

# Tata Motors | BUY

## Key takeaways from Analyst meet

Tata Motors (TTMT) hosted an analyst meet highlighting recent performance and outlook across businesses. With respect to JLR, there are early signs of demand improvement in markets like EU and UK (US continues to remain strong) and the company is confident of achieving its FY25 guidance of  $\geq 8.5\%$  EBIT margin and turn net-cash in the near-term. While near-term growth for Domestic CV & PV is expected to be muted, we expect underlying demand environment to improve from FY26 esp. for domestic CV (led by revival in government capex) and domestic PV (led by new launches, enhanced marketing). We maintain BUY with unchanged with Mar'26 SoTP of INR 860 (standalone / JLR valued at 12x /2.3x EV/EBIDTA). Recovery in underlying demand remains a key monitorable.

- JLR targets on track:** The Company highlighted that North American market continued to remain strong. EU and UK, which was muted so far, has also started showing signs of improvement. While demand situation in China remained challenging, JLR has been relatively outperforming its peers. On electrification, adoption is slowing down leading to EU government relaxing emission targets (expect UK to follow). With respect to margins, the company expects VME spends to reduce with run-down of Jaguar volumes as VME on Range Rover remains low at 2-2.3%. Warranty cost, however, may remain elevated owing to relatively higher cost of labour and repairs in US which is now largest region for JLR. Overall, the company remains confident on meeting its FY25 guidance (revenue of £29bn; EBIT margin at  $\geq 8.5\%$ ; FCF of £1.3bn). Capex is expected to peak in FY25/26 and despite this, the company has maintained its guidance of turning net cash positive during FY25.
- Domestic PV business - new launches/marketing to drive performance:** The Company plans to relaunch Curvv during upcoming IPL and Sierra (ICE) launch is expected during festive season (i.e. mid-FY26). The company indicated that focus is now on enhancing product marketing and ramping-up servicing network. With respect to outlook, near-term demand looks muted. However, the management indicated that worst is behind in terms of volumes for EVs and it expects to meet its EV penetration target of 20% by FY27 (15% penetration required to meet CAFÉ norms). On margins, the company indicated that domestic PV margins are at least 300bps below its internal target and it remains committed to double-digit EBITDA margin for its PV + EV business in the medium-term led by better mix, higher operating leverage, VAVE and other cost reduction initiatives.
- Domestic CV business - mixed bag; expect gradual recovery ahead:** TTMT highlighted that while demand for buses continues to remain robust (led by orders from STUs), demand for trucks remains muted. Management also indicated of increased focus on turning around SCV segment going ahead. During the past few quarters, focus has been on improving realisation across segments through value-selling and cost reduction efforts and remains confident on maintaining / improving margins even further. With the improvement in freight rates and fleet utilisation, the company expects CV demand to improve going ahead. Continued focus of GOI on infrastructure spends remains industry tailwind for medium-to-long term.



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(We acknowledge the support services of Sahil Malik in preparation of this report)

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	860
Upside/(Downside)	32.7%
Previous Price Target	860
Change	0%

### Key Data – TTMT IN

Current Market Price	INR648
Market cap (bn)	INR2,715.1/US\$31.1
Free Float	54%
Shares in issue (mn)	3,830.1
Diluted share (mn)	3,832.5
3-mon avg daily val (mn)	INR10,260.9/US\$117.6
52-week range	1,179/606
Sensex/Nifty	74,102/22,498
INR/US\$	87.2

### Price Performance

%	1M	6M	12M
Absolute	-4.4	-33.6	-36.8
Relative*	-1.7	-25.7	-37.1

\* To the BSE Sensex

### Financial Summary

Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	34,59,670	43,79,278	46,22,964	49,45,400	53,05,164
Sales Growth (%)	24.2	26.6	5.6	7.0	7.3
EBITDA	4,25,954	7,05,450	6,82,006	7,48,751	8,09,574
EBITDA Margin (%)	12.3	16.1	14.8	15.1	15.3
Adjusted Net Profit	8,238	3,24,241	2,25,826	2,82,207	3,16,993
Diluted EPS (INR)	2.2	84.6	58.9	73.6	82.7
Diluted EPS Growth (%)	0.0	3,833.6	-30.4	25.0	12.3
ROIC (%)	3.0	28.8	16.5	18.2	18.6
ROE (%)	1.8	49.8	23.7	23.9	21.9
P/E (x)	301.3	7.7	11.0	8.8	7.8
P/B (x)	5.5	2.9	2.4	1.9	1.6
EV/EBITDA (x)	7.8	4.3	4.4	3.8	3.2
Dividend Yield (%)	0.0	0.9	0.8	1.1	1.1

Source: Company data, JM Financial. Note: Valuations as of 11/Mar/2025

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

## Exhibit 1. TTMT fair value @ INR 860/share – SOTP

	Parameter	Multiple (x)	EBITDA, Sales (INR bn)	Total value (INR bn)	Value / Share (INR)
JLR	EV/EBITDA	2.3	567	1,276	332
CJLR (50% share)	EV/Sales	0.5	74	37	10
<b>Total JLR enterprise value</b>				<b>1,313</b>	<b>342</b>
Less: JLR net debt				123	32
<b>JLR equity value</b>				<b>1,190</b>	<b>310</b>
<b>Domestic business enterprise value</b>	EV/EBITDA	12	160	1,917	498
Less: Domestic automotive net debt				(7)	(2)
<b>Domestic business equity value</b>				<b>1,924</b>	<b>500</b>
Tata Technologies stake at 25% hold co. discount				135	35
<b>Sum of investments @ 25% discount</b>				<b>57</b>	<b>15</b>
<b>TTMT fair value</b>				<b>3,170</b>	<b>860</b>

Source: JM Financial

## Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	34,59,670	43,79,278	46,22,964	49,45,400	53,05,164	
Sales Growth	24.2%	26.6%	5.6%	7.0%	7.3%	
Other Operating Income	0	0	0	0	0	
<b>Total Revenue</b>	<b>34,59,670</b>	<b>43,79,278</b>	<b>46,22,964</b>	<b>49,45,400</b>	<b>53,05,164</b>	
Cost of Goods Sold/Op. Exp	22,64,696	27,27,557	28,33,530	30,31,035	32,64,126	
Personnel Cost	3,36,547	4,24,866	4,54,128	4,78,890	5,06,275	
Other Expenses	4,32,472	5,21,405	6,53,300	6,86,724	7,25,189	
<b>EBITDA</b>	<b>4,25,954</b>	<b>7,05,450</b>	<b>6,82,006</b>	<b>7,48,751</b>	<b>8,09,574</b>	
EBITDA Margin	12.3%	16.1%	14.8%	15.1%	15.3%	
EBITDA Growth	25.5%	65.6%	-3.3%	9.8%	8.1%	
Depn. & Amort.	3,55,223	3,82,289	3,55,589	3,94,110	4,29,355	
EBIT	70,731	3,23,161	3,26,417	3,54,641	3,80,219	
Other Income	46,332	59,499	66,639	74,636	83,592	
Finance Cost	1,02,392	99,858	75,947	66,947	57,947	
PBT before Excep. & Forex	14,670	2,82,803	3,17,110	3,62,330	4,05,864	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	14,670	2,82,803	3,17,110	3,62,330	4,05,864	
Taxes	7,041	-38,516	95,133	85,148	95,378	
Extraordinary Inc./Loss(-)	15,905	-10,250	0	0	0	
Assoc. Profit/Min. Int.(-)	-608	-2,921	-3,849	-5,025	-6,507	
Reported Net Profit	24,143	3,13,991	2,25,826	2,82,207	3,16,993	
<b>Adjusted Net Profit</b>	<b>8,238</b>	<b>3,24,241</b>	<b>2,25,826</b>	<b>2,82,207</b>	<b>3,16,993</b>	
Net Margin	0.2%	7.4%	4.9%	5.7%	6.0%	
Diluted Share Cap. (mn)	3,830.1	3,832.5	3,832.5	3,832.5	3,832.5	
<b>Diluted EPS (INR)</b>	<b>2.2</b>	<b>84.6</b>	<b>58.9</b>	<b>73.6</b>	<b>82.7</b>	
Diluted EPS Growth	0.0%	3,833.6%	-30.4%	25.0%	12.3%	
Total Dividend + Tax	0	26,535	22,113	30,958	30,958	
Dividend Per Share (INR)	0.0	6.0	5.0	7.0	7.0	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	4,53,218	8,49,180	10,52,894	13,04,143	15,90,179	
Share Capital	7,660	7,665	7,665	7,665	7,665	
Reserves & Surplus	4,45,558	8,41,515	10,45,229	12,96,478	15,82,514	
Preference Share Capital	0	0	0	0	0	
Minority Interest	72,777	81,759	86,447	91,838	98,038	
Total Loans	13,41,134	10,72,625	9,52,625	8,32,625	7,12,625	
Def. Tax Liab. / Assets (-)	-37,777	-1,19,557	-1,19,557	-1,19,557	-1,19,557	
<b>Total - Equity &amp; Liab.</b>	<b>18,29,352</b>	<b>18,84,008</b>	<b>19,72,409</b>	<b>21,09,050</b>	<b>22,81,286</b>	
Net Fixed Assets	14,55,137	15,61,236	17,09,738	18,33,687	19,48,295	
Gross Fixed Assets	34,71,899	36,36,460	41,75,345	45,55,312	49,54,277	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	21,59,507	24,32,208	26,74,374	29,49,390	32,53,697	
Capital WIP	1,42,745	3,56,984	2,08,767	2,27,766	2,47,714	
Investments	2,63,792	2,29,711	2,38,429	2,48,018	2,58,567	
Current Assets	15,90,039	17,84,702	18,32,300	19,92,464	22,17,918	
Inventories	4,07,554	4,77,883	5,06,626	5,41,962	5,81,388	
Sundry Debtors	3,91,553	4,10,213	4,43,298	4,74,216	5,08,714	
Cash & Bank Balances	3,70,156	4,58,067	4,00,843	4,47,459	5,46,967	
Loans & Advances	4,12,371	4,29,937	4,72,931	5,20,224	5,72,246	
Other Current Assets	8,406	8,603	8,603	8,603	8,603	
Current Liab. & Prov.	14,79,615	16,91,642	18,08,057	19,65,120	21,43,494	
Current Liabilities	7,20,558	9,39,785	9,71,743	10,34,790	11,08,502	
Provisions & Others	7,59,057	7,51,857	8,36,314	9,30,329	10,34,992	
Net Current Assets	1,10,424	93,061	24,243	27,344	74,424	
<b>Total - Assets</b>	<b>18,29,352</b>	<b>18,84,008</b>	<b>19,72,409</b>	<b>21,09,050</b>	<b>22,81,286</b>	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	14,670	2,82,803	3,17,110	3,62,330	4,05,864	
Depn. & Amort.	3,55,223	3,82,289	3,55,589	3,94,110	4,29,355	
Net Interest Exp. / Inc. (-)	1,02,392	99,858	75,947	66,947	57,947	
Inc (-) / Dec in WCap.	44,983	1,51,322	11,593	43,516	52,428	
Others	46,580	1,654	8,538	10,416	12,707	
Taxes Paid	-7,041	38,516	-95,133	-85,148	-95,378	
<b>Operating Cash Flow</b>	<b>5,56,808</b>	<b>9,56,441</b>	<b>6,73,643</b>	<b>7,92,170</b>	<b>8,62,924</b>	
Capex	-3,27,366	-4,88,388	-5,04,090	-5,18,059	-5,43,962	
Free Cash Flow	2,29,442	4,68,053	1,69,553	2,74,111	3,18,961	
Inc (-) / Dec in Investments	-8,705	-11,770	-8,718	-9,590	-10,549	
Others	-1,02,392	-99,858	-75,947	-66,947	-57,947	
<b>Investing Cash Flow</b>	<b>-4,38,464</b>	<b>-6,00,016</b>	<b>-5,88,755</b>	<b>-5,94,596</b>	<b>-6,12,458</b>	
Inc / Dec (-) in Capital	2	5	0	0	0	
Dividend + Tax thereon	0	-26,535	-22,113	-30,958	-30,958	
Inc / Dec (-) in Loans	-1,23,356	-2,68,509	-1,20,000	-1,20,000	-1,20,000	
Others	-31,526	26,526	0	0	0	
<b>Financing Cash Flow</b>	<b>-1,54,880</b>	<b>-2,68,514</b>	<b>-1,42,113</b>	<b>-1,50,958</b>	<b>-1,50,958</b>	
<b>Inc / Dec (-) in Cash</b>	<b>-36,536</b>	<b>87,911</b>	<b>-57,224</b>	<b>46,617</b>	<b>99,508</b>	
Opening Cash Balance	4,06,692	3,70,156	4,58,067	4,00,843	4,47,459	
Closing Cash Balance	3,70,156	4,58,067	4,00,843	4,47,459	5,46,967	

Source: Company, JM Financial

Dupont Analysis		FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin		0.2%	7.4%	4.9%	5.7%	6.0%
Asset Turnover (x)		1.8	2.3	2.3	2.3	2.3
Leverage Factor (x)		4.2	3.0	2.2	1.8	1.6
RoE		1.8%	49.8%	23.7%	23.9%	21.9%

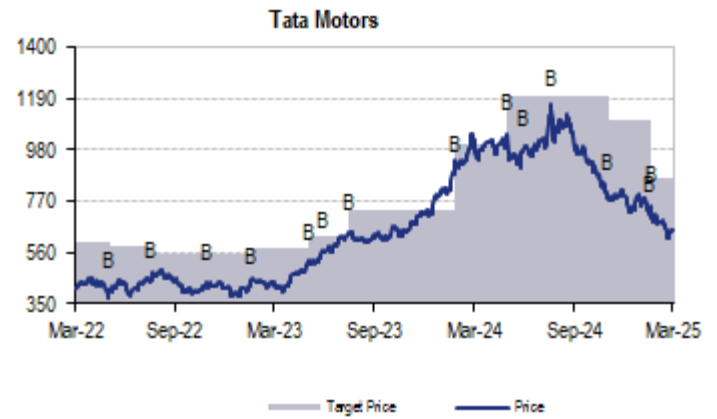
Key Ratios		FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)		118.3	221.6	274.7	340.3	414.9
ROIC		3.0%	28.8%	16.5%	18.2%	18.6%
ROE		1.8%	49.8%	23.7%	23.9%	21.9%
Net Debt/Equity (x)		1.7	0.6	0.4	0.2	0.0
P/E (x)		301.3	7.7	11.0	8.8	7.8
P/B (x)		5.5	2.9	2.4	1.9	1.6
EV/EBITDA (x)		7.8	4.3	4.4	3.8	3.2
EV/Sales (x)		1.0	0.7	0.6	0.6	0.5
Debtor days		41	34	35	35	35
Inventory days		43	40	40	40	40
Creditor days		87	93	90	90	90

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
28-Feb-21	Buy	350	
19-May-21	Buy	365	4.3
27-Jul-21	Buy	365	0.0
13-Oct-21	Buy	525	43.8
2-Nov-21	Buy	525	0.0
31-Jan-22	Buy	600	14.3
13-May-22	Buy	585	-2.5
28-Jul-22	Buy	550	-6.0
9-Nov-22	Buy	550	0.0
26-Jan-23	Buy	575	4.5
14-May-23	Buy	625	8.7
7-Jun-23	Buy	625	0.0
26-Jul-23	Buy	730	16.8
4-Feb-24	Buy	1,000	37.0
12-May-24	Buy	1,200	20.0
11-Jun-24	Buy	1,200	0.0
1-Aug-24	Buy	1,200	0.0
10-Nov-24	Buy	1,100	-8.3
27-Jan-25	Buy	900	-18.2
29-Jan-25	Buy	860	-4.4

## Recommendation History



## APPENDIX I

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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\* REITs refers to Real Estate Investment Trusts.

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