

We upgrade TTMT to BUY from Add, keeping our SoTP-based TP unchanged at Rs1,175/sh (incl. roll-over to Sep-26E). TTMT stock price has corrected 16% from its peak, amid outlook downgrade at peer BMW (incl. due to muted China demand; [link](#)), and slowness in domestic CVs/PVs (incl. rising discounts/price cuts; [link](#)). We highlight that: i) for JLR, China is a relatively smaller market (~24% vs ~32% for BMW), while profitability and debt outlook are largely intact; ii) [India CV outlook is improving](#), with margins likely to see strong increase led by healthy fleet operator profitability, sustained pricing discipline; iii) new launches, lower inventory would help outperformance vs a weak PV industry. TTMT's B/S is healthier now, with valuations least demanding among OEMs. We trim FY26E/27E EPS by ~2.5% (5%/11% revenue/PBT CAGR).

Tata Motors: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	3,459,670	4,379,278	4,480,311	4,684,404	4,957,870
EBITDA	318,296	595,603	631,825	682,125	725,617
Adj. PAT	7,336	323,981	229,557	279,515	305,408
Adj. EPS (Rs)	1.9	84.5	62.4	76.0	83.0
EBITDA margin (%)	9.2	13.6	14.1	14.6	14.6
EBITDA growth (%)	28.3	87.1	6.1	8.0	6.4
Adj. EPS growth (%)	0.0	1,199.7	(23.8)	21.8	9.3
RoE (%)	1.6	49.8	24.0	23.5	20.9
RoIC (%)	3.0	42.7	30.4	32.3	32.7
P/E (x)	502.3	11.4	15.4	12.7	11.6
EV/EBITDA (x)	13.7	6.8	6.3	5.6	5.1
P/B (x)	8.1	4.3	3.3	2.7	2.2
FCFF yield (%)	4.0	9.1	1.0	6.7	5.9

Source: Company, Emkay Research

China relatively smaller for JLR; profitability, deleveraging story largely intact

BMW recently downgraded its CY24 outlook, attributing it to: i) supply issues at a key vendor, and ii) muted China demand. We note that China is relatively smaller for JLR (~24% of retails incl. local manufacturing at Chery vs ~33% for BMW Group); JLR sees import business there remaining healthy backed by the strength of its brands, and expects the premium segment to remain largely stable in coming years, with rising EV penetration. JLR's electrification push would intensify from next year amid introduction of the electric *Range Rover* (~38K waitlist), and the upcoming all-electric transition of Jaguar. While the overall growth expectations are modest, we expect profitability to sustain, driven by mix and cost actions with the deleveraging journey also on track (net-debt free in FY25E).

Demand and margin outlook improving for domestic CV business

Recent MHCV demand trends have been soft partly due to adverse base; we note that Q2FY24 was particularly strong (up 18% YoY) amid Q1 being impacted by the OBD-2 norms implementation. H2FY24 offers a benign base (industry volumes down 1% YoY), which coupled with the expected catch-up in GoI infra spends (~63% growth YoY needed over Aug-Mar to meet budgeted targets), should lead to healthy demand revival for the coming year. We believe the MHCV industry would enter an upcycle FY26E onwards after 2 flattish years (FY23-25E), aided by delayed implementation of Rail DFC. Moreover, continued healthy fleet operator profitability and sustained pricing discipline would drive strong margin expansion (we build ~280bps increase over FY24-27E).

PVs: Relatively better placed than industry on new launches, lower inventory

Underlying metrics for the domestic PV industry continue to worsen amid slowing retails, rising inventory, and increasing discounts; our channel checks point to further weakness in outlook beyond the upcoming festive period ([link](#)). While TTMT would also be impacted by the overall sluggishness, we believe new launches incl. *Curvv* (forms ~10% of dealer volumes in some markets, as per checks) and relatively lower inventories would help it post better-than-industry performance (we build in 6% volume CAGR over FY24-27E).

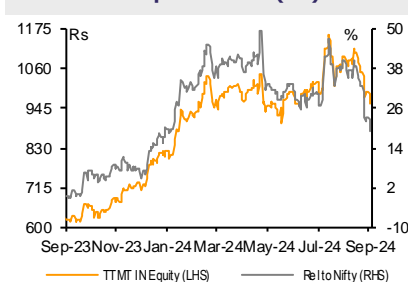
Target Price – 12M	Sep-25
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	ADD
Upside/(Downside) (%)	22.1
CMP (18-Sep-24) (Rs)	962.1

Stock Data	Ticker
52-week High (Rs)	1,179
52-week Low (Rs)	606
Shares outstanding (mn)	3,680.9
Market-cap (Rs bn)	3,932
Market-cap (USD mn)	46,944
Net-debt, FY25E (Rs mn)	428,287
ADTV-3M (mn shares)	14
ADTV-3M (Rs mn)	14,350.6
ADTV-3M (USD mn)	171.3
Free float (%)	53.6
Nifty-50	25,378
INR/USD	83.8
Shareholding, Sep-24	
Promoters (%)	41.9
FPIs/MFs (%)	18.1/13.4

Price Performance

(%)	1M	3M	12M
Absolute	(12.4)	(2.4)	50.6
Rel. to Nifty	(15.3)	(9.4)	19.5

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

Omkar Rane

omkar.rane@emkayglobal.com
+91 22 6624 2414

■ **BMW recently downgraded outlook on CY24 deliveries and profitability amid supply issues at a vendor and muted demand in China** ([link](#))

"The Board of Management of BMW AG adjusted the guidance for the 2024 financial year today. **This was triggered in part by additional headwinds in the Automotive Segment resulting from delivery stops and technical actions linked to the Integrated Braking System (IBS) that is provided by a supplier.** The delivery stops for vehicles that are not already in customers' hands will have a negative worldwide sales effect in the second half of the year. The IBS-related technical actions impact over 1.5 million vehicles and result in additional warranty costs in a high three-digit million amount in the third quarter. **In parallel to this effect, the ongoing muted demand in China is affecting sales volumes. Despite stimulus measures from the government, consumer sentiment remains weak.** Considering these developments in the Automotive Segment outlined above, the BMW Group has adjusted the guidance for the 2024 financial year as follows:

- **A slight decrease in deliveries versus previous year (previously: slight increase).**
- **An EBIT margin for 2024 in a corridor from 6% to 7% (previously: 8% to 10%).**
- Return on Capital Employed (RoCE) between 11% and 13% (previously: 15% to 20%)."

Exhibit 1: China is a bigger market for BMW (forms ~32% of the group's global deliveries) than for JLR (~24% of retails)

China – contribution (%)	CY18/FY19	CY19/FY20	CY20/FY21	CY21/FY22	CY22/FY23	CY23/FY24	H1CY24/Q1FY25
BMW Group deliveries	25.6	28.6	33.5	33.6	33.1	32.4	31.0
JLR retails incl. Chery JLR	17.1	17.7	25.3	25.4	25.7	24.1	22.0

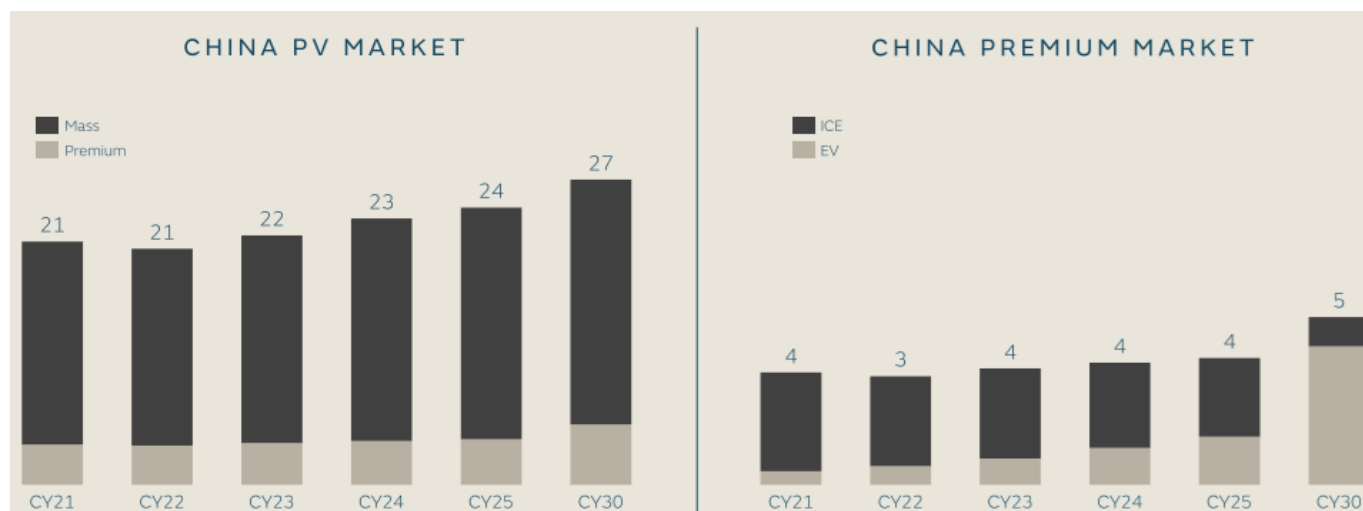
Source: Company, Emkay Research

■ **JLR commentary on China has been relatively stronger**

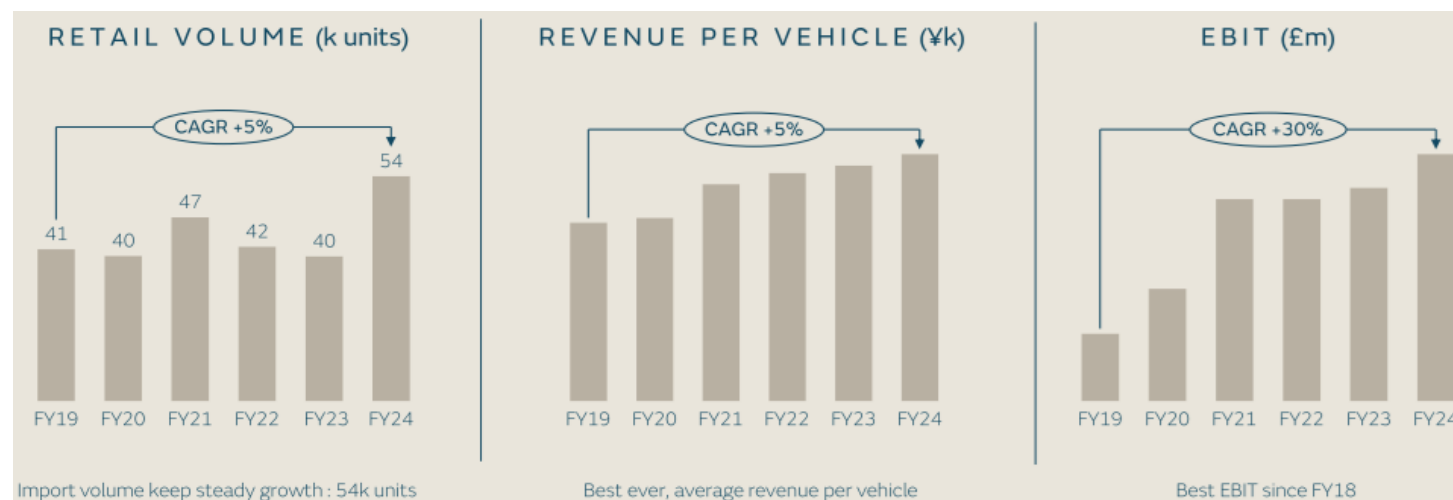
"So it's certainly more difficult and more difficult at the lower price points in China at the moment. **However, the import business we still see as strong. We don't measure or refer to market share, but we note that our sales are increasing YoY in China. So it reflects the strength of the brands, particularly Range Rover and Defender.** We are paying close attention to it as there are certainly signals that demand is not at the level that we would like to see it going forward, and it will be a focal point for us for the balance of the year to make sure that we take the necessary action. So it is absolutely a focal point for us."

- Comments by Richard Molyneux, CFO, JLR in Q1FY25 ([link](#))

Exhibit 2: JLR – Overall China premium car market seen remaining largely stable over CY23-25, with rising share of EVs



Source: JLR 2024 Analyst Meet ([link](#)), Emkay Research

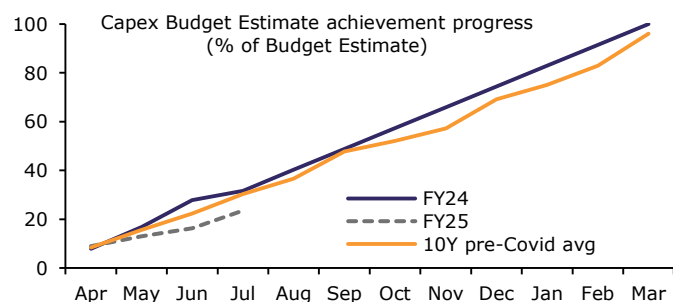
Exhibit 3: JLR China – FY24 represented a record year for volumes, ASPs, and EBITSource: JLR 2024 Analyst Meet ([link](#)), Emkay Research**Exhibit 4: JLR in Q1FY25 maintained its FY25 outlook with regards to EBIT margin and net-cash BS****Outlook**

- Global demand is likely to remain muted. Commodities are likely to remain range bound.
- We are likely to witness constrained production in Q2 and Q3 reflecting the annual summer plant shutdown and floods at a key aluminum supplier.
- As we work towards mitigation and recovery, we will hold our guidance on our key full year financial deliverables of >8.5% EBIT and achieving net cash

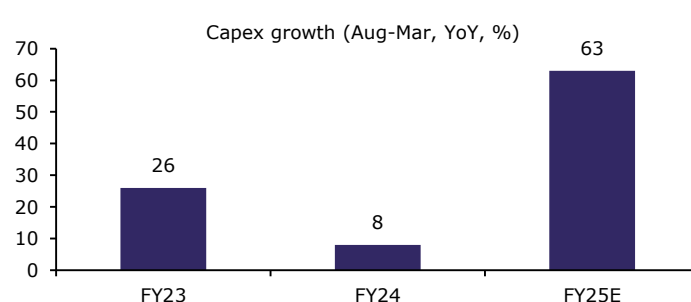
Our Reimagine journey continues

	Q1 FY25 ACTUAL	FY25 OUTLOOK	FY26 OUTLOOK	LONG-TERM VISION
REVENUE	£7.3b	£30b	>	c. £38b
EBIT MARGIN	8.9%	≥8.5%	10%	c. 15%
INVESTMENT	£951m	£3.5b	>	c. £4.0b
FREE CASHFLOW	£0.2b	c. £1.8b	=	c. £3.0b
NET CASH POSITIVE	£(1.0)b	Net cash positive	=	Strong balance sheet
ROCE	21.2%	>22%	>	>

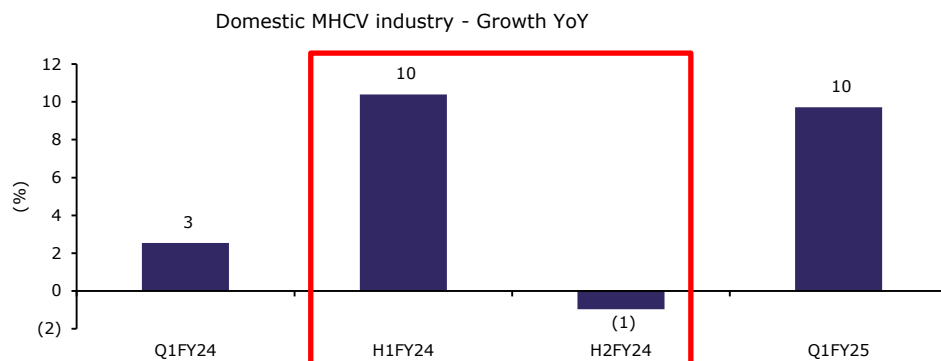
Source: Company, Emkay Research

Exhibit 5: Centre's capex declined 18% YoY till Jul-24 vs budgeted growth of 17%, amid factors like elections...

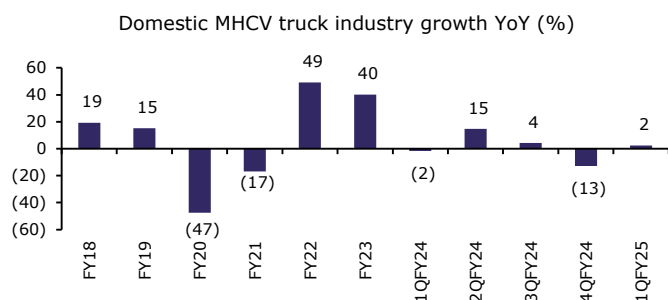
Source: CGA, Union Budget documents, Emkay Research

Exhibit 6: ...this should lead to strong ramp up in coming months; 63% YoY growth needed over Aug-Mar to meet Budget goals

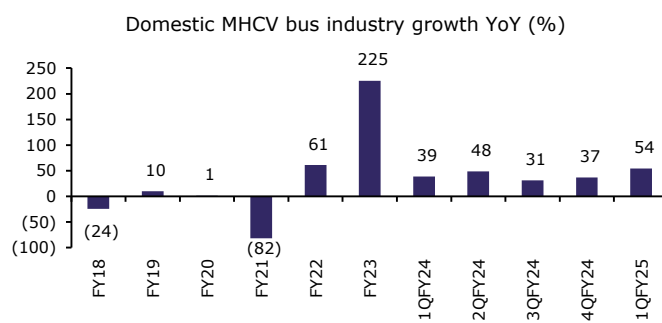
Source: CGA, Union Budget documents, Emkay Research

Exhibit 7: MHCV industry grew 10% in H1FY24 vs 1% decline in H2FY24, thus presenting a benign base for H2FY25


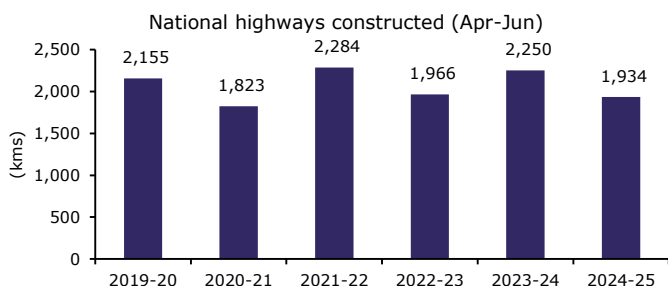
Source: SIAM, Emkay Research

Exhibit 8: While the truck segment has been muted following 2 strong years (FY22 and FY23)...


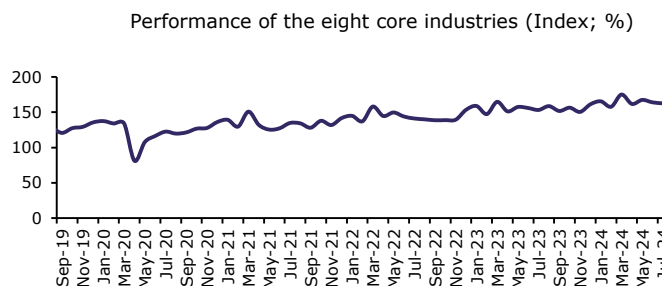
Source: SIAM, Emkay Research

Exhibit 9: ...the Bus industry continues to post robust growth


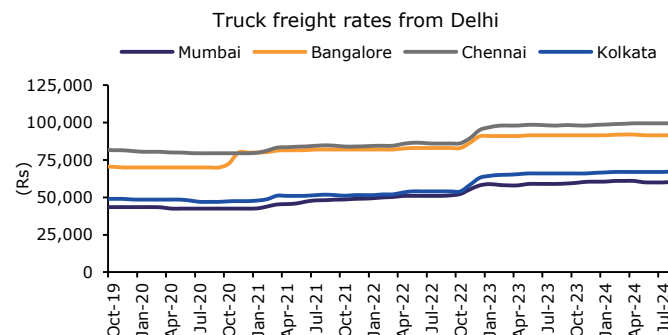
Source: SIAM, Emkay Research

Exhibit 10: Pace of national highway construction this year has been the slowest since FY21 (hampered by elections)


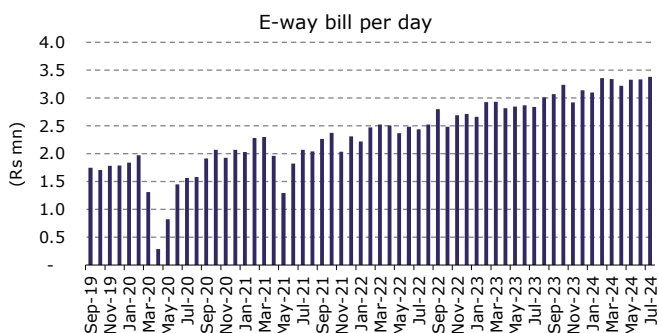
Source: CMIE, Emkay Research

Exhibit 11: Performance of the eight core industries, while below the recent peak, remains reasonably healthy


Source: CMIE, Emkay Research

Exhibit 12: Truck freight rates remain steady at elevated levels


Source: CMIE, Emkay Research

Exhibit 13: E-way bill generation continues to grow in double-digits; at an all-time high recently


Source: CMIE, Emkay Research

Implementation of DFC on the final leg of the Western Corridor (Nhava Sheva in Mumbai) getting delayed amid land acquisition, soil quality, execution issues

"... the connectivity of DFC to Nhava Sheva. DFC is now connected only to Mundra and Pipavav. Now for Nhava Sheva, they are saying it will be end of 2024."

- Sanjay Swarup, Chairman & Managing Director, Container Corporation of India (Comments in Q2FY24; [link](#))

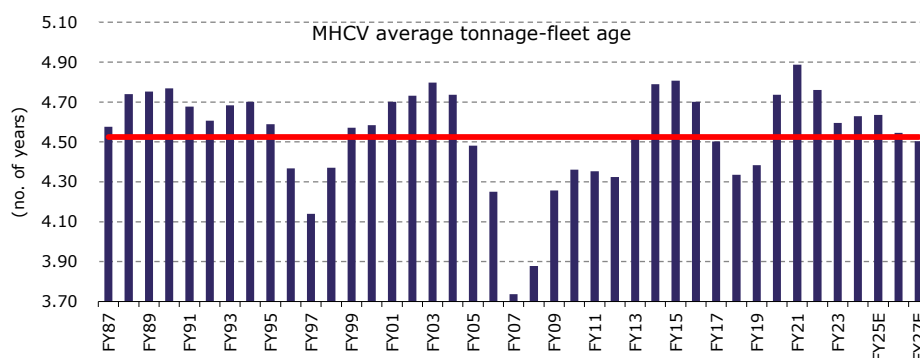
"DFC to Nhava Sheva only 100 kilometers is remaining. **And till now officially, we have come to know that by March 2025 they will be able to do it, which is a very, very optimistic target**"

- Sanjay Swarup, Chairman & Managing Director, Container Corporation of India (Comments in Q1FY25; [link](#))

"The last stretch of 104-km between Saphale and JNPT (Jawaharlal Nehru Port) was challenging from day one because **there were a lot of land acquisition issues**. Then, the problems with Tata Projects emerged, and they **got slow in executing the project**. **We are not expecting WDFC to be fully operational before one year from now ... The quality of soil is not favourable. From the stability point of view, the contractor is facing issues**. Because of the intervention of the Maharashtra government, we were able to complete the land acquisition last year – after a delay of almost 15-16 years."

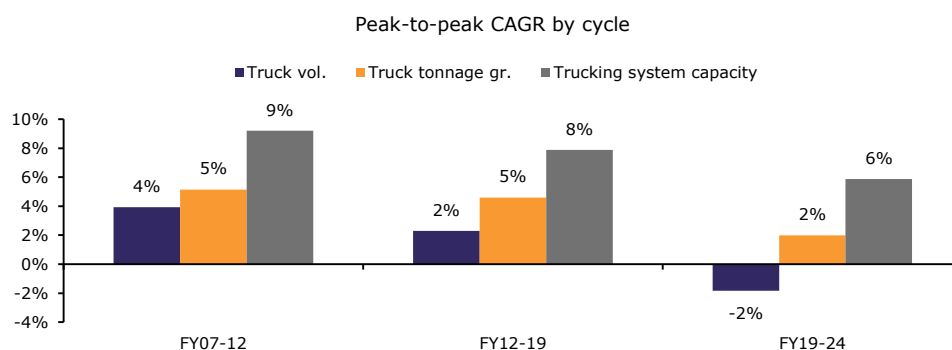
- Comments in media by a senior DFC official, in Jul-24 ([link](#))

Exhibit 14: Sharp replacement-led upturn seen in truck industry volumes since FY21; average fleet age to start dipping below LTA going forward, as replacement demand kicks in



Source: SIAM, Emkay Research

Exhibit 15: Trucking system capacity in the current cycle rose similar to the earlier 2 cycles, even though industry volumes are flattish over this timeframe



Source: Emkay Research

Exhibit 16: The MHCV industry retail volume decline had been narrowing prior to the high base-led weakness in Aug-24

Vahan registrations	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
2W	1,257,567	1,313,601	1,512,263	2,255,523	1,450,404	1,455,217	1,438,876	1,526,780	1,640,857	1,531,967	1,374,227	1,418,847	1,336,510
PV	297,480	314,506	339,921	351,861	279,154	362,137	305,328	291,327	306,853	275,277	257,787	291,306	283,217
3W	102,935	105,089	109,008	101,898	95,366	97,205	94,861	105,115	80,037	98,188	94,226	110,415	105,389
MHCV	24,953	27,410	31,912	28,396	24,301	30,076	28,851	30,393	32,972	26,930	22,126	24,616	22,259
LCV	47,619	49,753	55,192	53,751	47,040	53,156	51,351	51,455	47,214	46,513	41,360	46,727	43,633
Tractor	68,406	48,968	55,339	55,082	72,233	83,315	70,554	72,166	51,561	64,063	65,092	73,021	59,956

Growth YoY (%)	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
2W	7	22	(12)	22	28	15	13	5	33	2	5	15	6
PV	4	17	(2)	19	2	9	8	(10)	13	(4)	(9)	8	(5)
3W	77	59	58	30	43	41	28	20	10	20	5	13	2
MHCV	11	11	21	(1)	(0)	(1)	(4)	(16)	(5)	(4)	(7)	7	(11)
LCV	0	(2)	5	(8)	(5)	(7)	(2)	(8)	(2)	2	(9)	0	(8)
Tractor	16	(8)	3	(22)	2	24	13	(2)	3	(1)	(27)	(14)	(12)

Source: Vahan, Emkay Research

Exhibit 17: Domestic CVs — TTMT has gained market share in all categories, except LCVs in recent quarters

Market share (%)	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Q1FY25
Domestic Buses												
AL (incl. Switch)	38.6	36.1	44.6	37.5	38.2	41.3	45.3	38.2	32.1	28.0	34.5	33.4
TTMT	40.1	40.1	34.0	38.5	37.2	36.5	37.0	34.3	38.3	29.8	30.2	33.0
Others	21.3	23.8	21.4	24.0	24.6	22.2	17.7	27.5	29.6	42.2	35.3	33.6

Domestic Trucks

Up to 16.2T

AL	20.7	22.0	25.8	29.1	27.0	28.4	29.9	23.1	18.3	20.5	22.8	30.2
TTMT	51.8	49.6	46.2	42.1	41.2	42.1	40.2	40.7	46.2	40.5	33.8	35.4
VECV	24.4	25.5	24.9	25.1	29.4	26.9	26.3	30.9	30.5	34.2	36.3	28.3
Others	3.0	3.0	3.0	3.8	2.5	2.5	3.6	5.4	5.0	4.8	7.1	6.1

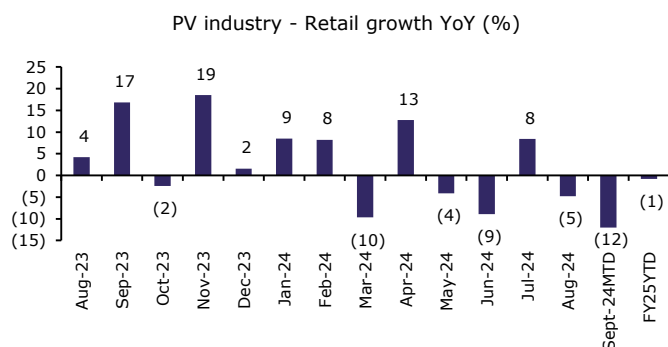
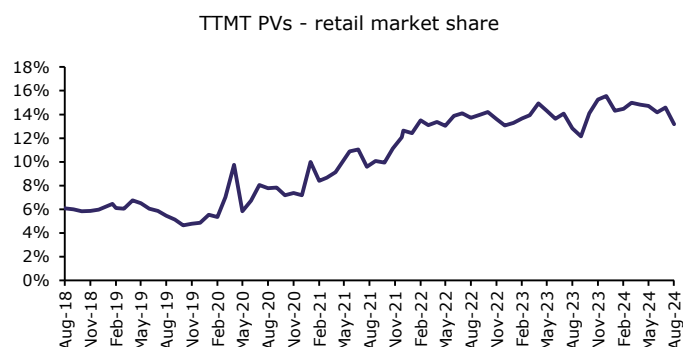
Above 16.2T

AL	24.5	29.5	33.2	35.3	36.7	35.2	28.3	30.8	31.2	36.0	32.3	30.1
TTMT	64.0	61.3	59.5	56.1	54.9	56.4	60.2	58.0	58.2	52.5	52.8	54.1
VECV	3.8	3.4	3.5	4.4	3.9	3.8	7.2	8.7	8.4	9.6	12.5	13.3
Others	7.6	5.8	3.8	4.1	4.5	4.6	4.4	2.4	2.3	1.9	2.3	2.5

Domestic LCVs

AL	6.3	6.7	7.5	7.5	8.2	8.6	9.1	11.4	11.0	11.0	11.2	11.1
TTMT	48.1	42.8	38.6	38.1	40.4	40.8	39.0	38.8	40.1	36.0	32.2	30.4
M&M	36.4	39.1	41.4	42.0	39.9	38.3	39.1	37.5	36.3	40.1	42.8	43.9
Others	9.2	11.4	12.5	12.5	11.5	12.2	12.9	12.3	12.6	12.8	13.7	14.7

Source: SIAM, Emkay Research

Exhibit 18: PV industry retail growth has been weakening since Mar-24Source: Company, Emkay Research; Note – Sep MTD till 15th Sep**Exhibit 19: TTMT has largely sustained its retail market share in the 14-15% range, though Aug-24 saw a decline to 13.2%**

Source: Vahan, Emkay Research

Exhibit 20: Inventory build-up at TTMT appears relatively lower than peers

Inventory Days	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
MSIL	99	97	87	96	95	93	75	33	11	(12)	34	74	89	86	85	96	92
TTMT	35	28	39	51	60	54	22	(20)	(35)	(32)	4	20	23	22	26	27	30
M&M	49	18	16	26	52	75	69	40	26	3	17	11	19	39	47	47	33

Source: Vahan, Emkay Research; Note – computed as cumulative wholesales less cumulative retails since Apr-23

Exhibit 21: Consolidated revenue model – We build in 5%/11% consolidated revenue/PBT CAGR over FY24-27E

Revenue Model (Rs mn) – TTMT	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
CV revenue	301,750	472,637	657,573	733,031	740,000	810,362	871,554
Growth (%)	-31.3	56.6	39.1	11.5	1.0	9.5	7.6
PV revenue	167,148	325,722	488,671	526,850	534,238	584,029	619,631
Growth (%)		94.9	50.0	7.8	1.4	9.3	6.1
Total India business revenues (Rs mn)	468,899	798,359	1,146,244	1,259,881	1,274,239	1,394,392	1,491,185
Growth (%)	6.7	70.3	43.6	9.9	1.1	9.4	6.9
CV EBITDA	14,870	16,357	48,108	78,701	91,020	108,183	118,531
EBITDA margin (%)	4.9	3.5	7.3	10.7	12.3	13.4	13.6
PV EBITDA	(4,020)	9,150	27,862	33,770	31,979	39,119	43,251
EBITDA margin (%)	(2.4)	2.8	5.7	6.4	6.0	6.7	7.0
CV EBIT	(2,437)	(1,248)	30,440	58,532	71,290	82,168	87,796
EBIT margin (%)	(0.8)	(0.3)	4.6	8.0	9.6	10.1	10.1
PV EBIT	(20,723)	(11,265)	5,552	10,270	5,659	9,640	10,235
EBIT margin (%)	(12.4)	(3.5)	1.1	1.9	1.1	1.7	1.7

JLR Business (GBP mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
JLR Revenue	19,731	18,320	22,809	28,995	29,754	30,484	32,102
Growth (%)	-14.2	-7.2	24.5	27.1	2.6	2.5	5.3
JLR EBITDA (GBP mn)	2,531	1,896	2,571	4,620	4,659	4,946	5,380
EBITDA margin (%)	12.8	10.3	11.3	15.9	15.7	16.2	16.8
JLR EBIT (incl. China JV)	555	(48)	529	2,445	2,560	2,658	2,831
EBIT margin (%)	2.8	-0.3	2.3	8.4	8.6	8.7	8.8

JLR PAT (GBP mn)	35	(793)	(53)	2,576	1,703	2,067	2,235
------------------	----	-------	------	-------	-------	-------	-------

Consolidated Financials (Rs mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
India revenue	468,899	798,359	1,146,244	1,259,881	1,274,239	1,394,392	1,491,185
JLR revenue	1,913,907	1,864,976	2,213,460	2,870,505	3,124,201	3,200,794	3,370,675
Consolidated revenue (Rs mn)	2,497,948	2,784,536	3,459,670	4,379,278	4,480,311	4,684,404	4,957,870
Growth (%)	-4.3	11.5	24.2	26.6	2.3	4.6	5.8

India EBITDA	10,850	25,507	75,971	112,471	122,999	147,302	161,782
JLR EBITDA	198,074	107,603	173,804	339,768	431,233	398,398	438,894
Consolidated EBITDA	305,553	248,132	318,296	595,603	631,825	682,125	725,617
Growth (%)	54.9	-18.8	28.3	87.1	6.1	8.0	6.4

EBITDA margin (%)							
India	2.3	3.2	6.6	8.9	9.7	10.6	10.8
JLR	12.8	10.3	11.3	15.9	15.7	16.2	16.8
Consolidated EBITDA margin (%)	12.2	8.9	9.2	13.6	14.1	14.6	14.6

Consol. PAT	(14,225)	(107,188)	7,336	323,981	229,557	279,515	305,408
No of shares (mn)	3,829	3,829	3,830	3,833	3,679	3,679	3,679
Consol. EPS (Rs)	-3.7	-28.0	1.9	84.5	62.4	76.0	83.0
Consol. Net Debt (Rs mn)	911,898	1,008,381	698,066	384,402	451,740	292,443	154,644
Consol. FCF	91,457	-6,555	175,774	367,328	41,086	255,773	217,486
ROE (%)	(2.4)	(21.5)	1.6	49.8	24.0	23.5	20.9
ROCE (%)	3.4	0.7	4.0	15.5	16.4	15.4	16.2

Source: Company, Emkay Research; Note – EPS CAGR over FY24-27E is lower due to large DTA recognition at JLR in FY24

Exhibit 22: We trim FY26E/27E EPS by ~2.5% largely on account of lower volumes at JLR

Consolidated	FY25E				FY26E				FY27E			
	Earlier	Revised	% Chg	% YoY	Earlier	Revised	% Chg	% YoY	Earlier	Revised	% Chg	% YoY
JLR Volume (excl. China JV)	393,904	393,820	(0.0)	(1.9)	401,290	397,512	(0.9)	0.9	422,325	412,424	(2.3)	3.8
Standalone Volume	394,147	386,599	(1.9)	0.7	413,608	412,539	(0.3)	6.7	433,873	433,939	0.0	5.2
Cons. Revenue	4,499,247	4,480,311	(0.4)	2.3	4,788,135	4,684,404	(2.2)	4.6	5,111,570	4,957,870	(3.0)	5.8
Cons. EBITDA	637,169	631,825	(0.8)	6.1	695,685	682,125	(1.9)	8.0	748,591	725,617	(3.1)	6.4
Cons. Margin (%)	14.2	14.1	(6) bps	50 bps	14.5	14.6	3 bps	3.3	14.6	14.6	(1) bps	0.5
Cons. PAT	231,303	229,557	(0.8)	(29.1)	286,146	279,515	(2.3)	21.8	314,174	305,408	(2.8)	9.3
Cons. Dil. Adj. EPS (Rs)	62.9	62.4	(0.8)	(26.2)	77.8	76.0	(2.4)	21.8	85.4	83.0	(2.8)	9.3

Source: Emkay Research

Exhibit 23: Tata Motors – SOTP based valuation

	Basis of valuation	Equity value (Rs mn)	Equity value (Rs/share)	Contribution to SOTP (%)	Remarks
India CV	EV/EBITDA 14x	1,589,467	432	37	Similar to EV/EBITDA multiple for AL
India ICE-PV	EV/Sales 1.4x	816,316	222	19	~25% discount to MSIL's multiple of ~1.8x EV/Sales
India E-PV	Transaction value	309,750	84	7	Taking Pre-money transaction valuation fixed during the TPG deal at 40% discount - implied value of 2x P/Sales on FY26E EV revenues
JLR	EV/EBITDA 1.5x	1,192,201	324	28	In line with EV/EBITDA valuation of European peers
JLR China JV	EV/EBITDA 4x	5,142	1	0	Stake stands at 50%
Tata Sons	NAV 1x	67,692	18	2	Holding company discount at 80% as stake may not be monetized
Tata Motors Finance	1.5x FY26E P/B	119,873	33	3	Holding company discount at 20%
Tata Technologies	Mcap	186,394	51	4	20% discount to CMP
Total (Rounded off)			1,175		

Source: Emkay Research

Exhibit 24: TTMT valuations are the least demanding among the OEM pack

OEM	EPS CAGR (%)	P/E (x)			EV/EBITDA (x)			P/BV (x)		
	FY24-27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Ashok Leyland	13%	23.2	19.6	17.7	14.7	13.2	12.0	7.0	6.3	5.7
Bajaj Auto	13%	34.6	31.3	28.3	26.7	23.8	21.1	12.1	11.8	11.2
TVS Motor	27%	45.2	35.8	30.7	26.0	20.4	17.4	13.4	10.6	8.6
Hero Motocorp	14%	23.8	21.2	19.0	16.6	14.8	13.0	5.9	5.4	5.1
Eicher Motors (Consol.)	9%	29.5	27.9	25.3	24.0	21.2	19.2	6.3	5.5	4.7
Maruti Suzuki	9%	26.0	24.2	22.5	16.3	14.5	12.9	4.2	3.8	3.4
Tata Motors (Consol.)	-2%	15.4	12.7	11.6	6.3	5.6	5.1	3.3	2.7	2.2
Mahindra & Mahindra	7%	28.8	27.1	25.3	24.8	22.2	19.7	6.5	5.5	4.8
Escorts Kubota	21%	30.7	25.9	22.3	22.9	18.6	15.5	4.0	3.6	3.2

Source: Emkay Research; Note – EPS CAGR for TTMT over FY24-27E is lower due to large DTA recognition at JLR in FY24

Tata Motors: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	3,459,670	4,379,278	4,480,311	4,684,404	4,957,870
Revenue growth (%)	24.2	26.6	2.3	4.6	5.8
EBITDA	318,296	595,603	631,825	682,120	725,617
EBITDA growth (%)	28.3	87.1	6.1	8.0	6.4
Depreciation & Amortization	248,604	272,701	266,440	295,714	331,343
EBIT	69,692	322,901	365,384	386,412	394,275
EBIT growth (%)	0.0	363.3	13.2	5.8	2.0
Other operating income	0	0	0	0	0
Other income	46,332	59,499	48,789	51,229	54,815
Financial expense	102,255	99,858	85,410	78,874	59,479
PBT	13,769	282,543	328,764	358,766	389,610
Extraordinary items	0	0	0	0	0
Taxes	7,041	(38,516)	98,101	80,518	86,862
Minority interest	2,756	4,077	5,000	3,000	2,000
Income from JV/Associates	3,364	6,998	3,895	4,267	4,660
Reported PAT	24,143	313,991	229,557	279,515	305,408
PAT growth (%)	0.0	1,200.6	(26.9)	21.8	9.3
Adjusted PAT	7,336	323,981	229,557	279,515	305,408
Diluted EPS (Rs)	1.9	84.5	62.4	76.0	83.0
Diluted EPS growth (%)	0.0	1,199.7	(23.8)	21.8	9.3
DPS (Rs)	2.0	6.0	4.8	5.5	5.9
Dividend payout (%)	31.7	7.3	7.7	7.2	7.1
EBITDA margin (%)	9.2	13.6	14.1	14.6	14.6
EBIT margin (%)	2.0	7.4	8.2	8.2	8.0
Effective tax rate (%)	51.1	(13.6)	29.8	22.4	22.3
NOPLAT (pre-IndAS)	34,056	366,920	256,356	299,689	306,373
Shares outstanding (mn)	3,830.1	3,832.5	3,679.2	3,679.2	3,679.2

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	13,769	282,543	328,764	358,766	389,610
Others (non-cash items)	383,002	371,514	351,850	374,588	390,822
Taxes paid	(31,790)	(45,163)	(200,366)	(192,116)	(208,054)
Change in NWC	(31,271)	73,252	(63,057)	90,268	20,447
Operating cash flow	353,880	679,154	421,086	635,773	597,486
Capital expenditure	(178,107)	(311,825)	(380,000)	(380,000)	(380,000)
Acquisition of business	(134)	58,150	0	0	0
Interest & dividend income	10,199	0	0	0	0
Investing cash flow	(168,042)	(228,281)	(380,000)	(380,000)	(380,000)
Equity raised/(repaid)	34,737	819	0	0	0
Debt raised/(repaid)	(202,397)	(266,965)	(52,714)	(94,000)	(341,380)
Payment of lease liabilities	(15,166)	0	0	0	0
Interest paid	(93,360)	(93,323)	(85,410)	(78,874)	(59,479)
Dividend paid (incl tax)	(1,409)	(10,591)	(23,014)	(17,602)	(20,208)
Others	55,220	7,099	0	0	0
Financing cash flow	(222,375)	(362,961)	(161,138)	(190,477)	(421,067)
Net chg in Cash	(36,537)	87,912	(120,052)	65,297	(203,581)
OCF	353,880	679,154	421,086	635,773	597,486
Adj. OCF (w/o NWC chg.)	385,151	605,902	484,143	545,506	577,039
FCFF	175,774	367,328	41,086	255,773	217,486
FCFE	83,717	267,471	(44,324)	176,899	158,006
OCF/EBITDA (%)	111.2	114.0	66.6	93.2	82.3
FCFE/PAT (%)	346.8	85.2	(19.3)	63.3	51.7
FCFF/NOPLAT (%)	516.1	100.1	16.0	85.3	71.0

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	7,660	7,665	7,665	7,665	7,665
Reserves & Surplus	445,558	841,515	1,053,470	1,312,778	1,596,503
Net worth	453,218	849,180	1,061,135	1,320,443	1,604,168
Minority interests	72,777	81,759	86,759	89,759	91,759
Deferred tax liability (net)	(37,777)	(119,557)	(221,822)	(333,419)	(454,611)
Total debt	1,256,605	985,001	932,287	838,287	496,907
Total liabilities & equity	1,744,823	1,796,384	1,858,359	1,915,069	1,738,222
Net tangible fixed assets	729,760	621,620	734,050	818,336	866,994
Net intangible assets	504,621	504,621	504,621	504,621	504,621
Net ROU assets	78,010	78,010	78,010	78,010	78,010
Capital WIP	142,745	356,984	358,114	358,114	358,114
Goodwill	8,406	8,603	8,603	8,603	8,603
Investments [JV/Associates]	60,725	60,725	63,725	66,725	69,725
Cash & equivalents	573,222	627,053	504,000	566,297	359,716
Current assets (ex-cash)	1,211,477	1,318,033	1,499,618	1,567,931	1,659,464
Current Liab. & Prov.	1,564,145	1,779,266	1,892,383	2,053,569	2,167,024
NWC (ex-cash)	(352,667)	(461,233)	(392,764)	(485,638)	(507,561)
Total assets	1,744,823	1,796,384	1,858,359	1,915,069	1,738,222
Net debt	683,383	357,948	428,287	271,990	137,191
Capital employed	1,744,823	1,796,384	1,858,359	1,915,069	1,738,222
Invested capital	968,130	751,622	932,520	923,933	950,667
BVPS (Rs)	118.3	221.6	288.4	358.9	436.0
Net Debt/Equity (x)	1.5	0.4	0.4	0.2	0.1
Net Debt/EBITDA (x)	2.1	0.6	0.7	0.4	0.2
Interest coverage (x)	0.9	0.3	0.2	0.2	0.1
RoCE (%)	4.0	15.5	16.4	15.4	16.2

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	502.3	11.4	15.4	12.7	11.6
P/CE(x)	14.4	6.2	7.1	6.2	5.6
P/B (x)	8.1	4.3	3.3	2.7	2.2
EV/Sales (x)	1.3	0.9	0.9	0.8	0.7
EV/EBITDA (x)	13.7	6.8	6.3	5.6	5.1
EV/EBIT(x)	62.7	12.5	10.9	9.9	9.3
EV/IC (x)	4.5	5.4	4.3	4.1	3.9
FCFF yield (%)	4.0	9.1	1.0	6.7	5.9
FCFE yield (%)	2.3	7.3	(1.3)	5.0	4.5
Dividend yield (%)	0.2	0.6	0.5	0.6	0.6
DuPont-RoE split					
Net profit margin (%)	0.2	7.4	5.1	6.0	6.2
Total asset turnover (x)	1.8	2.5	2.5	2.5	2.7
Assets/Equity (x)	4.3	2.7	1.9	1.6	1.2
RoE (%)	1.6	49.8	24.0	23.5	20.9
DuPont-RoIC					
NOPLAT margin (%)	1.0	8.4	5.7	6.4	6.2
IC turnover (x)	3.6	5.8	4.8	5.1	5.2
RoIC (%)	3.0	42.7	30.4	32.3	32.7
Operating metrics					
Core NWC days	(37.2)	(38.4)	(32.0)	(37.8)	(37.4)
Total NWC days	(37.2)	(38.4)	(32.0)	(37.8)	(37.4)
Fixed asset turnover	1.0	1.2	1.2	1.1	1.1
Opex-to-revenue (%)	25.3	24.1	23.9	22.9	22.9

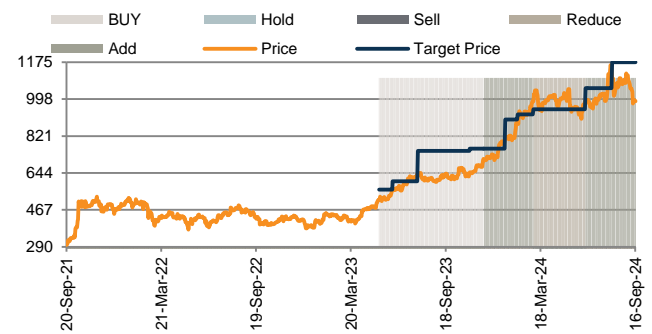
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
02-Aug-24	1,097	1,175	Add	Chirag Jain
10-Jul-24	1,006	1,050	Add	Chirag Jain
12-Jun-24	989	1,050	Add	Chirag Jain
11-May-24	1,047	950	Reduce	Chirag Jain
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 be 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 September 18, 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 September 18, 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 September 18, 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.