

12 March 2025

India | Equity Research | Company Update

Tata Motors

Automotives

Tata Motors Analyst meet takeaways

We attended Tata Motors' (TTMT) analyst meet. For its JLR business, the US continues to do well alongside recovery green shoots in the EU market. TTMT maintained its EBIT margin guidance of 10% for Q4FY25. In its India PV business, the company has planned multiple launches across powertrains, including Sierra and Harrier, and a repositioning of Curvv and Altroz. In its India CV business, TTMT is focusing on overhauling its SCV business by tending to key issues. With its recent stock price correction, we upgrade TTMT to **BUY** (from *Add*) with a SoTP-based unchanged TP of INR 831, implying 11x/2.4x FY27E India/JLR EV/EBITDA.

Takeaways from the meeting

- Adoption rate of EVs has been slowing down. EU is in the process of relaxing emission norms and UK may follow suit. TTMT marks the stress in China's market as cyclical rather than structural. JLR has performed better than industry with a relatively lesser decline. US market is holding up well alongside some signs of recovery in EU. The company expects to see strong growth continuing in the near term. Defender Octa, launched recently, has seen robust response, especially in markets like the Middle East. TTMT has a clear strategy on vehicle architecture, providing seamless transition to EVs. Depending on end-market response, the company shall accordingly work with ICE/EV offerings. TTMT remains confident of meeting its Q4FY25 JLR EBIT margin guidance of 10%, as highlighted in Q3. JLR's margins were impacted by higher VME and warranty costs. The company expects both these costs to start coming off during CY25. TTMT expects capex to continue in the GBP 3bn–3.5bn range and peak in FY25–26; it expects capex to be lower in FY27. The company is confident of being net debt-free even during FY26.
- In its India business, TTMT is working on repositioning Altroz and Curvv in the coming months. It plans to launch Harrier EV over the next few months and Sierra ICE during the festive season. Over the last couple of years, the company swiftly expanded its sales outlets. It is now focusing on a commensurate expansion of service outlets, which should address service issues at the dealer level. In its India CV business, TTMT is focusing on SCV segment, to recoup lost market share.

Financial Summary

Y/E March 31 (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	43,79,278	45,98,649	49,44,538	52,88,255
EBITDA	5,96,101	6,19,368	6,80,454	7,59,608
EBITDA %	13.6	13.5	13.8	14.4
Net Profit	3,27,838	2,04,502	2,40,821	2,90,531
EPS (INR)	98.7	61.6	72.5	87.5
EPS % Chg YoY	2,882.1	(37.6)	17.8	20.6
P/E (x)	6.6	10.5	8.9	7.4
EV/EBITDA (x)	4.3	4.1	3.8	3.1
RoCE (%)	32.8	20.0	18.2	18.9
RoE (%)	50.3	21.6	20.9	20.7

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Market Data

Market Cap (INR)	2,715bn
Market Cap (USD)	31,138mn
Bloomberg Code	TTMT IN
Reuters Code	TAMO.BO
52-week Range (INR)	1,179 /606
Free Float (%)	57.0
ADTV-3M (mn) (USD)	117.5

Price Performance (%)	3m	6m	12m
Absolute	(18.9)	(33.6)	(36.8)
Relative to Sensex	(9.8)	(24.5)	(37.6)

ESG Score	2023	2024	Change
ESG score	76.9	78.8	1.9
Environment	60.5	64.8	4.3
Social	78.2	77.8	(0.4)
Governance	83.4	88.3	4.9

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

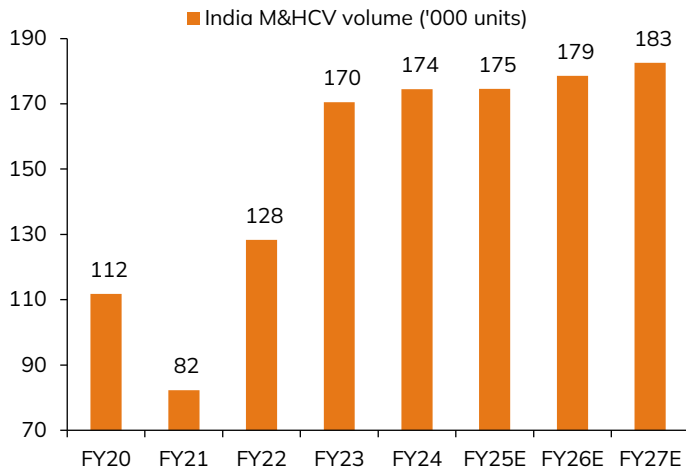
Source: SES ESG, I-sec research

Previous Reports

30-01-2025: [Q3FY25 results review](#)

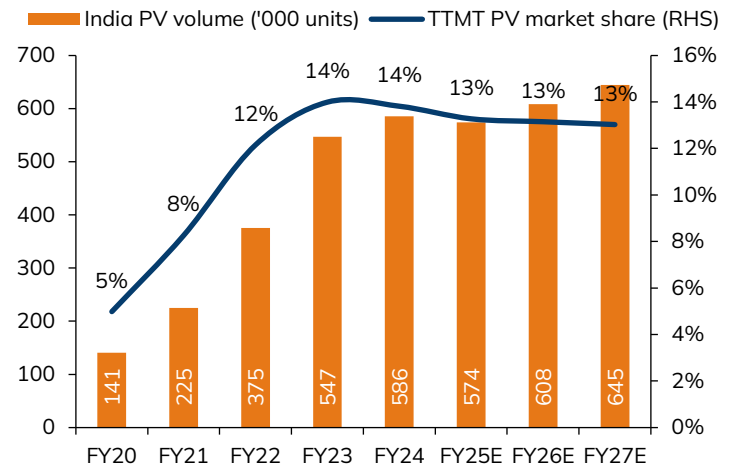
02-08-2024: [Q1FY25 results review](#)

Exhibit 1: India M&HCV volume trend



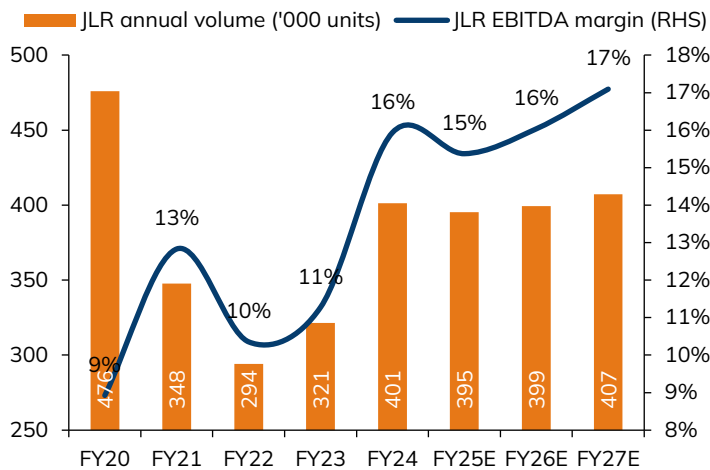
Source: I-Sec research, Company data

Exhibit 2: India PV volume vs. market share trend



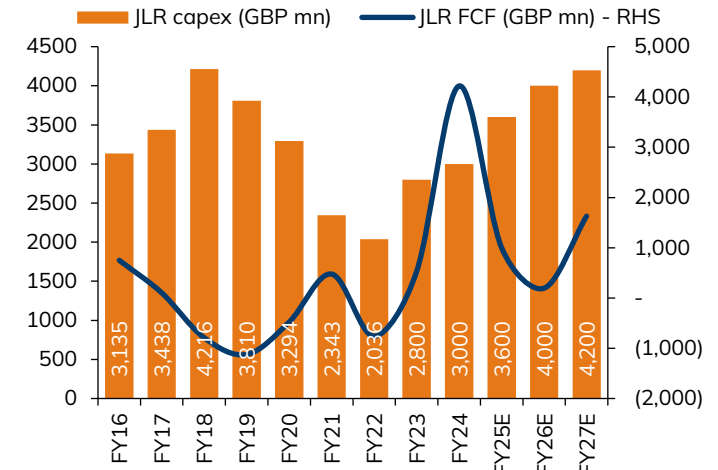
Source: I-Sec research, Company data

Exhibit 3: JLR annual volume and EBITDA margin



Source: I-Sec research, Company data

Exhibit 4: JLR capex and FCF trend



Source: I-Sec research, Company data

Exhibit 5: TTMT volume and margin assumptions

	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Jaguar Land Rover wholesales (units)	3,47,632	2,94,182	3,21,362	4,01,303	3,95,283	3,99,236	4,07,221
JLR Avg. ASP/vehicle (GBP)	56,758	62,274	70,976	72,000	74,500	76,000	78,000
JLR EBITDA margin (%)	12.8%	10.3%	11.3%	15.9%	15.4%	16.0%	17.1%
JLR Capex (GBP mn)	2,343	2,500	2,800	3,000	3,600	4,000	4,200
India (Standalone)	4,85,361	7,29,148	9,54,626	9,69,340	9,35,166	9,78,174	10,23,436
M&HCV (units)	90,152	1,44,500	1,78,531	1,81,115	1,81,903	1,86,620	1,91,435
LCV (units)	1,70,325	2,09,515	2,29,147	2,02,662	1,79,385	1,83,270	1,87,247
PV (units)	2,24,884	3,75,133	5,46,948	5,85,563	5,73,878	6,08,285	6,44,754
ASP/Vehicle	6,26,569	7,64,414	8,48,499	9,50,319	9,97,835	10,77,662	11,63,875
EBITDA margin (%)	3.2%	5.7%	7.0%	8.7%	8.6%	8.3%	8.4%
Capex (INR mn)	16,780	30,000	53,000	67,262	69,003	68,895	76,963

Source: Company data, I-Sec research

Exhibit 6: SoTP-based valuation

Parameter (INR mn)	Value
Standalone	
PV of FCF until FY30E	4,78,285
Terminal value	11,58,863
Standalone Enterprise Value	16,37,148
JLR (GBP mn)	
PV of FCF until FY30E	5,671
Terminal value	7,446
Enterprise Value	13,118
GBP/INR	108
JLR Enterprise Value (INR mn)	14,16,735
Enterprise Value of other subsidiaries	97,596
Total Enterprise value	31,51,478
Less: Consolidated Net debt	4,13,170
Equity Value	27,38,308
Post money value of EV entity	7,46,200
TTMT's stake in the subsidiary (%)	85%
Value of TTMT's stake in EVCo. Post 50% discount	3,17,135
Potential market capitalization	30,55,443
No. of shares (mn)	3,676
Equity value per share (INR/share)	831

Source: I-Sec research, Company data

Downside risks

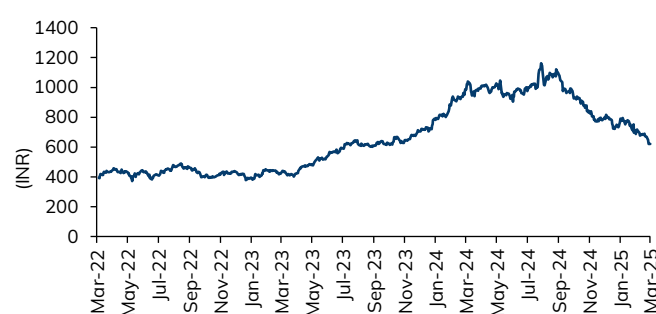
- Weak demand in key regions
- Rising cost pressure as TTMT invests in demand generation
- Continued weakness in demand in CV and PV businesses in India

Exhibit 7: Shareholding pattern

%	Jun'24	Sep'24	Dec'24
Promoters	46.4	42.6	42.6
Institutional investors	34.4	37.0	34.4
MFs and others	9.8	10.6	11.0
FIs/Banks	0.2	0.8	0.3
Insurance Cos	5.2	4.8	5.1
FIIIs	19.2	20.8	18.7
Others	19.2	20.4	22.3

Source: Bloomberg, I-Sec research

Exhibit 8: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 9: Profit & Loss

(INR mn, year ending March 31)

	FY24A	FY25E	FY26E	FY27E
Net Sales	43,79,278	45,98,649	49,44,538	52,88,255
Operating Expenses	9,36,646	9,90,159	10,50,135	10,91,281
EBITDA	5,96,101	6,19,368	6,80,454	7,59,608
EBITDA Margin (%)	13.6	13.5	13.8	14.4
Depreciation & Amortization	2,72,701	2,90,068	3,26,558	3,59,433
EBIT	3,23,400	3,29,300	3,53,895	4,00,175
Interest expenditure	99,858	63,297	40,000	20,000
Other Non-operating Income	58,782	-	-	-
Recurring PBT	2,82,324	2,66,003	3,13,895	3,80,175
Profit / Loss from Associates	6,998	5,000	5,400	5,400
Less: Taxes	(38,516)	66,501	78,474	95,044
PAT	3,20,840	1,99,502	2,35,421	2,85,131
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	(9,771)	-	-	-
Net Income (Reported)	3,18,068	2,04,502	2,40,821	2,90,531
Net Income (Adjusted)	3,27,838	2,04,502	2,40,821	2,90,531

Source Company data, I-Sec research

Exhibit 10: Balance sheet

(INR mn, year ending March 31)

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	19,18,632	19,28,567	19,72,804	23,06,990
of which cash & cash eqv.	6,00,599	3,53,731	3,10,162	5,57,241
Total Current Liabilities & Provisions	17,79,266	22,09,787	22,43,818	23,85,588
Net Current Assets	1,39,366	(2,81,220)	(2,71,014)	(78,598)
Investments	87,178	87,178	87,178	87,178
Net Fixed Assets	12,04,252	16,02,791	17,69,572	18,50,458
ROU Assets	-	-	-	-
Capital Work-in-Progress	3,56,984	3,56,984	3,56,984	3,56,984
Total Intangible Assets	8,603	8,603	8,603	8,603
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	17,96,384	17,74,336	19,51,323	22,24,626
Liabilities				
Borrowings	9,85,001	7,71,851	7,23,332	7,23,332
Deferred Tax Liability	(1,19,557)	(1,19,557)	(1,19,557)	(1,19,557)
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	7,665	7,665	7,665	7,665
Reserves & Surplus	8,41,515	10,32,617	12,58,123	15,31,426
Total Net Worth	8,49,180	10,40,282	12,65,788	15,39,091
Minority Interest	81,759	81,759	81,759	81,759
Total Liabilities	17,96,384	17,74,336	19,51,323	22,24,626

Source Company data, I-Sec research

Exhibit 11: Quarterly trend

(INR mn, year ending March 31)

	Mar-24	Jun-24	Sep-24	Dec-24
Net Sales	11,99,863	10,80,480	10,14,500	1,135,750
% growth (YOY)	13.3	5.7	-3.5	2.7
EBITDA	1,71,353	1,57,850	121,590	1,30,810
Margin %	14.3	14.6	12.0	11.5
Other Income	14,598	15,750	15,660	17,900
Extraordinaries	(99,134)	(430)	-	-
Adjusted Net Profit	76,152	56,490	34,510	56,040

Source Company data, I-Sec research

Exhibit 12: Cashflow statement

(INR mn, year ending March 31)

	FY24A	FY25E	FY26E	FY27E
Operating Cashflow	7,15,568	7,24,671	5,46,290	7,17,313
Working Capital Changes	1,04,737	1,71,804	(55,689)	52,748
Capital Commitments	(3,78,998)	(6,88,607)	(4,93,339)	(4,40,319)
Free Cashflow	3,36,570	36,065	52,951	2,76,993
Other investing cashflow	(4,772)	5,000	5,400	5,400
Cashflow from Investing Activities	(3,83,769)	(6,83,607)	(4,87,939)	(4,34,919)
Issue of Share Capital	98,363	0	0	0
Interest Cost	(99,858)	(63,297)	(40,000)	(20,000)
Inc (Dec) in Borrowings	(2,71,604)	(2,13,150)	(48,519)	-
Dividend paid	(7,657)	(11,486)	(13,400)	(15,315)
Others	(8,982)	-	-	-
Cash flow from Financing Activities	(2,89,738)	(2,87,933)	(1,01,919)	(35,315)
Chg. in Cash & Bank balance	42,061	(2,46,868)	(43,568)	2,47,079
Closing cash & balance	6,00,599	3,53,731	3,10,162	5,57,241

Source Company data, I-Sec research

Exhibit 13: Key ratios

(Year ending March 31)

	FY24A	FY25E	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	98.7	61.6	72.5	87.5
Adjusted EPS (Diluted)	98.7	61.6	72.5	87.5
Cash EPS	180.9	149.0	170.9	195.8
Dividend per share (DPS)	3.5	4.0	4.6	5.2
Book Value per share (BV)	255.8	313.3	381.2	463.6
Dividend Payout (%)	3.5	6.6	6.4	5.9
Growth (%)				
Net Sales	26.6	5.0	7.5	7.0
EBITDA	87.3	3.9	9.9	11.6
EPS (INR)	2,882.1	(37.6)	17.8	20.6
Valuation Ratios (x)				
P/E	6.6	10.5	8.9	7.4
P/CEPS	3.6	4.4	3.8	3.3
P/BV	2.5	2.1	1.7	1.4
EV / EBITDA	4.3	4.1	3.8	3.1
EV / Sales	0.6	0.6	0.5	0.4
Profitability Ratios				
Gross Profit Margins (%)	35.0	35.0	35.0	35.0
EBITDA Margins (%)	13.6	13.5	13.8	14.4
EBIT Margins (%)	7.4	7.2	7.2	7.6
Net Profit Margins (%)	7.5	4.4	4.9	5.5
RoCE (%)	32.8	20.0	18.2	18.9
RoE (%)	50.3	21.6	20.9	20.7
Dividend Yield (%)	0.5	0.6	0.7	0.8
Operating Ratios				
Fixed Asset Turnover (x)	1.1	1.1	1.0	1.0
Inventory Turnover Days	-	-	-	-
Receivables Days	-	-	-	-
Payables Days	-	-	-	-
Effective Tax Rate (%)	(13.6)	25.0	25.0	25.0
Net Debt / Equity (x)	0.5	0.4	0.3	0.1
Net Debt / EBITDA (x)	0.6	0.7	0.6	0.2

Source Company data, I-Sec research

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