

Subdued Q3; steep FCF guidance at JLR for Q4

Auto & Auto Ancillaries ▶ Result Update ▶ January 30, 2025

TARGET PRICE (Rs): 950

TTMT's Q3 performance was below expectations driven by sequential ASP decline at JLR and standalone operations, as well as lower than expected margin expansion in JLR (JLR margin up by 244bps QoQ to 14.2%, consolidated margin stable at 11.5%). TTMT has marginally reduced FY25E JLR revenue guidance to £29bn (vs £30bn earlier, on general market challenges, especially in China), and maintained guidance on EBIT margin (~8.5%) and FCF (£1.3bn) while acknowledging the need for a strong Q4 to meet it (largely driven by higher production and usual seasonality-led strong cash generation in Q4). India CV outlook is improving amid green shoots in underlying metrics like fleet utilization levels, freight rates, and financing. Encouragingly, the India electric PV business turned EBITDA-positive (10%/1.7% margin with/without PLI); TTMT expects sequential improvement in both, CVs and PVs in Q4. We believe that while global demand uncertainties persist, JLR's focus on mix and profitability would help the broad-based improvement to continue (we build-in ~£1bn FCF and net-cash balance sheet in FY25E). We also expect the CV momentum to improve albeit gradually, amid slower than expected pick up in government infra/capex spends. We trim our EPS estimates by ~2.5% largely due to the Q3 margin miss; we maintain BUY with unchanged SoTP-based TP of Rs950.

Tata Motors: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	3,459,670	4,379,278	4,599,388	4,782,526	4,990,548
EBITDA	318,296	595,603	577,736	602,072	626,685
Adj. PAT	7,336	323,981	215,361	255,458	274,807
Adj. EPS (Rs)	1.9	84.5	58.5	69.4	74.7
EBITDA margin (%)	9.2	13.6	12.6	12.6	12.6
EBITDA growth (%)	28.3	87.1	(3.0)	4.2	4.1
Adj. EPS growth (%)	0.0	1,199.7	(28.6)	18.6	7.6
RoE (%)	1.6	49.8	22.7	21.9	19.5
RoIC (%)	3.0	42.7	26.7	27.1	25.5
P/E (x)	392.9	8.9	12.9	10.8	10.1
EV/EBITDA (x)	11.2	5.4	5.6	5.2	4.9
P/B (x)	6.4	3.4	2.6	2.2	1.8
FCFF yield (%)	4.9	11.3	(0.1)	6.1	4.5

Source: Company, Emkay Research

Q3: Margins expand QoQ across operations, albeit still lower than expectation

Consolidated revenue grew 8% YoY to Rs1,136bn (below estimates), with consolidated EBITDA lower ~5% YoY at Rs130bn (below estimates) and EBITDA margin stable sequentially at 11.5% amid higher 'other expenses' counteracting savings in employee costs and slightly improved gross margins. At JLR, there was a ~5% miss on revenue amid ASP decline sequentially due to lower share of China, higher marketing spends, and adverse forex; this drove a ~10% miss in EBITDA, with margins at 14.2% vs 11.7% in Q2 and our estimate of 15.0%. Standalone (largely India CV) ASPs were also lower sequentially, with margins improving by 117bps QoQ to 11.8% on higher volumes. India PV margins came in at 7.6% vs 6.1% in Q2, amid recognition of PLI benefit in EVs.

Earnings call KTAs

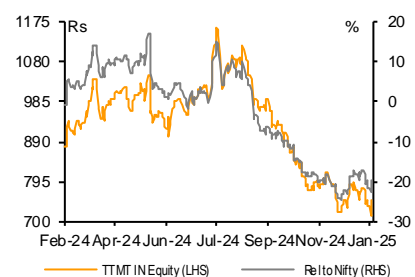
1) **JLR:** Market conditions remain challenging amid issues around tariffs and slower than expected EV adoption by customer, but brand equity of JLR's portfolio grants it some degree of protection; the company is being cautious in China, in relation to channel inventory and providing dealers with requisite support; has marginally reduced FY25 revenue guidance to £29bn (vs £30bn earlier); maintains FY25 EBIT margin guidance (~8.5%) and FCF guidance (~£1.3bn vs ~£131mn over 9M) while acknowledging this would imply clocking a robust Q4 which is considered possible (amid the usual strong working capital reversal in Q4), unless there are further negative surprises; continues to work on costs and expects variable marketing spends to marginally increase from 4.2% in Q3 while warranty costs are seen as now having peaked; current lower depreciation run rate to continue till the Range Rover BEV introduction in Nov-25. 2) **India CVs:** MHCV industry decline narrowed in Q3; underlying indicators like fleet utilization levels, freight rates, diesel consumption, transporter profitability levels, and customer sentiment index are showing marginal improvement; expects sequential growth in Q4 volumes and possibly flattish YoY performance – which would set a good base for FY26, which is when improved infra spends would help; earlier financing stress in the SCV and MHCV categories is also improving. 3) **India PVs:** Industry growth thus far this year has been tepid at ~2%; the company expects a similar performance in Q4 – improvement can be seen next year if there is a favorable turn in macros/consumption drivers; expects QoQ volume growth in Q4 driven by lower channel inventory (below 25 days, as of Q3) and some festivals; EV business reported 10% EBITDA margin driven by PLI recognition; was EBITDA-positive (1.7% margin) excluding PLI as well; the company expects the increasing EV launches by competition to help expand the market; does not expect TTMT to be unduly affected in the medium-to-long term because of its wide portfolio (ranging at Rs0.8-2.2mn), with most launches coming in at around the Rs1.8mn price range.

Target Price – 12M	Dec-25
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	26.2
CMP (29-Jan-25) (Rs)	752.5

Stock Data	Ticker
52-week High (Rs)	1,179
52-week Low (Rs)	708
Shares outstanding (mn)	3,681.1
Market-cap (Rs bn)	3,153
Market-cap (USD mn)	36,424
Net-debt, FY25E (Rs mn)	463,205
ADTV-3M (mn shares)	14
ADTV-3M (Rs mn)	10,923.7
ADTV-3M (USD mn)	126.2
Free float (%)	57.4
Nifty-50	23,163
INR/USD	86.6
Shareholding, Dec-24	
Promoters (%)	42.6
FPIs/MFs (%)	18.7/16.8

Price Performance				
(%)	1M	3M	12M	
Absolute	0.3	(10.7)	(10.2)	
Rel. to Nifty	3.1	(5.7)	(15.8)	

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

Marazbaan Dastur

marazbaan.dastur@emkayglobal.com
+91 22 6612 1281

Exhibit 1: Actual vs. Estimates (Q3FY25): Consolidated operations

(Rs mn)	Actual	Emkay Est	Variance (%)	Consensus Est	Variance (%)
Net revenue	1,135,750	1,212,873	(6.4)	1,166,461	(2.6)
EBITDA	130,320	152,822	(14.7)	155,140	(16.0)
Margin (%)	11.5	12.6	(113) bps	13.3	(183) bps

Source: Company, Emkay Research

Exhibit 2: Consolidated Quarterly Snapshot – Revenue up 8% YoY with margins stable sequentially

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Revenue	1,105,771	1,199,863	1,080,480	1,014,500	1,135,750	8.0	12.0
Expenditure	952,438	1,029,930	925,390	897,790	1,005,430	9.9	12.0
as % of sales	86.1	85.8	85.6	88.5	88.5		
Consumption of RM	682,777	737,849	659,130	622,350	694,220	3.8	11.5
as % of sales	61.7	61.5	61.0	61.3	61.1		
Employee Cost	111,022	114,337	118,020	117,180	120,110	18.9	2.5
as % of sales	10.0	9.5	10.9	11.6	10.6		
Other expenditure	158,639	177,745	148,240	158,260	191,100	32.3	20.8
as % of sales	14.3	14.8	13.7	15.6	16.8		
EBITDA	153,333	169,933	155,090	116,710	130,320	(4.7)	11.7
EBITDA margin (%)	13.9	14.2	14.4	11.5	11.5		
Depreciation	68,500	71,505	65,740	60,050	54,080	(18.5)	(9.9)
EBIT	84,833	98,428	89,350	56,660	76,240	8.3	34.6
Other Income	14,988	14,598	15,750	15,660	17,900	9.8	14.3
Interest	24,849	22,338	20,880	20,340	17,250	(34.9)	(15.2)
PBT	74,972	90,688	84,220	51,980	76,890		
Total Tax	5,418	(81,593)	31,780	23,170	20,960	(4.9)	(9.5)
Adjusted PAT	69,554	172,281	52,440	28,810	55,930		
MI and Inc from JV	(729)	(1,251)	(30)	250	1,650	766.6	560.0
Adjusted PAT after MI	70,284	173,532	52,470	28,560	54,280		
Extra ordinary items (Loss)/Gain	(33)	539	3,190	4,870	230		
Reported PAT	70,251	174,072	55,660	33,430	54,510		
Adjusted EPS (Rs)	18.4	45.3	13.7	7.5	14.2	43.0	90.0
(%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (bps)	QoQ (bps)
EBITDAM	13.9	14.2	14.4	11.5	11.5	(153)	(3)
EBITM	7.7	8.2	8.3	5.6	6.7	2	113
EBTM	6.8	7.6	7.8	5.1	6.8	105	165
PATM	6.4	14.5	4.9	2.8	4.8	117	196
Effective Tax rate	7.2	(90.0)	37.7	44.6	27.3	(935)	(1,732)

Source: Company, Emkay Research

Exhibit 3: Actual vs Estimates (Q3FY25) – Lower than expected ASPs drive ~10% miss on JLR EBITDA

Standalone (Rs mn)	Actual	Emkay Est	Variance (%)
Net revenue	170,400	178,718	(4.7)
EBITDA	20,150	20,553	(2.0)
Margin (%)	11.8	11.5	33 bps
Adj net income	14,340	11,678	22.8

JLR Operations (£ mn)	Actual	Emkay Est	Variance %
Net revenue	7,486	7,900	(5.2)
EBITDA	1,060	1,185	(10.5)
Margin (%)	14.2	15.0	(84) bps
Adj net income	493	525	(6.2)

Source: Company, Emkay Research

Exhibit 4: JLR Quarterly Snapshot – Margin expansion of ~250bps QoQ amid savings across line items

(£ mn)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ(%)
Volumes (no of units)	79,591	94,649	93,253	96,817	101,043	110,190	97,755	87,303	104,427	7.9	19.6
ASP/ Unit (GBP/Unit)	75,901	75,035	74,024	70,824	72,989	71,331	74,400	74,167	71,686	1.2	(3.3)
Revenue	6,041	7,102	6,903	6,857	7,375	7,860	7,273	6,475	7,486	9.2	15.6
Expenditure	5,325	6,067	5,780	5,836	6,183	6,576	6,124	5,716	6,426	10.1	12.4
<i>as % of sales</i>	88.1	85.4	83.7	85.1	83.8	83.7	84.2	88.3	85.8		
Consumption of RM	3,707	4,327	4,026	4,166	4,237	4,535	4,228	3,784	4,329	3.9	14.4
<i>as % of sales</i>	61.4	60.9	58.3	60.8	57.5	57.7	58.1	58.4	57.8		
Employee Cost	654	696	716	713	809	826	848	811	846	18.7	4.3
<i>as % of sales</i>	10.8	9.8	10.4	10.4	11.0	10.5	11.7	12.5	11.3		
Other expenditure	964	1,044	1,038	957	1,137	1,215	1,048	1,121	1,251	30.7	11.6
<i>as % of sales</i>	16.0	14.7	15.0	14.0	15.4	15.5	14.4	17.3	16.7		
EBITDA	716	1,035	1,123	1,021	1,192	1,284	1,149	759	1,060	3.8	39.7
EBITDA margin (%)	11.9	14.6	16.3	14.9	16.2	16.3	15.8	11.7	14.2		
Depreciation	494	578	538	525	547	565	510	434	377	(28.2)	(13.1)
EBIT	222	457	585	496	645	719	639	325	683	37.7	110.2
Interest	117	104	98	84	64	59	43	45	33	(60.7)	(26.7)
Share of JV	3	4	10	5	3	5	6	3	(9)	(280.0)	(400.0)
PBT	108	357	497	417	584	665	602	283	641		
Total Tax	4	115	112	170	35	(730)	199	115	148	(12.9)	28.7
Adjusted PAT	104	242	385	247	549	1,395	403	168	493	99.6	193.5
Extra ordinary items (Loss)/Gain	157	17	(62)	25	43	(4)	99	115	(118)	(572.0)	(202.6)
Reported PAT	261	259	323	272	592	1,391	502	283	375	37.9	32.5
Free cash flow	490	815	451	300	626	892	230	(256)	157	(47.7)	(161.3)

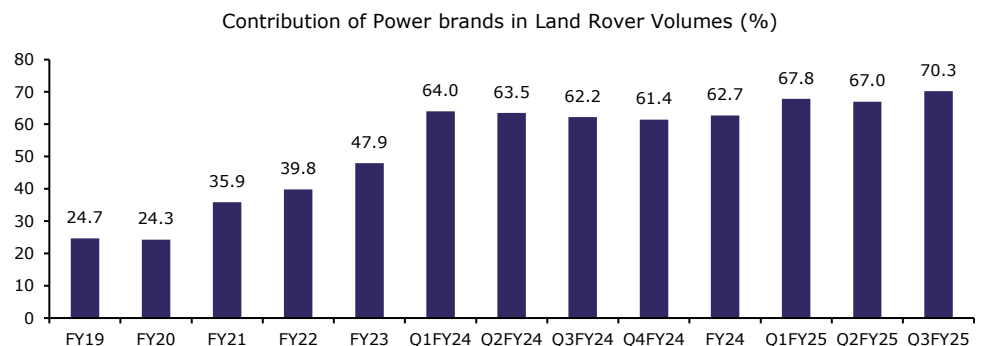
Source: Company, Emkay Research

Exhibit 5: Standalone Quarterly Snapshot (India CVs) – Margin expansion of 117bps QoQ to 11.8% on higher volumes

(Rs mn)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Revenue	186,686	202,602	168,620	155,180	170,400	(8.1)	9.8
Expenditure	165,352	178,318	149,460	138,650	150,250	(9.3)	8.4
<i>as % of sales</i>	88.6	88.0	88.6	89.3	88.2		
Consumption of RM	130,887	143,386	115,560	105,290	117,180	(12.1)	11.3
<i>as % of sales</i>	70.1	70.8	68.5	67.9	68.8		
Employee Cost	11,105	10,473	11,510	11,410	11,110	2.3	(2.6)
<i>as % of sales</i>	5.9	5.2	6.8	7.4	6.5		
Other expenditure	23,360	24,460	22,390	21,950	21,960	2.1	0.0
<i>as % of sales</i>	12.5	12.1	13.3	14.1	12.9		
EBITDA	21,333	24,284	19,160	16,530	20,150	1.8	21.9
EBITDA margin (%)	11.4	12.0	11.4	10.7	11.8		
Depreciation	5,131	4,988	4,770	4,920	4,970	(2.4)	1.0
EBIT	16,202	19,296	14,390	11,610	15,180	3.2	30.7
Other Income	1,468	1,242	19,890	2,940	3,060	(47.2)	4.1
Interest	4,120	4,106	3,440	2,610	2,650	(43.8)	1.5
PBT	13,551	16,432	30,840	11,940	15,590		
Total Tax	2,961	(5,808)	8,450	6,760	1,250	(15.3)	(81.5)
Adjusted PAT	10,590	22,240	22,390	5,180	14,340	0.2	176.8
Extra ordinary items (Loss)/Gain	35,111	(976)	(490)	(410)	(300)		
Reported PAT	45,701	21,264	21,900	4,770	14,040		
Adjusted EPS (Rs)	2.8	5.8	5.8	1.4	3.7		
PAT from discontinued operations (PV)	0	0	0	0	0		
Adjusted PAT incl discontinued ops	10,590	22,240	22,390	5,180	14,340		
Reported PAT incl discontinued ops	45,701	21,264	21,900	4,770	14,040		

(%)	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	YoY (bps)	QoQ (bps)
EBITDAM	11.4	12.0	11.4	10.7	11.8	115	117
EBITM	8.7	9.5	8.5	7.5	8.9	97	143
EBTM	7.3	8.1	18.3	7.7	9.1	63	145
PATM	5.7	11.0	13.3	3.3	8.4	69	508
Effective Tax rate	21.8	(35.3)	27.4	56.6	8.0	(133)	(4,860)


Source: Company, Emkay Research

Exhibit 6: Share of power brands (Range Rover, Range Rover Sport and Defender) within Land Rover has been on the rise and reached a fresh high in Q3FY25

Source: Company, Emkay Research

Exhibit 7: JLR maintained its FY25 outlook on FCF (~£1.3bn) and EBIT margin (~8.5%), while trimming guidance on revenues (now at £29bn vs £30bn earlier) and raising its investment spends outlook to £3.8bn

	Q3 FY25 ACTUAL	YTD FY25 ACTUAL	FY25 OUTLOOK
REVENUE	£7.5b	£21.2b	c.£29b
EBIT MARGIN	9.0%	7.8%	≥8.5%
INVESTMENT	£1.0b	£2.9b	£3.8b
FREE CASH FLOW	£157m	£131m	c. £1.3b
NET CASH POSITIVE	£(1.1)b	£(1.1)b	Net cash positive
ROCE	19.6%	19.6%	c. 20%



Source: Company, Emkay Research

Exhibit 8: JLR has seen strong improvement across operational parameters despite low growth

	FY19	FY20	FY21	FY22	FY23	FY24
Product mix (%)						
Land Rover	69	73	78	80	83	88
Of which: RR, RRS, Defender	25	24	36	40	48	63
Jaguar	31	27	22	20	17	12
ASP (£ mn)	47,675	48,291	56,758	62,274	70,976	72,252
Growth YoY (%)		1	18	10	14	2
EBITDA margin (%)	8.2	8.9	12.8	10.3	11.3	15.9
EBITDA/unit (£)	3,900	4,307	7,281	6,445	8,000	11,512
EBIT margin (%)	(0.8)	0.6	2.8	(0.3)	2.3	8.4
EBIT/unit (£)	(360)	294	1,597	(163)	1,646	6,093
FCF ((£ mn)	(1,120)	(477)	485	(752)	978	2,269
Net Debt ((£ mn)	705	1,679	1,396	2,629	2,286	38
Net Debt/EBITDA (x)	0.4	0.8	0.6	1.4	0.9	0.0
RoE (%)	0.9	(2.8)	0.6	(16.3)	(1.2)	44.7
RoCE (Pre-tax, %)	(1.4)	1.3	4.9	(0.4)	4.9	23.9

Source: Company, Emkay Research

Exhibit 9: TTMT has largely sustained its retail MHCV truck market share

MHCV Trucks – Market Share (%)	FY21	FY22	FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	FY24YTD	FY25YTD
AL	24.3	25.7	29.1	30.9	27.6	27.1	27.8	28.3	27.5	27.0	28.4	27.7
TTMT	49.9	53.4	48.0	43.3	47.9	48.5	47.3	47.4	45.5	48.2	46.7	46.9
VECV	15.0	15.1	13.9	16.1	14.6	14.6	14.8	14.8	17.2	15.4	15.1	15.8
DICV	7.0	6.0	5.1	5.7	5.7	5.7	6.1	5.9	6.0	5.8	5.8	6.0

Source: Vahan, Emkay Research

Exhibit 10: TTMT expects JLR wholesales to improve in Q4, and remains watchful of the overall demand situation, particularly in China; expects underlying domestic demand to improve gradually, on rising infra spends and product launches

Outlook

- Underlying domestic demand to improve gradually on account of infrastructure spends, slew of exciting product launches and stable interest rates.
- JLR wholesales to improve further in Q4 backed by retail growth; remain watchful on the overall demand situation, particularly China.

Key priorities

JLR	CV	PV	EV
<ul style="list-style-type: none"> • Proactively drive demand creation • Become net debt free • Transform and enhance luxury experience by bringing House of Brands to life. Focus on Halo products • Successful launch of BEV products 	<ul style="list-style-type: none"> • Improve market share and realisations through <ul style="list-style-type: none"> • innovation, • service quality and • thematic brand activation • Continue to redefine the future of mobility with sustainable, intelligent, and cutting-edge solutions • Continue to smoothen volatility and deliver strong ROCE 	<ul style="list-style-type: none"> • Improve market shares further by <ul style="list-style-type: none"> • product interventions and multi-powertrain strategy. • Strengthening dealer and service network. • Intensified cost reduction actions to enhance profitability. 	<ul style="list-style-type: none"> • Drive up penetration and market shares with product interventions, including new product launches. • Continued efforts towards mainstreaming of EVs with focused market development and ecosystem actions

Source: Company, Emkay Research

Exhibit 11: Consolidated revenue model – We build-in 5% consolidated PBT CAGR over FY25E-27E

Revenue Model (Rs mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
CV revenues	301,750	472,637	657,573	733,031	694,450	780,464	840,403
Growth (%)	-31.3	56.6	39.1	11.5	-5.3	12.4	7.7
PV revenues	167,148	325,722	488,671	526,850	515,250	545,570	587,028
Growth (%)		94.9	50.0	7.8	-2.2	5.9	7.6
Total India business revenues (Rs mn)	468,899	798,359	1,146,244	1,259,881	1,209,700	1,326,033	1,427,431
Growth (%)	6.7	70.3	43.6	9.9	-4.0	9.6	7.6
CV EBITDA	14,870	16,357	48,108	78,701	82,292	100,680	110,513
EBITDA margin (%)	4.9	3.5	7.3	10.7	11.9	12.9	13.2
PV EBITDA	(4,020)	9,150	27,862	33,770	31,422	34,248	36,827
EBITDA margin (%)	(2.4)	2.8	5.7	6.4	6.1	6.3	6.3
CV EBIT	(2,437)	(1,248)	30,440	58,532	62,435	74,664	79,778
EBIT margin (%)	(0.8)	(0.3)	4.6	8.0	9.0	9.6	9.5
PV EBIT	(20,723)	(11,265)	5,552	10,270	5,220	5,425	5,698
EBIT margin (%)	(12.4)	(3.5)	1.1	1.9	1.0	1.0	1.0
JLR Business (£ mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
JLR Revenues	19,731	18,320	22,809	28,995	29,077	29,557	30,396
Growth (%)	-14.2	-7.2	24.5	27.1	0.3	1.7	2.8
JLR EBITDA (£ mn)	2,531	1,896	2,571	4,620	4,180	4,283	4,476
EBITDA margin (%)	12.8	10.3	11.3	15.9	14.4	14.5	14.7
JLR EBIT (incl China JV)	555	(48)	529	2,445	2,485	2,427	2,414
EBIT margin (%)	2.8	-0.3	2.3	8.4	8.5	8.2	7.9
JLR PAT (£ mn)	(1,100)	(822)	(60)	2,578	1,588	1,851	1,866
Consolidated Financials (Rs mn)	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
India revenues	468,899	798,359	1,146,244	1,259,881	1,209,700	1,326,033	1,427,431
JLR revenues	1,913,907	1,864,976	2,213,460	2,870,505	3,125,741	3,177,422	3,267,572
Consolidated revenues (Rs mn)	2,497,948	2,784,536	3,459,670	4,379,278	4,599,388	4,782,526	4,990,548
Growth (%)	-4.3	11.5	24.2	26.6	5.0	4.0	4.3
India EBITDA	10,850	25,507	75,971	112,471	113,715	134,928	147,340
JLR EBITDA	198,074	107,603	173,804	339,768	378,395	336,546	356,022
Consolidated EBITDA	305,553	248,132	318,296	595,603	577,736	602,072	626,685
Growth (%)	54.9	-18.8	28.3	87.1	-3.0	4.2	4.1
EBITDA margin (%)							
India	2.3	3.2	6.6	8.9	9.4	10.2	10.3
JLR	12.8	10.3	11.3	15.9	14.4	14.5	14.7
Consolidated EBITDA margin (%)	12.2	8.9	9.2	13.6	12.6	12.6	12.6
Consol EBIT	70,086	(225)	69,692	322,901	340,489	347,714	343,147
Consol PBT	15,546	(62,807)	13,769	282,543	322,941	334,569	355,393
Consol EPS (Rs)	(3.7)	(28.0)	1.9	84.5	58.5	69.4	74.7
Consol Net Debt (Rs mn)	910,874	1,002,403	683,383	357,948	463,205	364,128	301,946
Consol FCF	91,457	-6,555	175,774	367,328	-2,196	189,894	137,995
ROE (%)	(2.4)	(21.5)	1.6	49.8	22.7	21.9	19.5
ROCE (%)	3.6	(0.0)	3.6	18.2	18.6	18.5	19.2

Source: Company, Emkay Research

Exhibit 12: We cut our consolidated EPS estimates by ~2.5%, largely due to the margin miss at JLR

Consolidated (no of units)	FY25E				FY26E				FY27E			
	Earlier	Revised	% change	% YoY	Earlier	Revised	% change	% YoY	Earlier	Revised	% change	% YoY
JLR Volume (excl China JV)	395,596	394,330	(0.3)	(1.7)	396,192	394,926	(0.3)	0.2	401,445	400,129	(0.3)	1.3
Standalone Volume (India CV)	374,951	369,377	(1.5)	(3.8)	396,735	391,598	(1.3)	6.0	419,476	414,860	(1.1)	5.9
Consol Revenue (Rs mn)	4,689,046	4,599,388	(1.9)	5.0	4,873,741	4,782,526	(1.9)	4.0	5,084,687	4,990,548	(1.9)	4.3
Consol EBITDA (Rs mn)	602,484	577,736	(4.1)	(3.0)	627,088	602,072	(4.0)	4.2	652,693	626,685	(4.0)	4.1
Consol Margin (%)	12.8	12.6	(29) bps	(104) bps	12.9	12.6	(28) bps	0 bps	12.8	12.6	(28) bps	(0) bps
Consol PAT (Rs mn)	221,279	215,361	(2.7)	(33.5)	261,979	255,458	(2.5)	18.6	281,644	274,807	(2.4)	7.6
Consol Dil Adj EPS (Rs)	60.1	58.5	(2.7)	(30.8)	71.2	69.4	(2.5)	18.6	76.6	74.7	(2.4)	7.6

Source: Emkay Research

Exhibit 13: Our SoTP-based TP is unchanged at Rs950

SOTP-based valuations	Basis of valuation	Equity value (Rs mn)	Equity value (Rs/share)	Contribution to SOTP (%)	Remarks
India CV	12.5x EV/EBITDA	1,344,240	365	37	Similar to EV/EBITDA multiple for AL
India PV, incl EV	1.3x EV/Sales	796,051	216	22	20% discount to MSIL's multiple of ~1.7x EV/Sales
JLR	1.5x EV/EBITDA	1,079,196	293	30	In line with EV/EBITDA valuation of European peers
JLR China JV	4x EV/EBITDA	8,458	2	0	Stake stands at 50%
Tata Sons	1x NAV	72,692	20	2	Holding company discount at 80% as stake may not be monetized
Tata Motors Finance	1.5x FY26E P/B	131,860	36	4	Holding company discount at 20%
Tata Technologies	Mcap	152,823	42	4	20% discount to CMP
Total (Rounded off)			950		

Source: Emkay Research

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	4,599,388	4,782,526	4,990,548
Revenue growth (%)	24.2	26.6	5.0	4.0	4.3
EBITDA	318,296	595,603	577,736	602,072	626,685
EBITDA growth (%)	28.3	87.1	(3.0)	4.2	4.1
Depreciation & Amortization	248,604	272,701	237,248	254,359	283,539
EBIT	69,692	322,901	340,489	347,714	343,147
EBIT growth (%)	0.0	363.3	5.4	2.1	(1.3)
Other operating income	0	0	0	0	0
Other income	46,332	59,499	59,499	58,309	65,889
Financial expense	102,255	99,858	77,047	71,454	53,643
PBT	13,769	282,543	322,941	334,569	355,393
Extraordinary items	0	0	0	0	0
Taxes	7,041	(38,516)	106,725	81,378	84,246
Minority interest	2,756	4,077	4,750	2,000	1,000
Income from JV/Associates	3,364	6,998	3,895	4,267	4,660
Reported PAT	24,143	313,991	215,361	255,458	274,807
PAT growth (%)	0.0	1,200.6	(31.4)	18.6	7.6
Adjusted PAT	7,336	323,981	215,361	255,458	274,807
Diluted EPS (Rs)	1.9	84.5	58.5	69.4	74.7
Diluted EPS growth (%)	0.0	1,199.7	(28.6)	18.6	7.6
DPS (Rs)	2.0	6.0	4.4	5.2	5.6
Dividend payout (%)	31.7	7.3	7.6	7.5	7.5
EBITDA margin (%)	9.2	13.6	12.6	12.6	12.6
EBIT margin (%)	2.0	7.4	7.4	7.3	6.9
Effective tax rate (%)	51.1	(13.6)	33.0	24.3	23.7
NOPLAT (pre-IndAS)	34,056	366,920	227,964	263,139	261,804
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	322,941	334,569	355,393
Others (non-cash items)	383,002	371,514	314,295	325,813	337,182
Taxes paid	(31,790)	(45,163)	(207,179)	(185,449)	(194,794)
Change in NWC	(31,271)	73,252	(56,147)	90,694	15,554
Operating cash flow	353,880	679,154	377,804	569,894	517,995
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)	(43,824)	(96,000)	(349,270)
Payment of lease liabilities	(15,166)	0	0	0	0
Interest paid	(93,360)	(93,323)	(77,047)	(71,454)	(53,643)
Dividend paid (incl tax)	(1,409)	(10,591)	(23,014)	(16,363)	(19,170)
Others	15,166	0	0	0	0
Financing cash flow	(262,429)	(370,060)	(143,885)	(183,818)	(422,084)
Net chg in Cash	(76,591)	80,813	(146,081)	6,077	(284,089)
OCF	353,880	679,154	377,804	569,894	517,995
Adj. OCF (w/o NWC chg.)	385,151	605,902	433,951	479,200	502,441
FCFF	175,774	367,328	(2,196)	189,894	137,995
FCFE	83,717	267,471	(79,243)	118,440	84,352
OCF/EBITDA (%)	111.2	114.0	65.4	94.7	82.7
FCFE/PAT (%)	346.8	85.2	(36.8)	46.4	30.7
FCFF/NOPLAT (%)	516.1	100.1	(1.0)	72.2	52.7

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	7,660	7,665	7,358	7,358	7,358
Reserves & Surplus	445,558	841,515	1,040,819	1,277,107	1,531,373
Net worth	453,218	849,180	1,048,177	1,284,465	1,538,731
Minority interests	72,777	81,759	86,509	88,509	89,509
Deferred tax liability (net)	(37,777)	(119,557)	(220,011)	(324,081)	(434,630)
Total debt	1,256,605	985,001	941,177	845,177	495,907
Total liabilities & equity	1,744,823	1,796,384	1,855,853	1,894,070	1,689,518
Net tangible fixed assets	729,760	621,620	763,243	888,884	985,345
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	477,972	481,049	193,960
Current assets (ex-cash)	1,211,477	1,318,033	1,539,475	1,600,774	1,670,401
Current Liab. & Prov.	1,564,145	1,779,266	1,937,911	2,092,711	2,179,263
NWC (ex-cash)	(352,667)	(461,233)	(398,436)	(491,937)	(508,862)
Total assets	1,744,823	1,796,384	1,855,853	1,894,070	1,689,518
Net debt	683,383	357,948	463,205	364,128	301,946
Capital employed	1,744,823	1,796,384	1,855,853	1,894,070	1,689,518
Invested capital	968,130	751,622	956,042	988,182	1,067,718
BVPS (Rs)	118.3	221.6	284.9	349.1	418.2
Net Debt/Equity (x)	1.5	0.4	0.4	0.3	0.2
Net Debt/EBITDA (x)	2.1	0.6	0.8	0.6	0.5
Interest coverage (x)	0.9	0.3	0.2	0.2	0.1
RoCE (%)	3.6	18.2	18.6	18.5	19.2

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	392.9	8.9	12.9	10.8	10.1
P/CE(x)	11.3	4.8	6.1	5.4	5.0
P/B (x)	6.4	3.4	2.6	2.2	1.8
EV/Sales (x)	1.0	0.7	0.7	0.7	0.6
EV/EBITDA (x)	11.2	5.4	5.6	5.2	4.9
EV/EBIT(x)	51.2	10.0	9.5	9.0	8.9
EV/IC (x)	3.7	4.3	3.4	3.2	2.9
FCFF yield (%)	4.9	11.3	(0.1)	6.1	4.5
FCFE yield (%)	2.9	9.3	(2.9)	4.3	3.0
Dividend yield (%)	0.3	0.8	0.6	0.7	0.7
DuPont-RoE split					
Net profit margin (%)	0.2	7.4	4.7	5.3	5.5
Total asset turnover (x)	1.8	2.5	2.5	2.6	2.8
Assets/Equity (x)	4.3	2.7	1.9	1.6	1.3
RoE (%)	1.6	49.8	22.7	21.9	19.5
DuPont-RoIC					
NOPLAT margin (%)	1.0	8.4	5.0	5.5	5.2
IC turnover (x)	3.6	5.8	4.8	4.8	4.7
RoIC (%)	3.0	42.7	26.7	27.1	25.5
Operating metrics					
Core NWC days	(37.2)	(38.4)	(31.6)	(37.5)	(37.2)
Total NWC days	(37.2)	(38.4)	(31.6)	(37.5)	(37.2)
Fixed asset turnover	1.0	1.2	1.2	1.2	1.1
Opex-to-revenue (%)	25.3	24.1	26.1	24.9	24.9

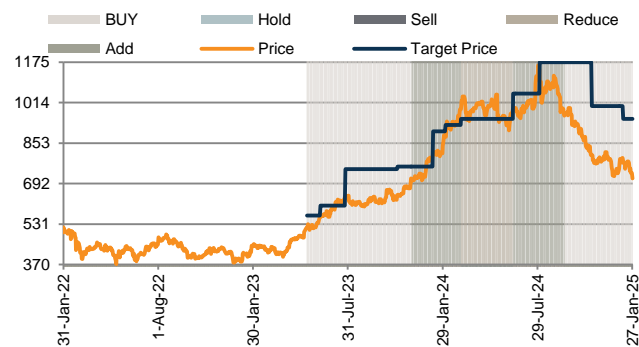
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
10-Jan-25	775	950	Buy	Chirag Jain
09-Jan-25	780	950	Buy	Chirag Jain
18-Dec-24	756	1,000	Buy	Chirag Jain
10-Nov-24	805	1,000	Buy	Chirag Jain
08-Oct-24	920	1,175	Buy	Chirag Jain
18-Sep-24	962	1,175	Buy	Chirag Jain
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

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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

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