

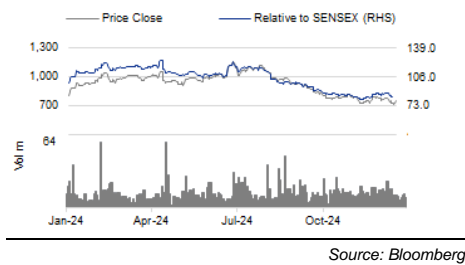
India

**REDUCE** (no change)

Consensus ratings*:	Buy 22	Hold 9	Sell 4
Current price:	Rs753		
Target price:	Rs661		
Previous target:	Rs746		
Up/downside:	-12.2%		
InCred Research / Consensus:	-29.4%		
Reuters:	TAMO.NS		
Bloomberg:	TTMT IN		
Market cap:	US\$36,424m	Rs3,152,695m	
Average daily turnover:	US\$146.4m	Rs12672.4m	
Current shares o/s:	3,680.0m		
Free float:	53.6%		
*Source: Bloomberg			

**Key changes in this note**

- Consolidated sales cut by 9-14% for FY25F-27F.
- EBITDA cut by 5-17% for FY25F-27F.
- PAT cut by 5-12% for FY25F-26F.



<b>Price performance</b>	1M	3M	12M
Absolute (%)	0.3	(10.7)	(10.2)
Relative (%)	2.5	(6.7)	(16.6)

<b>Major shareholders</b>	% held
Tata Group	46.4
LIC	3.0
SBI Mutual Fund	2.4

**Research Analyst(s)**

**Pramod AMTHE**  
T (91) 22 4161 1541  
E pramod.amthe@incredresearch.com

**Ravi GUPTA**  
T (91) 02241611552  
E ravi.gupta@incredresearch.com

# Tata Motors

## Volatile performance continues

- Normalized 3Q EPS dipped 28% yoy to Rs14.1, a big miss to our/BB consensus estimates, due to the car division of India biz & challenges at JLR.
- Short-term demand challenges impacted profit guidance, leading to a sharp EBITDA cut. Improvement in product mix and easing net debt provide comfort.
- Sharp stock dip eases forward P/BV valuation to mean level but with volatile financial performance, risk-reward ratio not yet favourable. Retain REDUCE.

### The EBITDA miss largely due to a decline in JLR's EBITDA

Tata Motors' consolidated EBITDA in 3QFY25 fell 14% yoy but was up 6% qoq at Rs155bn, missing our estimate by 11% and Bloomberg or BB consensus estimate by 3%. We have adjusted a Rs3.5bn production-linked incentive received for prior periods, in net sales. The EBITDA miss was largely due to JLR's EBITDA dip of 11% yoy to £1,060m, a 18% miss to our estimate. Lower depreciation costs (-21% yoy) offset by higher other income led to a normalized PAT dip of 28% yoy but up 82% qoq at Rs52bn, missing our estimate (9%) and a big miss vs. BB consensus estimate (25%). Consolidated automotive division's net debt declined by 13% qoq to Rs192bn.

### Management trims FY25F guidance but hopeful about FY26F

Tata Motors cut JLR's FY25F guidance slightly by 3% in respect of sales & by 200bp on the RoCE front to 20% in order to factor in China challenges (Fig. 12). Adjusted for production-linked incentive, the car division's EBITDA margin rose by 30bp qoq to 6.5% and that of the truck division by 90bp to 11.7%. Management is hopeful of single-digit industry growth in India truck & car segments. The Range Rover EV launch to drive FY26F volume, for which warranty & emission compliance costs to remain high in the short term.

### We reduce FY25F-26F consolidated EBITDA by 12-16%

India automobile demand slowdown, delay in interest rate cut to revive demand and JLR's ASP weakness led to our 9-14% net sales cut for FY25F-27F. The rising competitive intensity limiting the car division's margin recovery & global promotion costs of JLR led to our sharp consolidated EBITDA cut of 12-16% for FY25F-26F. However, low depreciation charges and easing interest costs limit normalized PAT cut to just 5-12% for FY25F-26F.

### Frothy valuation eases but positive triggers missing

The sharp 40% stock price correction from its Aug 2024 peak has eased the forward P/BV valuation close to the 10-year mean level (Fig. 19). However, building in the sharp cut in our estimates, we lower our sum-of-the-parts or SOTP-based target price to Rs661 (from Rs746 earlier). With tariff challenges in global trade and volatile currency movement, JLR will be vulnerable, despite its improved product mix and new vehicle launch plans. Increased competition in India's electric car and small truck segments are a cause of concern. We maintain our REDUCE rating on Tata Motors. Key upside risks: Success of new products and demand stimulus benefits.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	3,459,670	4,379,278	4,432,623	5,130,251	6,029,002
Operating EBITDA (Rsm)	377,099	688,893	656,143	795,176	931,371
Net Profit (Rsm)	(33,642)	318,865	204,094	268,499	320,307
Core EPS (Rs)	(9.7)	63.6	55.5	73.0	87.0
Core EPS Growth	(59.3%)	(759.3%)	(12.9%)	31.6%	19.3%
FD Core P/E (x)	(82.31)	8.68	13.57	10.31	8.65
DPS (Rs)	2.0	4.0	6.0	8.0	8.0
Dividend Yield	0.28%	0.55%	0.83%	1.11%	0.00%
EV/EBITDA (x)	9.89	4.64	4.95	4.14	3.44
P/FCFE (x)	(95.89)	9.66	(31.33)	(83.73)	35.60
Net Gearing	168.5%	36.9%	36.1%	33.7%	22.0%
P/BV (x)	6.11	3.26	2.69	2.18	1.74
ROE	(7.9%)	36.0%	21.7%	23.4%	22.4%
% Change In Core EPS Estimates			(9.50%)	(2.97%)	4.13%
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Volatile performance continues

### Management conference-call highlights ►

Jaguar and Land Rover

- **FY25F guidance:** Tata Motors broadly maintained its FY25F overall guidance; however, it slightly cut revenue guidance (from £30bn to £29bn) and RoCE guidance (22% to 20%) due to weak demand and high discount levels persisting in China's passenger vehicle or PV market. In 4QFY25F, JLR needs to achieve 10% EBIT to meet its guidance.
- **Financial performance:** The EBIT margin stood at 9.0% in 3QFY25, up from 8.8% in 3QFY24, on the back of a higher volume, improved mix and favourable changes in structural costs offset by increased variable marketing expenses warranty costs, and forex costs.
- **Product mix:** The mix, comprising Range Rover, Range Rover Sport and Defender, increased to 70% of total wholesales vs. 62% in 3QFY24.
- **Region-wise performance:** The UK, US and Europe markets saw sequential growth in wholesale volume while the Chinese market continues to witness pressure led by heavy discounts and weak demand in the premium PV segment.
- **Costs front:** Variable marketing expenses are likely to sustain their elevated levels while warranty costs peaked during the quarter.
- **Depreciation:** It is expected to remain stable for nine months but may accelerate from Nov 2025F as born electric vehicle or BEV production begins.
- **Upcoming launches:** The new Range Rover is set to be launched in CY25F, followed by the first BEV launch in mid-2026F, and Jaguar's debut model to arrive in late summer 2026F.

### Tata Motors' commercial vehicles

- **Industry outlook:** Industry volume remained flat in 3QFY25 vs. the 11% yoy decline recorded in 2QFY25. Management believes the growth in 4QFY25F will be flat amid improved utilization, freight rates, transporter profitability and the Customer Sentiment Index.
- **Financial performance:** EBIT at 9.6% grew by 100bp YoY, driven by cost savings and PLI incentives, but partially offset by adverse volume and product mix.
- **Electric mobility:** 200+ EV buses registered in 3QFY25. ACE EV volume saw 26% yoy and 40% YTD growth on the back of recent launches,
- **Buses and vans:** Tata Motors has a 38% market share YTD and it plans to come up with multi-fuel option vehicles. Sees utilization improvement of 30% in state-owned buses.
- **Vehicle financing availability:** It has been under pressure across the board, but management expects improvement as the utilization increases.

### Tata Motors' passenger vehicles

- **Industry outlook:** The PV industry saw a 2% growth yoy in 9MFY25, which is likely to sustain in FY25F. Management expects a 5-6% growth in FY26F aided by some relief in the forthcoming Union budget and easing interest rates. In 4QFY25F, management expects a qoq growth in wholesales on the back of lower channel inventory and the festive season in Mar 2025.
- **Financial performance:** The ASP declined on the back of high discounts. The EBITDA margin was up 120bp, reflecting cost optimization efforts and the PLI scheme credit of Rs1.8bn. Management plans to utilize the PLI incentives for meeting the marketing and product development expenses in the EV segment.
- **Retail market share and alternative powertrain:** Held retail market share at 13.3% and alternative powertrains continue to increase the penetration of CNG

& EV vehicles to 35%, which helped in keeping portfolio emissions well below CAFE norms.

- **Inventory level:** Industry channel inventory had reduced significantly ahead of the new year on the back of higher levels of discounts. Tata Motors, with a moderation in wholesales, brought down its channel inventory to less than 25 days.
- **Tata Curvv:** The model faced ramp-up problems but now they stand resolved. Automated model delays are fixed and should drive growth. Awareness efforts are key for the new body style.
- **Electric vehicles:** Management noted the rising competition in the Rs0.8-2.2m EV segment. Tata Motors is focusing on models below that price range. Continued efforts on the charging infrastructure front should also contribute to growth.

Figure 1: Quarterly results comparison

Y/E Mar (Rs m)	3QFY25	3QFY24	yoy % chg	2QFY25	qoq % chg	9MFY25	9MFY24	yoy % chg	Comments for the quarter
Revenue	11,32,970	11,05,771	2.5	10,14,500	11.7	32,27,950	31,79,415	1.5	7% below our estimate.
Raw material costs	6,94,220	6,82,777	1.7	6,22,350	11.5	19,75,700	19,89,708	(0.7)	
RM as % of revenue	61.3	61.7	(47)	61.3	(7.1)	61.2	62.6	(137)	
EBITDA	1,55,270	1,80,737	(14.1)	1,46,160	6.2	4,84,110	5,02,075	(3.6)	11% below our estimate.
<b>EBITDA margin (%)</b>	<b>13.7</b>	<b>16.3</b>	<b>(264.0)</b>	<b>14.4</b>	<b>(70.2)</b>	<b>15.0</b>	<b>15.8</b>	<b>(79.4)</b>	61bp below our estimate.
Depreciation & amortization	54,080	68,500	(21.1)	60,050	(9.9)	1,79,870	2,01,196	(10.6)	16% below our estimate.
Product development cost write-off	27,730	27,404	1.2	29,450	(5.8)	84,770	77,046	10.0	-
EBIT	73,460	84,833	(13.4)	56,660	29.7	2,19,470	2,23,832	na	
Interest expenses	17,250	24,849	(30.6)	20,340	(15.2)	58,470	77,520	(24.6)	5% below our estimate.
Interest & investment income	17,900	14,988	19.4	15,660	14.3	49,310	44,901	9.8	-
Pre-tax profit	74,110	74,972	(1.2)	51,980	42.6	2,10,310	1,91,213	na	-
Tax	20,960	5,418	286.9	23,170	(9.5)	75,910	43,076	76.2	
Tax rate (%)	28	7	na	45	(36.6)	36	23	60.2	
Net profit	53,150	69,554	na	28,810	84.5	1,34,400	1,48,137	(9.3)	-
Minority interest/ profit of associate cos.	(1,308)	2,741	(147.7)	(250)	423.2	(1,528)	7,027	(121.7)	
<b>Net profit after minority interest</b>	<b>51,842</b>	<b>72,295</b>	<b>na</b>	<b>28,560</b>	<b>81.5</b>	<b>1,32,872</b>	<b>1,55,164</b>	<b>(14.4)</b>	3% below our estimate.
Exceptional items	3,530	(33)	na	4,240	na	10,960	5,240	na	
Adjusted EPS (Rs)	14.1	19.7	na	7.8	81.5	36.1	42.2	na	

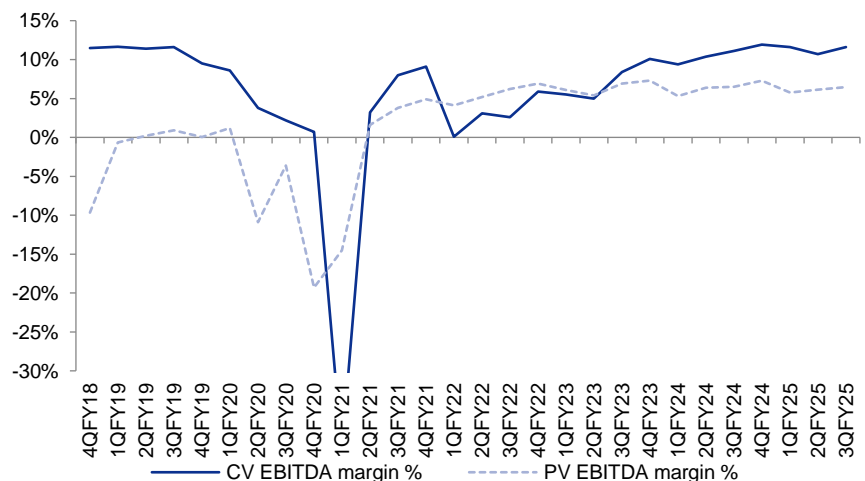
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Wholesale volume mix (units) - weakness across segments except in SUV

Segment (units)	3QFY25	3QFY24	yoy (%)	2QFY25	qoq (%)	9MFY25	9MFY24	yoy (%)
M&HCVs	44,023	44,365	-1%	39,433	12%	1,21,744	1,23,795	-2%
LCVs	47,237	47,370	0%	44,848	5%	1,37,062	1,49,343	-8%
UVs	1,14,978	1,01,850	13%	1,02,984	12%	3,18,043	2,73,974	16%
Cars	24,446	36,025	-32%	27,769	-12%	89,415	1,41,971	-37%
Total Commercial Vehicles	91,260	91,735	-1%	84,281	8%	2,58,806	2,73,138	-5%
Total Passenger Vehicles	1,39,424	1,37,875	1%	1,30,753	7%	4,07,458	4,15,945	-2%
<b>Total Vehicle Volume</b>	<b>2,30,684</b>	<b>2,29,610</b>	<b>0%</b>	<b>2,15,034</b>	<b>7%</b>	<b>6,66,264</b>	<b>6,89,083</b>	<b>-3%</b>

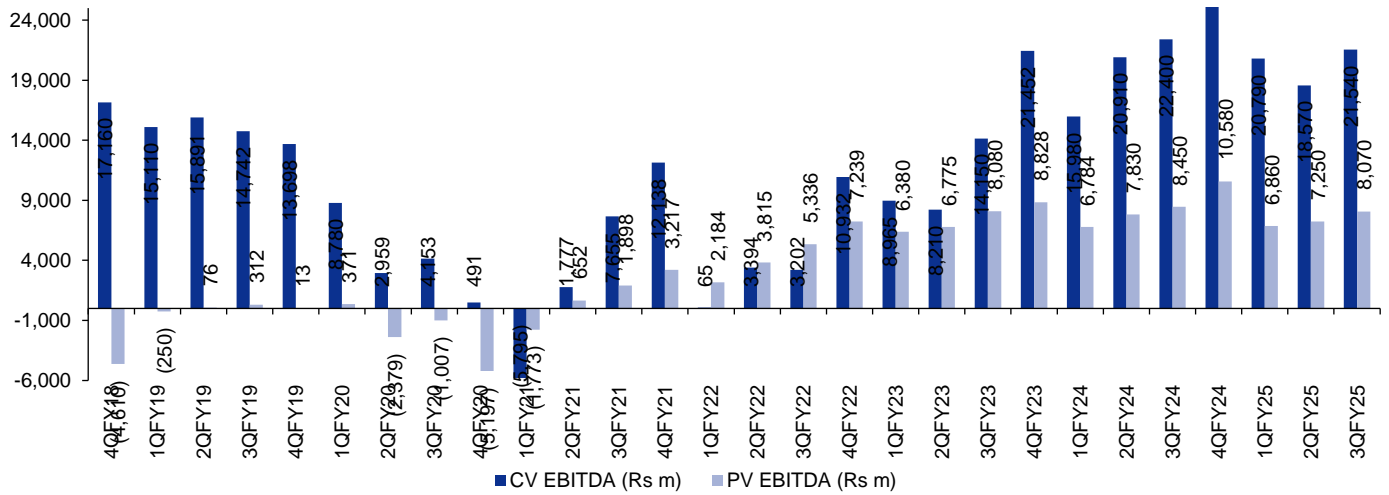
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Tata Motors India division's quarterly EBITDA margin improves sequentially



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Tata Motors' commercial and passenger vehicle segments' EBITDA levels



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: JLR's retail trend for the quarter is weak barring IPACE and the RR family

Jaguar Retails	3QFY25	3QFY24	%yoy	2QFY25	%qoq	9MFY25	9MFY24	%yoy
XE	2,153	2,540	-15%	2,320	-7%	7,246	9,395	-23%
XF	2,389	3,936	-39%	2,834	-16%	8,596	10,918	-21%
F-TYPE	391	838	-53%	990	-61%	1,912	2,678	-29%
E-PACE	1,107	2,644	-58%	1,965	-44%	4,580	6,663	-31%
F-PACE	3,612	6,173	-41%	5,292	-32%	13,586	15,738	-14%
I-PACE	1,962	978	101%	1,923	2%	5,248	3,415	54%
<b>Total Jaguar</b>	<b>11,614</b>	<b>17,110</b>	<b>-32%</b>	<b>15,324</b>	<b>-24%</b>	<b>41,168</b>	<b>48,807</b>	<b>-16%</b>
LandRover Retails								
Defender	28,321	28,816	-2%	27,414	3%	82,395	86,745	-5%
Discovery Sport	3,332	4,228	-21%	7,545	-56%	10,492	13,164	-20%
Discovery	6,798	7,449	-9%	3,837	77%	21,069	21,086	0%
Range Rover Evoque	11,260	12,018	-6%	12,166	-7%	36,177	34,258	6%
Range Rover Velar	5,473	7,509	-27%	6,878	-20%	18,061	18,626	-3%
Range Rover Sport	17,402	16,430	6%	19,735	-12%	54,068	46,798	16%
Range Rover	22,134	15,581	42%	18,281	21%	57,192	48,211	19%
<b>Total LandRover</b>	<b>94,720</b>	<b>92,031</b>	<b>3%</b>	<b>95,856</b>	<b>-1%</b>	<b>2,79,454</b>	<b>2,68,888</b>	<b>4%</b>
<b>Total JLR Retails</b>	<b>1,06,334</b>	<b>1,09,141</b>	<b>-3%</b>	<b>1,11,180</b>	<b>-4%</b>	<b>3,20,622</b>	<b>3,17,695</b>	<b>1%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: JLR's financials

£m	3QFY25	3QFY24	% yoy	2QFY25	% qoq	9MFY25	9MFY24	% yoy
<b>IFRS</b>								
Net Sales	7,486	7,375	2%	6,475	16%	21,234	21,135	0%
EBITDA	1,060	1,192	-11%	759	40%	2,968	3,336	-11%
<b>EBITDA margin (%)</b>	<b>14.2%</b>	<b>16.2%</b>	<b>-200.3</b>	<b>11.7%</b>	<b>244</b>	<b>14.0%</b>	<b>15.8%</b>	<b>-180.7</b>
Reported Profit	375	592	-37%	283	33%	2083	1814	15%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: JLR's FCF turns marginally positive in 3QFY25, but is behind the full-year target

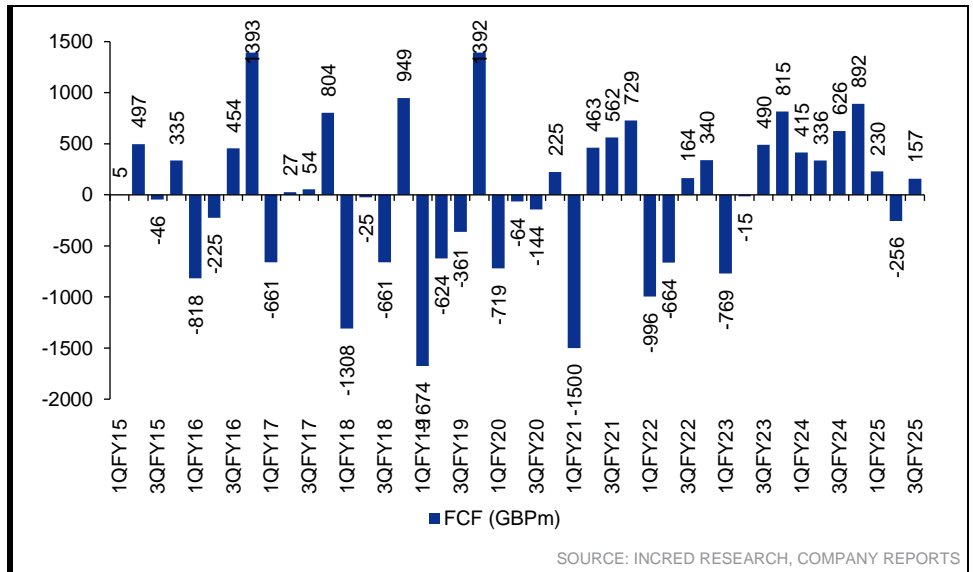


Figure 8: JLR's quarterly gross margin trend

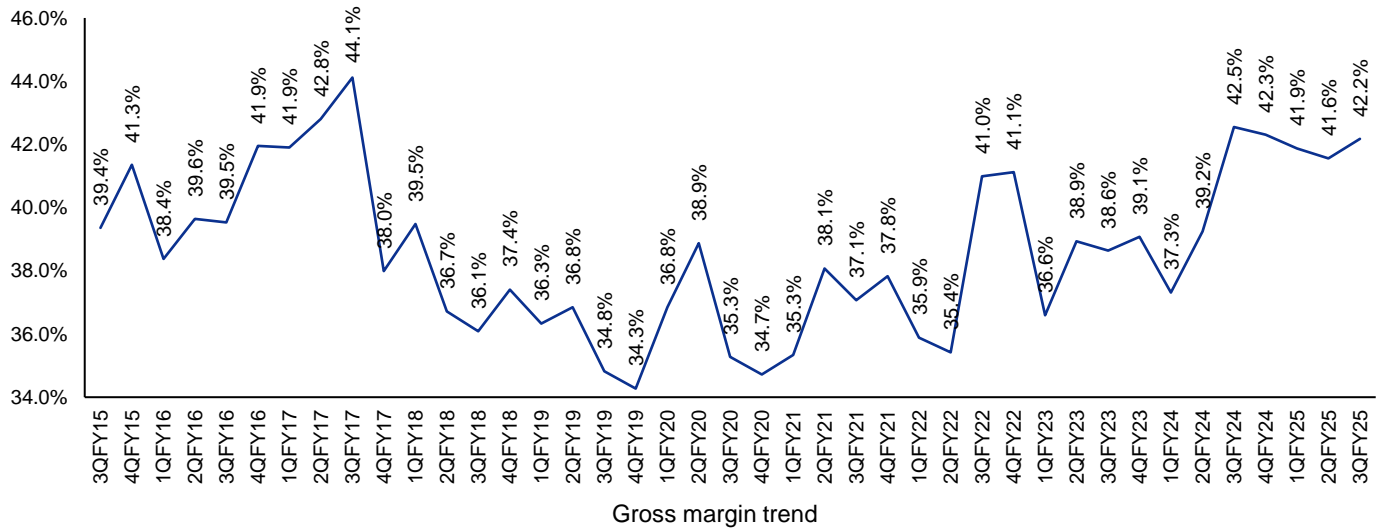


Figure 9: Net automotive segment's debt remains flat

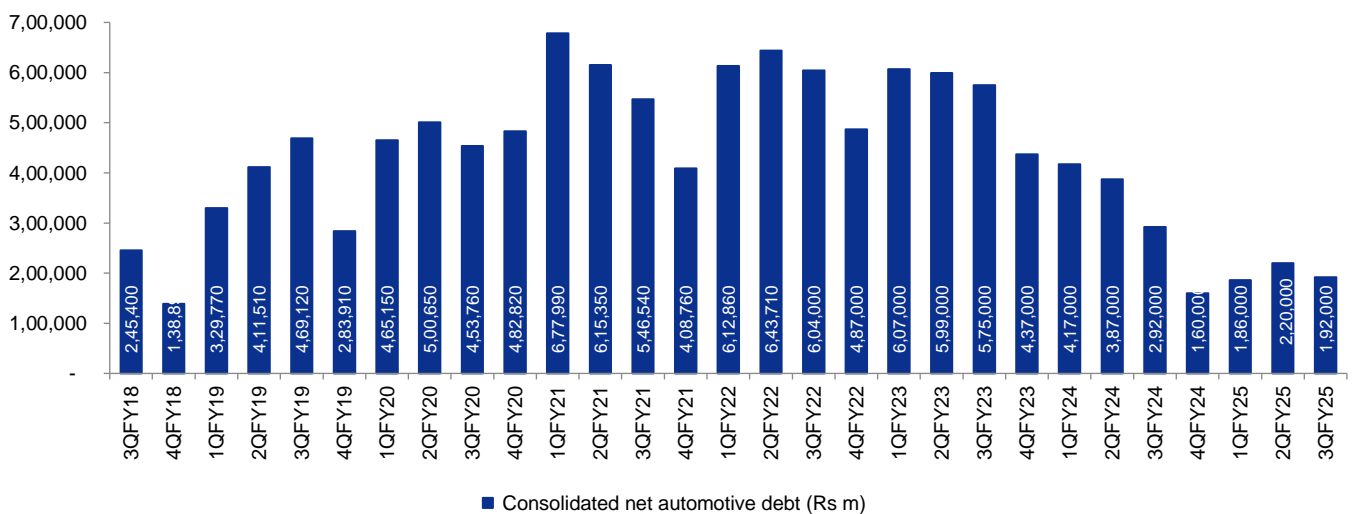


Figure 10: Production-linked incentives received/accrued

Particulars	Tata CV	Tata PV	Consolidated
FY24 (Rs. Cr) – received	40	102	142
YTD FY25 (Rs. Cr) - accrued	129	80	209
<b>Total Claim accounted (Rs. Cr)</b>	<b>169</b>	<b>182</b>	<b>351</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Broadly retains JLR guidance and outlook

	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: INCRED RESEARCH, COMPANY REPORTS

Figure 12: China premium car market trend

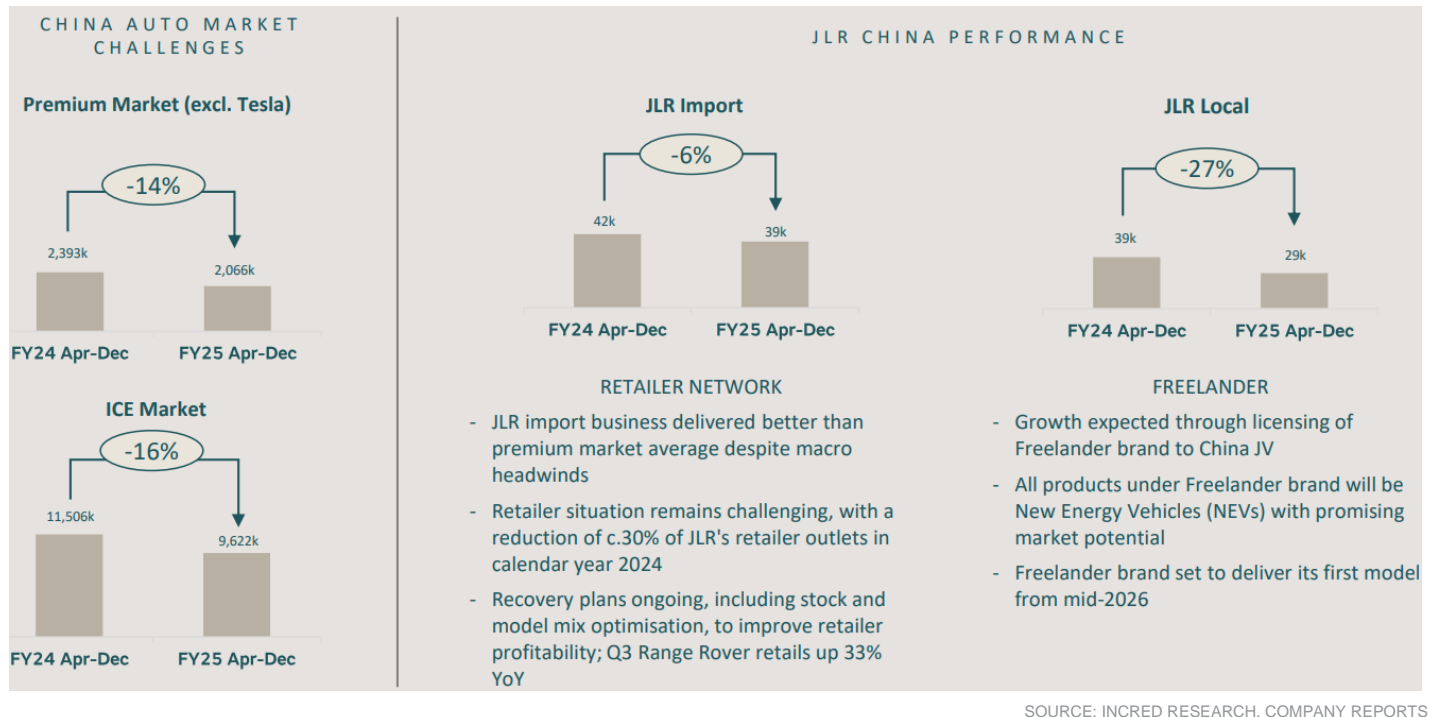




Figure 13: Jaguar enters a new era as type 00 debuts at Miami Art Week

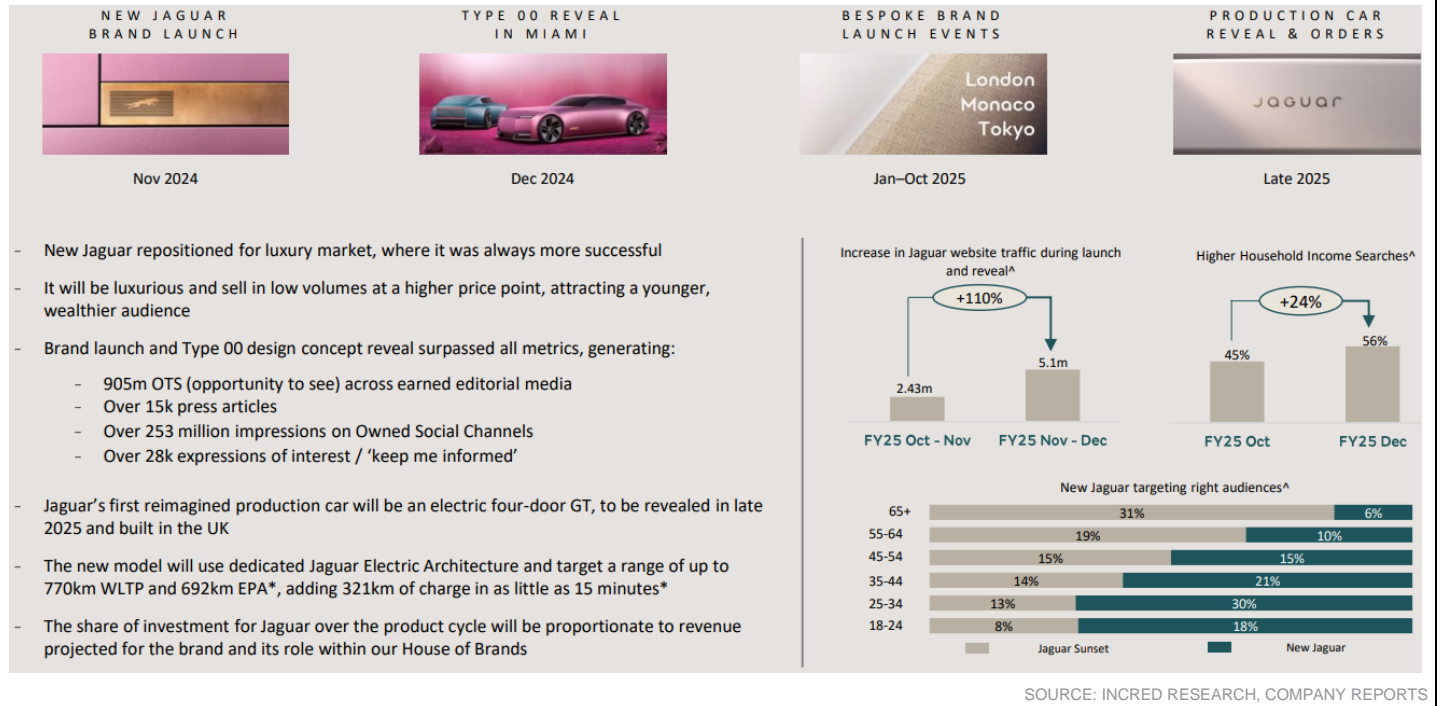


Figure 14: Jaguar Land Rover – debt profile

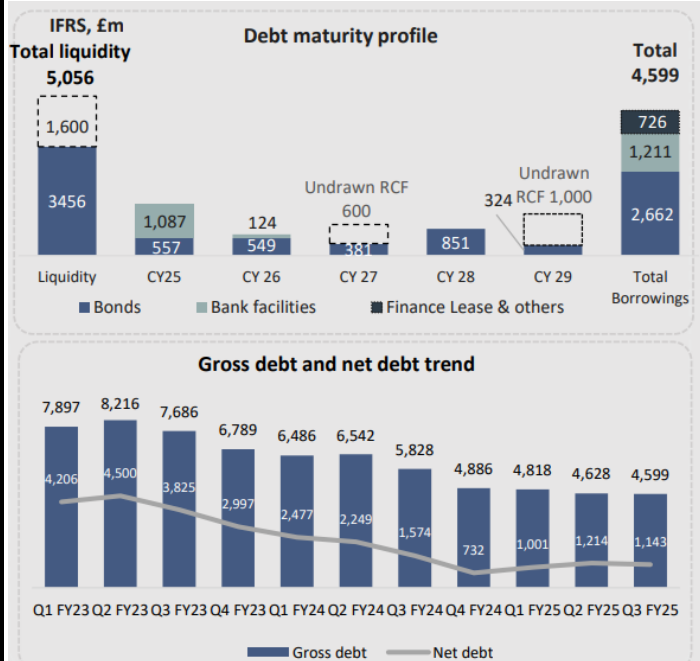


Figure 15: Tata Motors domestic business – debt profile

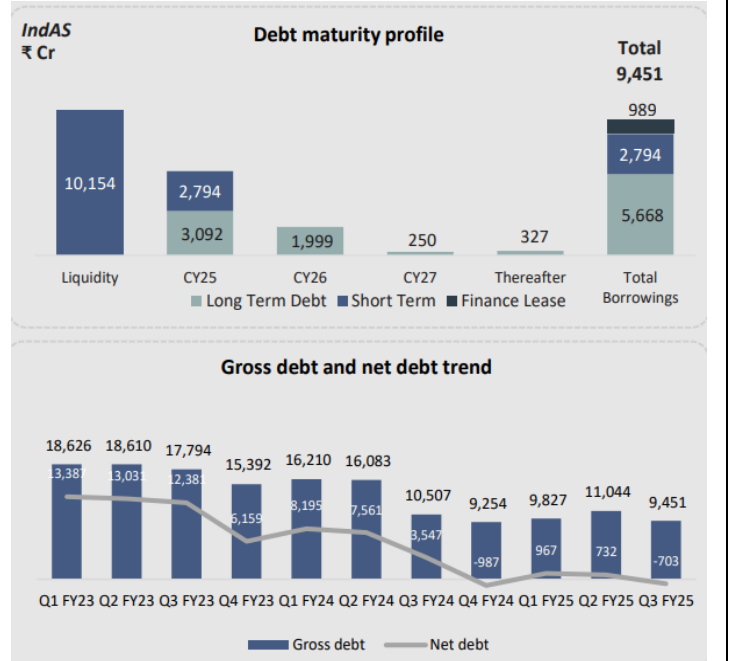


Figure 16: Our revised earnings estimates

	FY25F		FY26F		FY27F	
	Old	New	Old	New	Old	New
<b>Tata Passenger Vehicles</b>						
Volume	6,42,379	5,47,899	7,10,318	6,13,043	7,77,724	6,79,327
Change (%)		-14.7%		-13.7%		-12.7%
Net Sales	5,78,123	4,86,044	6,58,827	5,49,403	7,42,952	6,27,276
Change (%)		-15.9%		-16.6%		-15.6%
EBITDA	38,421	31,091	46,666	39,134	54,567	46,234
Change (%)		-19.1%		-16.1%		-15.3%
PBT	16,821	7,891	23,366	14,634	29,467	20,834
Change (%)		-53.1%		-37.4%		-29.3%
<b>Tata Commercial Vehicles</b>						
Volume	4,39,700	3,83,060	4,96,152	4,27,579	5,47,844	4,75,549
Change (%)		-12.9%		-13.8%		-13.2%
Net Sales	8,76,560	7,49,324	10,18,924	8,57,845	11,47,705	9,77,950
Change (%)		-14.5%		-15.8%		-14.8%
EBITDA	1,00,663	86,463	1,18,636	1,02,576	1,29,952	1,19,408
Change (%)		-14.1%		-13.5%		-8.1%
PBT	74,258	64,504	91,842	80,393	1,01,979	96,157
Change (%)		-13.1%		-12.5%		-5.7%
<b>JLR (Rs m)</b>						
Net Sales	32,786	29,249	39,409	32,998	42,673	38,208
Change (%)		-10.8%		-16.3%		-10.5%
EBITDA	5,397	4,184	6,216	5,145	6,703	6,056
Change (%)		-22.5%		-17.2%		-9.7%
<b>Consolidated (Rs m)</b>						
Net Sales	49,87,719	44,32,623	59,75,592	51,30,251	66,36,087	60,29,002
Change (%)		-11.1%		-14.1%		-9.1%
EBITDA	7,85,593	6,56,143	9,01,034	7,95,176	9,84,625	9,31,371
Change (%)		-16.5%		-11.7%		-5.4%
Normalized PAT	2,31,305	2,04,094	2,81,418	2,68,499	3,17,980	3,20,307
Change (%)		-12%		-5%		1%
EPS (Rs)	60.4	55.5	73.4	73.0	83.0	87.0
Change (%)		-8%		-1%		5%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 17: Key assumptions

	FY22	FY23	FY24	FY25F	FY26F	FY27F
<b>Domestic Sales Volume (units)</b>						
Medium & Heavy Commercial Vehicles	1,44,500	1,77,137	1,82,606	1,79,935	1,98,509	2,21,656
Growth yoy (%)	60.3	22.6	3.1	-1.5	10.3	11.7
Light Commercial Vehicles	2,12,281	2,33,965	2,15,651	1,92,858	2,18,392	2,43,002
Growth yoy (%)	23.1	10.2	-7.8	-10.6	13.2	11.3
Utility Vehicles	2,27,506	3,58,749	3,86,085	4,18,600	4,73,200	5,26,500
Growth yoy (%)	162.5	57.7	7.6	8.4	13.0	11.3
Cars	1,44,670	1,81,749	1,84,722	1,29,299	1,39,843	1,52,827
Growth yoy (%)	6.4	25.6	1.6	-30.0	8.2	9.3
Total Volumes	7,28,957	9,51,600	9,69,064	9,20,692	10,29,945	11,43,985
Growth yoy (%)	50.3	30.5	1.8	-5.0	11.9	11.1
Exports From Above	36,403	19,616	23,541	22,600	35,800	43,000
Growth yoy (%)	76.4	-46.1	20.0	-4.0	58.4	20.1
Domestic Volumes	6,92,554	9,31,984	9,45,523	8,98,092	9,94,145	11,00,985
Growth yoy (%)	49.1	34.6	1.5	-5.0	10.7	10.7
<b>Per Vehicle Assumptions (Rs)</b>						
Net ASP	10,84,883	12,48,262	12,94,524	13,37,710	13,65,348	14,00,012
Growth yoy (%)	11.4	15.1	3.7	3.3	2.1	-
Gross profit per vehicle	2,46,268	2,99,583	3,23,631	3,37,103	3,34,510	3,43,003
Growth yoy (%)	0.9	21.6	8.0	4.2	(0.8)	-
EBITDA per vehicle	46,561	87,418	94,805	86,123	71,715	73,413
Growth yoy (%)	(1.4)	8.8	0.8	(0.9)	(1.7)	-
Profit per vehicle	(40,044)	18,414	23,869	14,816	10,015	23,788
Growth yoy (%)	(4.5)	(14.6)	3.0	(3.8)	(3.2)	-
<b>For JLR</b>						
In Units						
Jaguar	49,510	42,726	49,561	16,355	-	2,000
Growth yoy (%)	(26.5)	(13.7)	16.0	(67.0)	(100.0)	#DIV/0!
Land Rover	2,44,672	2,78,642	3,51,742	4,00,986	4,57,124	5,02,836
Growth yoy (%)	(12.7)	13.9	26.2	14.0	14.0	10.0
Total JLR	2,94,182	3,21,368	4,01,303	4,17,341	4,57,124	5,04,836
Growth yoy (%)	(15.4)	9.2	24.9	4.0	9.5	10.4
EBITDA margin (IND-AS)	14.8%	11.4%	18.4%	14.3%	15.6%	15.8%
ASP per vehicle (£)	62,274.4	71,054.6	72,153.2	70,084.6	72,187.1	75,684.4
Rs/£	101.8	100.5	100.0	97.5	97.2	47.7

SOURCE: INCRED RESEARCH, COMPANY REPORTS



Figure 18: Sum-of-the-parts or SOTP-based target price

	Peer set	Peer set valuation	Valuation Multiple	Value/share (Rs)	Comment
India CV business	Ashok Leyland	FY26F EV/EBITDA multiple	10.0	301	Discount to Ashok Leyland valuation or market share challenges
India Car business	Maruti Suzuki	FY26F PE multiple	15.4	62	Discount to Maruti valuation for peaking market share
India EV division	PV of TPG valuation	PV of FY27F EV valuation		65	15% discount rate to FY27 valuation of USD7bn and 20% holding discount
Jaguar Land Rover	NA	1-year forward EV/EBITDA multiple	1.2	202	Lower band of historical trend for peak profitability from product cycle
China JV	NA	1-year forward P/E	4.0	1.0	In line with Global premium car maker valuation
<b>Subsidiaries</b>					
Tata Daewoo	Ashok Leyland	18.1x FY26F P/E	10.0	2.3	Discount Valuation for its international operations
Telco Construction				5.9	10% discount to stake exchange valuation with Hitachi
Tata Technologies		Mark to market to listed price		46.2	Listed market price
TACO	Bharat Forge	30.5x FY26F P/E consolidate	18.0	0.2	Discount valuations for dependence on Tata Motors
Tata Cummins	Cummins India	36.6x FY26F P/E	25.0	3.9	Discount valuations for dependence on Tata Motors
TML Financial Services	Shriram Transport Finance	10x FY26F P/E	6.0	5.7	Discount valuations for dependence on Tata Motors
Sub Total				64	
Subsidiaries value post 20% holding company discount				51	
Less TML Holding company net debt				21	Rs.78bn holding company net debt
<b>Target Price based on SOTP</b>				<b>661</b>	

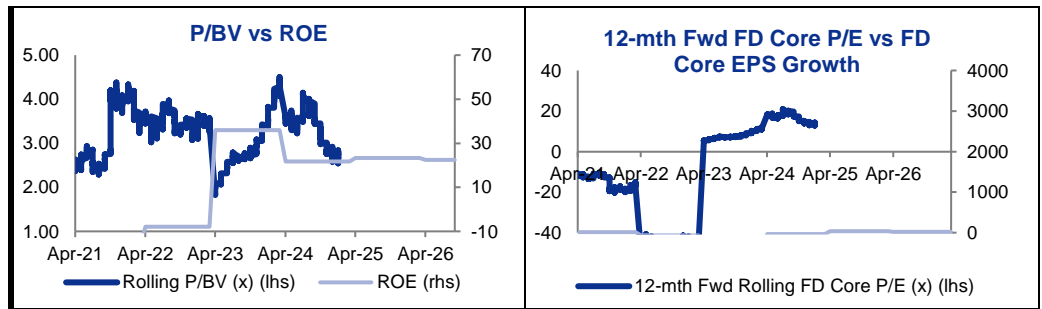
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 19: Forward P/BV valuation at the 10-year mean level



SOURCE: BLOOMBERG, INCRED RESEARCH

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	<b>3,459,670</b>	<b>4,379,278</b>	<b>4,432,623</b>	<b>5,130,251</b>	<b>6,029,002</b>
<b>Gross Profit</b>	<b>1,147,157</b>	<b>1,636,065</b>	<b>1,638,028</b>	<b>1,965,647</b>	<b>2,307,732</b>
<b>Operating EBITDA</b>	<b>377,099</b>	<b>688,893</b>	<b>656,143</b>	<b>795,176</b>	<b>931,371</b>
Depreciation And Amortisation	(355,223)	(382,289)	(353,468)	(386,306)	(439,019)
<b>Operating EBIT</b>	<b>21,876</b>	<b>306,605</b>	<b>302,675</b>	<b>408,870</b>	<b>492,353</b>
Financial Income/(Expense)	(102,255)	(99,858)	(74,925)	(70,747)	(66,755)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	46,332	59,499	56,410	57,127	57,542
<b>Profit Before Tax (pre-EI)</b>	<b>(34,047)</b>	<b>266,246</b>	<b>284,160</b>	<b>395,250</b>	<b>483,139</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>(34,047)</b>	<b>266,246</b>	<b>284,160</b>	<b>395,250</b>	<b>483,139</b>
Taxation	(7,041)	(40,351)	(79,565)	(126,480)	(164,267)
Exceptional Income - post-tax	1,885	84,647			
<b>Profit After Tax</b>	<b>(39,203)</b>	<b>310,542</b>	<b>204,595</b>	<b>268,770</b>	<b>318,872</b>
Minority Interests	2,198	1,326	(4,000)	(4,400)	(3,520)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	3,364	6,998	3,499	4,129	4,955
<b>Net Profit</b>	<b>(33,642)</b>	<b>318,865</b>	<b>204,094</b>	<b>268,499</b>	<b>320,307</b>
Recurring Net Profit	(35,527)	234,219	204,094	268,499	320,307
<b>Fully Diluted Recurring Net Profit</b>	<b>(35,527)</b>	<b>234,219</b>	<b>204,094</b>	<b>268,499</b>	<b>320,307</b>

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
<b>EBITDA</b>	<b>377,099</b>	<b>688,893</b>	<b>656,143</b>	<b>795,176</b>	<b>931,371</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	6,905	(179,592)	(84,425)	(61,956)	(17,236)
(Incr)/Decr in Total Provisions	19,218	(53,361)	(15,000)	(80,000)	(110,000)
Other Non-Cash (Income)/Expense	(14,653)	(5,789)	(8,000)	(3,000)	2,000
Other Operating Cashflow	1,885	84,647			
Net Interest (Paid)/Received	(55,923)	(40,358)	(18,515)	(13,620)	(9,213)
Tax Paid	(7,041)	(40,351)	(79,565)	(126,480)	(164,267)
<b>Cashflow From Operations</b>	<b>327,490</b>	<b>454,088</b>	<b>450,639</b>	<b>510,121</b>	<b>632,654</b>
Capex	(330,405)	93,774	(379,535)	(427,991)	(442,956)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	114,112	10,425	(109,575)	(110,294)	(106,991)
<b>Cash Flow From Investing</b>	<b>(216,294)</b>	<b>104,198</b>	<b>(489,110)</b>	<b>(538,285)</b>	<b>(549,947)</b>
Debt Raised/(repaid)	(140,076)	(271,514)	(49,911)	(4,911)	(4,911)
Proceeds From Issue Of Shares	1	5	(305)		
Shares Repurchased					
Dividends Paid	(7,658)	(15,316)	(22,974)	(30,632)	
Preferred Dividends					
Other Financing Cashflow					
<b>Cash Flow From Financing</b>	<b>(147,733)</b>	<b>(286,826)</b>	<b>(73,190)</b>	<b>(35,543)</b>	<b>(4,911)</b>
Total Cash Generated	(36,536)	271,460	(111,661)	(63,707)	77,797
<b>Free Cashflow To Equity</b>	<b>(28,880)</b>	<b>286,772</b>	<b>(88,382)</b>	<b>(33,075)</b>	<b>77,797</b>
<b>Free Cashflow To Firm</b>	<b>213,452</b>	<b>658,144</b>	<b>36,454</b>	<b>42,583</b>	<b>149,462</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Total Cash And Equivalents	370,156	641,616	535,440	477,766	560,879
Total Debtors	157,380	251,958	267,172	323,276	379,910
Inventories	407,554	599,901	619,353	730,885	858,926
Total Other Current Assets	690,113	750,000	825,000	920,000	1,040,000
<b>Total Current Assets</b>	<b>1,625,202</b>	<b>2,243,476</b>	<b>2,246,964</b>	<b>2,451,927</b>	<b>2,839,715</b>
Fixed Assets	1,052,922	987,352	1,013,419	1,055,103	1,059,040
Total Investments	263,792	363,792	463,792	563,792	663,792
Intangible Assets	8,406	7,606	7,106	6,606	6,106
Total Other Non-Current Assets					
<b>Total Non-current Assets</b>	<b>1,325,120</b>	<b>1,358,750</b>	<b>1,484,316</b>	<b>1,625,501</b>	<b>1,728,938</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	792,518	899,852	850,092	955,773	1,123,211
Other Current Liabilities	521,555	535,000	550,000	560,000	570,000
<b>Total Current Liabilities</b>	<b>1,314,073</b>	<b>1,434,852</b>	<b>1,400,092</b>	<b>1,515,773</b>	<b>1,693,211</b>
Total Long-term Debt	1,256,605	985,001	935,001	930,001	925,001
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>	<b>1,256,605</b>	<b>985,001</b>	<b>935,001</b>	<b>930,001</b>	<b>925,001</b>
Total Provisions	264,141	251,434	288,434	290,434	292,434
<b>Total Liabilities</b>	<b>2,834,819</b>	<b>2,671,286</b>	<b>2,623,527</b>	<b>2,736,207</b>	<b>2,910,646</b>
Shareholders Equity	453,218	849,180	1,029,995	1,267,862	1,588,168
Minority Interests	72,777	81,759	77,759	73,359	69,839
<b>Total Equity</b>	<b>525,995</b>	<b>930,939</b>	<b>1,107,754</b>	<b>1,341,221</b>	<b>1,658,007</b>

<b>Key Ratios</b>					
	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Revenue Growth	24.2%	26.6%	1.2%	15.7%	17.5%
Operating EBITDA Growth	5.4%	82.7%	(4.8%)	21.2%	17.1%
Operating EBITDA Margin	10.9%	15.7%	14.8%	15.5%	15.4%
Net Cash Per Share (Rs)	(240.88)	(93.31)	(108.58)	(122.89)	(98.95)
BVPS (Rs)	123.16	230.76	279.89	344.53	431.57
Gross Interest Cover	0.21	3.07	4.04	5.78	7.38
Effective Tax Rate		15.2%	28.0%	32.0%	34.0%
Net Dividend Payout Ratio	(21.6%)	6.5%	11.3%	11.4%	
Accounts Receivables Days	14.87	17.06	21.37	21.00	21.29
Inventory Days	59.97	67.02	79.62	77.87	77.97
Accounts Payables Days	117.59	112.59	114.28	104.14	101.96
ROIC (%)	1.3%	20.5%	17.5%	20.6%	21.7%
ROCE (%)	1.2%	16.5%	15.2%	18.8%	20.1%
Return On Average Assets	1.0%	9.2%	7.0%	8.2%	8.5%

<b>Key Drivers</b>					
	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25F</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
ASP (% chg, main prod./serv.)	15.1%	3.7%	3.3%	2.1%	N/A
Unit sales grth (% , main prod./serv.)	30.5%	1.8%	(5.0%)	11.9%	6.3%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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#### **InCred Research Services Private Limited**

**Research Analyst SEBI Registration Number: INH000011024**

Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05<sup>th</sup> floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Mr. Yogesh Kadam

Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incredresearch.com

CIN: U74999MH2016PTC287535

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Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

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- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Definition:

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- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.