarter was Rs 21,240 crore, higher by 14.6% YoY despite wholesales being down 3%, reflecting improved mix and better market operating price.
- Tata Passenger Vehicles (TATA PV) recorded revenues of Rs 12,093 crore (up 15.3% YoY). It reported a profit before tax of Rs 234 crore in Q4 FY23, steeply higher than Rs 42 crore posted in the same period a year ago.
- Wholesales grew 9.5% YoY to 134.8 thousand vehicles while retails grew 9.7% YoY to 126.1 thousand units, during the period under review.
- In passenger vehicles, in FY24, the company aims to continue to deliver market-beating growth, sustain the aggression in driving up EV penetration, consolidate market share gains, drive actions to reach double digit EBITDA in the coming years and sustain positive free cash flows. We will integrate the new Sanand factory into our industrial footprint and unlock capacity.
- Meanwhile, the company's board has recommended a final dividend of Rs 2 per ordinary share and Rs 2.1 per share for DVR shareholders, subject to approval by the shareholders at the AGM.

Full Financial Year

On full year basis, Tata Motors reported a consolidated net profit of Rs 2,414.29 crore in FY23 as against a net loss of Rs 11,441.47 crore recorded in FY22. Total revenue from operations grew by 24.58% YoY to Rs 3,42,874.59 crore during financial year ended March 2023. Finance costs increased by Rs 927 crore to Rs 10,239 crore during FY23 due to higher gross borrowings and some impact of interest rate increase. For the year, net profit from joint ventures and associates amounted to Rs 336 crore compared with a net loss of Rs 74 crore in FY22. Other income (excluding grants) was Rs 1,720 crore in FY23 versus Rs 929 crore in FY22. Free cash flow (automotive) for the year, was positive at Rs 7.8 thousand crore (as compared negative to Rs 9.5 thousand crore in FY22) owing to improvement in cash profits and working capital. The business showed strong sequential recovery with positive free cash flow (automotive) of Rs 16.6 thousand crore in H2.

Management Comment

Tata Motors said that the volumes continued to improve on strong India demand and better supplies at Jaguar Land Rover (JLR). Pricing actions and richer mix led to improved ASPs and higher revenue growth. Easing inflation, better mix, pricing actions and favorable operating leverage resulted in strong improvements in margins and profits.

JLR said that it expects the gradual improvements in chip supply to continue during the next fiscal year. While supply challenges and macro risks remain, the company will target to grow wholesales through the year and achieve EBIT margins of over 6% in FY24. Investment spending is expected to increase to about 3 billion pounds in the fiscal year, but free cash flow is expected to be more than 2 billion pounds and net debt is expected to reduce to below 1 billion pounds in FY24.

Adrian Mardell, Jaguar Land Rover's interim chief executive officer, "For the fiscal year ahead, while we are mindful of the headwinds that remain, our target is to increase EBIT margins to over 6% and deliver significantly positive free cash flow to reduce our net debt

further, while increasing investment to £3 billion.”

Shailesh Chandra, managing director, Tata Motors Passenger Vehicles & Tata Passenger Electric Mobility, said, “Tata Motors recorded its third successive year of industry beating growth to register its highest ever-annual domestic sales and achieving a robust 46% sales growth over FY22. Tata Motors crossed the significant landmark of 50,000 annual sales in EV’s, its highest ever, to post a growth of 154% over FY22.”

PB Balaji, Group chief financial officer of Tata Motors said, “The year ended on a strong note with all automotive verticals delivering robust performances leading to multiple all-time high achievements. The distinct strategy employed by each business is delivering, in unison, leading to a sharp improvement in overall results. We remain confident on growth with cash flow generation, to achieve our stated goals.”

Outlook

In its outlook, Tata CV said, “Advance buying in Q4 FY23 in anticipation of price hikes post BS VI Phase II will have near term impact on demand. With the government’s continuing thrust on infrastructure development, we remain optimistic about the overall CV demand in FY24 despite near term challengers on interest rates, fuel prices and inflation. We will continue to drive our demand-pull strategy and drive customer preference through innovation, service quality and thematic brand activation. We will aim for higher realizations and cost savings to secure double-digit EBITDA margins for FY24 and improve the performance of all business verticals.”

With respect to outlook, Tata Motors said, “In this context, we aim to further improve and deliver a strong performance in FY24. The momentum is expected to build through the year factoring in seasonality, stabilization of JLR supply chain and post RDE impact in India.”

E-mail: researchfeedback@smcindiaonline.com



Corporate Office:
11/6B, Shanti Chamber,
Pusa Road, New Delhi - 110005
Tel: +91-11-30111000
www.smcindiaonline.com

Mumbai Office:
Lotus Corporate Park, A Wing 401/402,
4th Floor, Graham Firth Steel Compound,
Off Western Express Highway, Jay Coach Signal,
Goreagon (East) Mumbai - 400063
Tel: 91-22-67341600, Fax: 91-22-28805606

Kolkata Office:
18, Rabindra Sarani,
Poddar Court, Gate No.-4, 5th Floor, Kolkata-700001
Tel: 91-33-39847000, Fax: 91-33-39847004

Investments in securities market are subject to market risks, read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. The securities quoted are for illustration only and are not recommendatory. SMC is a SEBI registered Research Analyst having registration number INH100001849. CIN : L74899DL1994PLC063609.

SMC Global Securities Ltd. (hereinafter referred to as "SMC") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. SMC is a registered member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited, MSEI (Metropolitan Stock Exchange of India Ltd) and M/s SMC Comtrade Ltd is a registered member of National Commodity and Derivative Exchange Limited and Multi Commodity Exchanges of India and other commodity exchanges in India. SMC is also registered as a Depository Participant with CDSL and NSDL. SMC's other associates are registered as Merchant Bankers, Portfolio Managers, NBFC with SEBI and Reserve Bank of India. It also has registration with AMFI as a Mutual Fund Distributor.

SMC is a SEBI registered Research Analyst having registration number INH100001849. SMC or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities market. SMC or its associates or its Research Analyst or his relatives do not hold any financial interest in the subject company interest at the time of publication of this Report. SMC or its associates or its Research Analyst or his relatives do not hold any actual/beneficial ownership of more than 1% (one percent) in the subject company, at the end of the month immediately preceding the date of publication of this Report. SMC or its associates its Research Analyst or his relatives does not have any material conflict of interest at the time of publication of this Report.

SMC or its associates/analyst has not received any compensation from the subject company covered by the Research Analyst during the past twelve months. The subject company has not been a client of SMC during the past twelve months. SMC or its associates has not received any compensation or other benefits from the subject company covered by analyst or third party in connection with the present Research Report. The Research Analyst has not served as an officer, director or employee of the subject company covered by him/her and SMC has not been engaged in the market making activity for the subject company covered by the Research Analyst in this report.

The views expressed by the Research Analyst in this Report are based solely on information available publicly available/internal data/ other reliable sources believed to be true. SMC does not represent/ provide any warranty expressly or impliedly to the accuracy, contents or views expressed herein and investors are advised to independently evaluate the market conditions/risks involved before making any investment decision. The research analysts who have prepared this Report hereby certify that the views /opinions expressed in this Report are their personal independent views/opinions in respect of the subject company.

Disclaimer: This Research Report is for the personal information of the authorized recipient and doesn't construe to be any investment, legal or taxation advice to the investor. It is only for private circulation and use. The Research Report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. No action is solicited on the basis of the contents of this Research Report. The Research Report should not be reproduced or redistributed to any other person(s) in any form without prior written permission of the SMC. The contents of this material are general and are neither comprehensive nor inclusive. Neither SMC nor any of its affiliates, associates, representatives, directors or employees shall be responsible for any loss or damage that may arise to any person due to any action taken on the basis of this Research Report. It does not constitute personal recommendations or take into account the particular investment objectives, financial situations or needs of an individual client or a corporate/s or any entity/s. All investments involve risk and past performance doesn't guarantee future results. The value of, and income from investments may vary because of the changes in the macro and micro factors given at a certain period of time. The person should use his/her own judgment while taking investment decisions. Please note that SMC its affiliates, Research Analyst, officers, directors, and employees, including persons involved in the preparation or issuance of this Research Report: (a) from time to time, may have long or short positions in, and buy or sell the securities thereof, of the subject company(ies) mentioned here in; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender/borrower to such subject company(ies); or (c) may have any other potential conflict of interest with respect to any recommendation and related information and opinions. All disputes shall be subject to the exclusive jurisdiction of Delhi High court.