

January 30, 2025

Q3FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	733		784	
Sales (Rs. m)	46,02,755	47,99,450	48,63,292	51,86,833
% Chng.	(5.4)	(7.5)		
EBITDA (Rs. m)	6,99,796	7,24,403	7,46,765	7,96,981
% Chng.	(6.3)	(9.1)		
EPS (Rs.)	68.4	63.9	74.6	74.9
% Chng.	(8.2)	(14.7)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. bn)	4,379	4,402	4,603	4,799
EBITDA (Rs. bn)	596	612	700	724
Margin (%)	13.6	13.9	15.2	15.1
PAT (Rs. bn)	324	227	262	245
EPS (Rs.)	84.5	59.2	68.4	63.9
Gr. (%)	3,830.7	(30.0)	15.6	(6.6)
DPS (Rs.)	6.2	6.0	6.6	7.5
Yield (%)	0.8	0.8	0.9	1.0
RoE (%)	49.8	23.7	22.2	17.4
RoCE (%)	17.4	17.2	18.2	15.7
EV/Sales (x)	0.8	0.8	0.7	0.7
EV/EBITDA (x)	5.6	5.5	4.8	4.7
PE (x)	8.9	12.7	11.0	11.8
P/BV (x)	3.4	2.7	2.2	1.9

Key Data

TAMO.BO | TTMT IN

52-W High / Low	Rs.1,179 / Rs.708
Sensex / Nifty	76,533 / 23,163
Market Cap	Rs.3,153bn/ \$ 36,425m
Shares Outstanding	3,681m
3M Avg. Daily Value	Rs.10923.7m

Shareholding Pattern (%)

Promoter's	42.64
Foreign	18.66
Domestic Institution	16.79
Public & Others	21.91
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	0.3	(33.1)	(10.2)
Relative	3.1	(28.8)	(15.6)

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Margin pressure persist as all verticals missing thrust

Quick Pointers:

- Despite challenges, maintains JLR guidance for FY25 and FY26
- Discounting, dealer insolvencies, and credit availability impact demand in China.

TTMT's consolidated revenue for Q3FY25 grew by 2.7% YoY, missing consensus/PL estimates by 2.6%/1.5%. The subdued growth in revenue was attributable to CV and PV units reporting a respective decline of 8.7%/4.3% in their revenue, while JLR business revenue (in GBP) was merely up by 1.5% YoY. EBITDA declined by 15% YoY while margin contracted by 239bps YoY to 11.5%, mainly due to subdued wholesale and higher VME at the JLR unit. Weak overall performance impacted its PAT as it de-grew by 21.9% YoY. Despite weak operational performance specifically in the JLR business, the management remains optimistic on delivering EBIT margin of $\geq 8.5%$ EBIT and 10% in FY26. In terms of CV and PV business, near term challenges shall impact its volume growth, however, remains optimistic on long term growth outlook to drive growth.

As Q3FY25 performance was weaker than anticipated, we further cut our estimates by 4-15% to factor-in the impact of slowdown across business verticals. With key market like China & Europe being under pressure from competitive pressure and demand slowdown respectively, we expect JLR to deliver modest growth in its volume. Additionally, increased competitive intensity in EV traction shall impact their EV PV business. CV business could benefit from capex revival and CV upcycle from FY26. Based on this we maintain our "Hold" rating with SoTP-based target price of Rs733 (previous Rs784).

- Incentives offset drag in PV business:** PV Revenue declined by 4.3% YoY to Rs 123.5bn. The de-growth in revenue was attributable to adverse mix and subdued volume. Consequently, its ASP declined by 3.9% YoY to Rs902,245/unit. EBITDA declined by 4.5% YoY to Rs10.9bn, while margin was at 8.6%, with ICE margin at 7.3% and EV (excluding PDE) at 10%. Improvement in EV EBITDA margin was attributable to cost savings and incentives. PV business performance was lower than expectations, however, margins improved due to accrual of incentives.
- Low penetration of M&HCV impact revenue growth:** Revenue declined by 8.7% YoY to Rs170.4bn, owing to flattish volume during Q3FY25. ASP declined by 4% YoY to Rs 1.86mn, impacted by inferior mix. EBITDA came in at Rs20.1bn, down by 5.5% YoY while margin improved by 40bps YoY to 11.8%, mainly aided by PLI incentives. APAT came in at Rs 14.3bn as against Rs 9bn in Q3FY24.
- Realization de-growth in JLR:** Despite 3.3% growth in its volume, revenue grew by 1.5% YoY to GBP7.5bn. Realizations declined by 1.8% YoY to GBP71,686/unit, owing to higher discounts. EBITDA declined by 11% YoY to GBP1bn with a margin of 14.2% which contracted by 200bps YoY. The de-growth was attributable to increased VME and warranty expense. Weak overall performance led its PAT to decline by 36.7% YoY to GBPO.37bn.

Conference Call Highlights:

JLR Business:

- China market remains challenging due to weak demand, heavy discounting, and dealer insolvencies.
- Range Rover Electric to launch by end-2025, followed by EMA-based BEVs in 2026.
- Green shoots in premium automotive demand in Europe, but overall uncertainty in the global market.
- Despite weak operational performance, JLR is cautiously maintaining its EBIT guidance of for FY25 and FY26.
- Higher-margin Range Rover and Defender models now make up 70% of sales (vs. 62% Q3FY24). This helped offset weaker China sales and higher variable marketing expenses.
- Regulatory changes with respect to emission norms in UK & U.S. may drive costs up.

CV Business:

- Freight rates improved, diesel consumption up 5% YoY, and utilization rates increased.
- Strong electric mobility traction with 3,500+ electric buses deployed and 7,200 Ace EVs sold.
- Management anticipates a seasonally strong Q425, with improving demand in HCVs driven by infrastructure investments.
- Focus on value-selling in trucks and buses, increasing pickup penetration, and maintaining international market share.
- No major stress in CV financing, with improved utilization in buses and stabilizing stress levels in M&HCV.

PV Business:

- SUV segment grew, while hatchbacks and sedans saw declining demand.
- EV penetration in personal vehicle sales grew 15% YoY, though fleet EV demand declined due to reduced incentives.
- Expect moderate industry growth in FY25, with anticipation of revival in FY26 on the back improved economic consumption.
- Price competition in ICE vehicles impacted realizations, while battery cost reductions were passed on to customers to promote EV adoption.

Exhibit 1: SoTP valuation

SoTP value	Valuation	Multiple (x)	Dec-26 (Rs bn)
Standalone business	EV/EBITDA	10	858
JLR	EV/EBITDA	1.5	769
PV subsidiary	EV/EBITDA	10	320
China JV	P/E	9	1
Tata Motors Finance	P/BV	1	53
Total EV			2,001
(-) Net automotive debt (ex TMFL)			155
Total Equity Value (Rs bn)			1,845
Fair value/sh			502
Tata Technologies per share			42
Tata sons per share			87
EVCo value/sh			102
Target price			733

Source: PL

Exhibit 2: Q3FY25 Result Overview - Consolidated (Rs m)

Y/e March	Q3FY25	Q3FY24	YoY gr.	Q3FY25E	Var (%)	Q2FY25	QoQ gr.	9MFY25	9MFY24	YoY gr.
Net Revenues	11,35,750	11,05,771	2.7%	11,52,959	-1.5%	10,14,500	12.0%	32,30,740	31,79,420	1.6%
Raw Materials	6,94,220	6,82,777	1.7%	7,08,843	-2.1%	6,22,350	11.5%	19,75,680	19,89,710	-0.7%
% of Net Sales	61.1%	61.7%		61.5%		61.3%		61.2%	62.6%	
Personnel	1,20,110	1,11,022	8.2%	1,13,401	5.9%	1,17,180	2.5%	3,55,320	3,10,530	14.4%
% of Net Sales	10.6%	10.0%		9.8%		11.6%		11.0%	9.8%	
Manufacturing & Other Exp	1,63,370	1,31,235	24.5%	1,35,172	20.9%	1,28,810	26.8%	4,12,830	3,75,950	9.8%
% of Net Sales	14.4%	11.9%		11.7%		12.7%		12.8%	11.8%	
Product Dev. Expenses	27,730	27,404	1.2%	30,144	-0	29,450	-5.8%	84,770	77,045	10.0%
% of Net Sales	2.4%	2.5%		2.6%		2.9%		2.6%	2.4%	
Total Expenditure	10,05,430	9,52,438	5.6%	9,87,561	1.8%	8,97,790	12.0%	28,28,600	27,53,235	2.7%
EBITDA	1,30,320	1,53,333	-15.0%	1,65,399	-21.2%	1,16,710	11.7%	4,02,140	4,26,185	-5.6%
EBITDA Margin (%)	11.5%	13.9%		14.3%		11.5%		12.4%	13.4%	
Depreciation	54,080	68,500	-21.1%	61,284	-11.8%	60,050	-9.9%	1,79,870	2,01,200	-10.6%
EBIT	76,240	84,833	-10.1%	1,04,115	-26.8%	56,660	34.6%	2,22,270	2,24,985	-1.2%
Interest Expenses	17,250	24,849	-30.6%	20,376	-15.3%	20,340	-15.2%	58,470	77,520	-24.6%
Non-operating income	17,900	14,988	19.4%	15,737	13.7%	15,660	14.3%	49,310	44,900	9.8%
Forex gain	490	850	-42.4%	0		4,230	-88.4%	7,480	-1,640	NA
Extraordinary Income	0	0	NA	0		0		-650	-505	NA
Exceptional gain/(loss)	260	883	-70.6%	0		-640	-140.6%	-160	8,890	NA
PBT	77,120	74,940	2.9%	99,476	-22.5%	56,850	35.7%	2,21,400	1,81,330	22.1%
Tax-Total	20,960	5,418	286.9%	29,843	-29.8%	23,170	-9.5%	75,910	43,080	76.2%
Tax Rate (%) - Total	27.2%	7.2%		30.0%		40.8%		34.3%	23.8%	
PAT	56,160	69,522	-19.2%	69,633	-19.3%	33,680	66.7%	1,45,490	1,38,250	5.2%
Share of profit of joint ventures and associates	-380	1,933	-119.7%	323	-217.6%	820	-146.3%	1,730	4,530	-61.8%
Reported PAT	55,780	71,454	-21.9%	69,956	-20.3%	34,500	61.7%	1,47,220	1,42,780	3.1%
Minority interest	1,270	1,203	5.6%	1,070	18.7%	1,070	18.7%	3,600	2,860	25.9%
Adj. PAT	54,280	70,284	-22.8%	68,886	-21.2%	28,560	90.1%	1,35,980	1,50,955	-9.9%
PAT Margin	4.8%	6.4%		6.0%		2.8%		4.2%	4.7%	

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	43,79,278	44,02,074	46,02,755	47,99,450
YoY gr. (%)	26.6	0.5	4.6	4.3
Cost of Goods Sold	27,27,557	27,08,563	28,17,008	29,68,451
Gross Profit	16,51,721	16,93,511	17,85,747	18,30,998
Margin (%)	37.7	38.5	38.8	38.2
Employee Cost	4,24,866	4,25,518	4,32,360	4,58,670
Other Expenses	6,31,232	6,55,909	6,53,591	6,47,926
EBITDA	5,95,622	6,12,084	6,99,796	7,24,403
YoY gr. (%)	87.2	2.8	14.3	3.5
Margin (%)	13.6	13.9	15.2	15.1
Depreciation and Amortization	2,72,701	2,74,816	3,16,585	3,63,232
EBIT	3,22,921	3,37,268	3,83,211	3,61,171
Margin (%)	7.4	7.7	8.3	7.5
Net Interest	99,858	84,171	84,751	85,703
Other Income	59,261	67,084	61,296	62,522
Profit Before Tax	2,72,553	3,21,251	3,59,756	3,37,990
Margin (%)	6.2	7.3	7.8	7.0
Total Tax	(38,516)	81,919	91,738	86,188
Effective tax rate (%)	(14.1)	25.5	25.5	25.5
Profit after tax	3,11,070	2,39,332	2,68,018	2,51,803
Minority interest	4,077	4,892	5,870	7,044
Share Profit from Associate	6,998	445	115	138
Adjusted PAT	3,24,000	2,26,825	2,62,263	2,44,897
YoY gr. (%)	-	-	-	-
Margin (%)	7.4	5.2	5.7	5.1
Extra Ord. Income / (Exp)	(9,771)	1,070	-	-
Reported PAT	3,13,991	2,34,885	2,62,263	2,44,897
YoY gr. (%)	1,200.6	(25.2)	11.7	(6.6)
Margin (%)	7.2	5.3	5.7	5.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Equity Shares O/s (m)	3,833	3,833	3,833	3,833
EPS (Rs)	84.5	59.2	68.4	63.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	35,77,963	40,52,514	44,54,611	48,70,452
Tangibles	35,77,963	40,52,514	44,54,611	48,70,452
Intangibles	-	-	-	-
Acc: Dep / Amortization	23,73,711	26,48,526	29,65,111	33,28,343
Tangibles	23,73,711	26,48,526	29,65,111	33,28,343
Intangibles	-	-	-	-
Net fixed assets	12,04,252	14,03,988	14,89,500	15,42,109
Tangibles	12,04,252	14,03,988	14,89,500	15,42,109
Intangibles	-	-	-	-
Capital Work In Progress	3,56,987	3,92,686	4,51,589	4,96,748
Goodwill	8,603	8,603	8,603	8,603
Non-Current Investments	87,178	91,537	99,569	1,08,315
Net Deferred tax assets	(11,434)	(12,463)	(13,584)	(14,807)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	1,42,532	1,49,659	1,51,156	1,52,667
Inventories	4,77,883	5,30,661	5,54,853	5,91,713
Trade receivables	1,69,518	1,92,968	2,01,765	2,23,536
Cash & Bank Balance	4,58,067	3,14,659	3,08,583	2,36,712
Other Current Assets	8,01,619	8,01,784	8,62,525	9,28,368
Total Assets	37,06,640	38,86,544	41,28,141	42,88,771
Equity				
Equity Share Capital	7,665	7,665	7,665	7,665
Other Equity	8,41,515	10,53,405	12,90,484	15,06,600
Total Network	8,49,180	10,61,070	12,98,149	15,14,265
Non-Current Liabilities				
Long Term borrowings	10,72,625	9,39,526	9,07,307	8,76,485
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	8,80,430	8,68,354	9,07,941	9,20,442
Other current liabilities	8,11,212	9,18,480	9,08,638	8,63,206
Total Equity & Liabilities	37,06,640	38,86,544	41,28,141	42,88,771

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	2,79,551	3,21,696	3,59,871	3,38,129
Add. Depreciation	2,72,701	2,74,816	3,16,585	3,63,232
Add. Interest	99,858	84,171	84,751	85,703
Less Financial Other Income	59,261	67,084	61,296	62,522
Add. Other	(49,490)	(68,154)	(61,296)	(62,522)
Op. profit before WC changes	6,02,620	6,12,529	6,99,911	7,24,541
Net Changes-WC	26,331	18,800	(63,985)	(1,57,405)
Direct tax	35,880	(80,890)	(90,616)	(84,965)
Net cash from Op. activities	6,64,831	5,50,439	5,45,310	4,82,171
Capital expenditures	(3,79,001)	(5,10,250)	(4,61,000)	(4,61,000)
Interest / Dividend Income	-	-	-	-
Others	83,571	56,669	51,767	52,265
Net Cash from Invt. activities	(2,95,429)	(4,53,581)	(4,09,233)	(4,08,735)
Issue of share cap. / premium	5	-	-	-
Debt changes	(2,68,509)	(1,33,099)	(32,218)	(30,822)
Dividend paid	(27,136)	(26,260)	(28,760)	(32,869)
Interest paid	(99,858)	(84,171)	(84,751)	(85,703)
Others	1,14,007	3,265	3,576	4,087
Net cash from Fin. activities	(2,81,491)	(2,40,265)	(1,42,154)	(1,45,307)
Net change in cash	87,911	(1,43,408)	(6,076)	(71,871)
Free Cash Flow	2,85,830	40,189	84,310	21,171

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	11,99,863	10,80,480	10,14,500	11,35,750
YoY gr. (%)	13.3	5.7	(3.5)	2.7
Raw Material Expenses	7,37,849	6,59,130	6,22,350	6,94,220
Gross Profit	4,62,014	4,21,350	3,92,150	4,41,530
Margin (%)	38.5	39.0	38.7	38.9
EBITDA	1,69,933	1,55,090	1,16,710	1,30,320
YoY gr. (%)	32.8	14.4	(15.0)	(15.0)
Margin (%)	14.2	14.4	11.5	11.5
Depreciation / Depletion	71,505	65,740	60,050	54,080
EBIT	98,428	89,350	56,660	76,240
Margin (%)	8.2	8.3	5.6	6.7
Net Interest	22,319	20,880	20,340	17,250
Other Income	16,000	18,510	19,890	18,390
Profit before Tax	91,228	87,410	56,850	77,120
Margin (%)	7.6	8.1	5.6	6.8
Total Tax	(81,593)	31,780	23,170	20,960
Effective tax rate (%)	(89.4)	36.4	40.8	27.2
Profit after Tax	1,72,820	55,630	33,680	56,160
Minority interest	1,214	1,260	1,070	1,270
Share Profit from Associates	2,466	1,290	820	(380)
Adjusted PAT	1,73,551	52,470	28,560	54,280
YoY gr. (%)	208.6	35.2	(27.8)	(22.8)
Margin (%)	14.5	4.9	2.8	4.8
Extra Ord. Income / (Exp)	(881)	430	640	(260)
Reported PAT	1,75,286	56,920	34,500	55,780
YoY gr. (%)	224.1	77.7	(10.0)	(21.9)
Margin (%)	14.6	5.3	3.4	4.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Avg. Shares O/s (m)	3,679	3,679	3,679	3,679
EPS (Rs)	47.2	14.3	7.8	14.8

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	84.5	59.2	68.4	63.9
CEPS	155.7	130.9	151.0	158.7
BVPS	221.6	276.9	338.7	395.1
FCF	74.6	10.5	22.0	5.5
DPS	6.2	6.0	6.6	7.5
Return Ratio(%)				
RoCE	17.4	17.2	18.2	15.7
ROIC	29.3	16.8	17.4	14.1
RoE	49.8	23.7	22.2	17.4
Balance Sheet				
Net Debt : Equity (x)	0.6	0.4	0.3	0.3
Net Working Capital (Days)	(63)	(62)	(60)	(52)
Valuation(x)				
PER	8.9	12.7	11.0	11.8
P/B	3.4	2.7	2.2	1.9
P/CEPS	4.8	5.7	5.0	4.7
EV/EBITDA	5.6	5.5	4.8	4.7
EV/Sales	0.8	0.8	0.7	0.7
Dividend Yield (%)	0.8	0.8	0.9	1.0

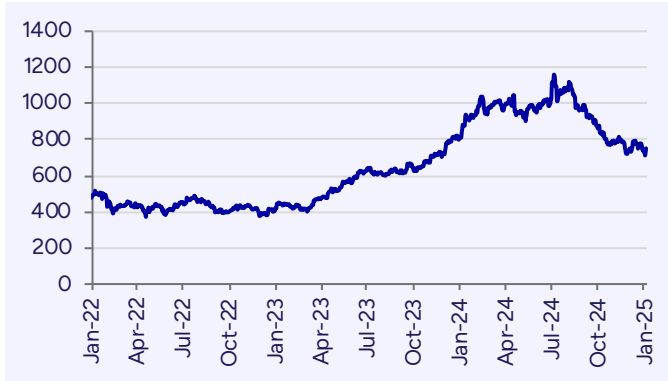
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
CV Volume (units)	3,95,845	3,77,920	3,90,150	4,02,884
Net realisation (Rs/unit)	18,51,383	18,48,038	18,80,326	19,25,841

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-25	Hold	784	795
2	11-Nov-24	Hold	847	805
3	07-Oct-24	Accumulate	1,058	928
4	02-Aug-24	Accumulate	1,254	1,144
5	08-Jul-24	Accumulate	1,089	994
6	12-Jun-24	Accumulate	1,089	989
7	13-May-24	Accumulate	1,089	1,047
8	08-Apr-24	Accumulate	1,080	1,007
9	30-Mar-24	Accumulate	1,075	979
10	05-Feb-24	BUY	1,010	879

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	Accumulate	243	223
2	Bajaj Auto	BUY	9,853	8,398
3	Bharat Forge	Accumulate	1,435	1,249
4	CEAT	Hold	3,030	3,044
5	Divgi Torqtransfer Systems	Hold	637	585
6	Eicher Motors	Hold	5,332	5,163
7	Endurance Technologies	BUY	2,698	2,100
8	Exide Industries	Hold	350	343
9	Hero Motocorp	Accumulate	4,662	4,138
10	Mahindra & Mahindra	BUY	3,541	3,086
11	Maruti Suzuki	BUY	14,129	11,822
12	Tata Motors	Hold	784	795
13	TVS Motor Company	Hold	2,461	2,336

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

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We/I, Mr. Mehul Mistry- BMS Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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