

India

July 31, 2025 - 4:01 PM

REDUCE (no change)

Consensus ratings*: Buy 17 Hold 12 Sell 6

Current price:	Rs668
Target price:	Rs642
Previous target:	Rs642
Up/downside:	-3.9%
InCred Research / Consensus:	-13.4%
Reuters:	TAMO.NS
Bloomberg:	TTMT IN
Market cap:	US\$28,150m Rs2,461,039m
Average daily turnover:	US\$114.4m Rs10005.0m
Current shares o/s:	3,680.0m
Free float:	53.6%

*Source: Bloomberg

Key financial forecast

	Mar-26F	Mar-27F	Mar-28F
Net Profit (Rsm)	258,816	311,022	374,230
Core EPS (Rs)	70.33	84.52	101.69
Core EPS Growth	3.9%	20.2%	20.3%
FD Core P/E	9.50	7.91	6.57
Recurring ROE	20.3%	20.4%	20.5%
P/BV (x)	1.77	1.48	1.24
DPS (Rs)	8.00	8.00	
Dividend Yield	1.25%		



Price performance	1M	3M	12M
Absolute (%)	(2.8)	3.8	(42.5)
Relative (%)	(0.3)	2.2	(42.3)

Major shareholders	% 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

Tata Motors

CV division adventures IVECO industrial biz

- Commercial vehicle (CV) division ventures into a leveraged buyout of IVECO listed entity's industrial division for Rs381bn (6x CV division's FY25 FCF).
- While the medium-term synergy potential & market share gains are positives, short-term ones - equity raising, EPS dilution & weak 1Q results - disappoint.
- Domestic CV market share loss may rise as the focus is on consummating the acquisition while product synergy benefits are limited. Retain REDUCE.

About the IVECO all-cash equity deal

- Tata Motors has announced an €3.8bn all-cash stock buyout deal for IVECO listed entity's industrial division (excluding the defence equipment business). This will help Tata Motors to inch up to the No. 4 global CV volume ranking, from No. 6 currently.
- IVECO has a global market share of 13.3% in LCVs and 8.9% in MHCVs. Its revenue mix is tilted towards Europe (74%), South America (11%), and rest of the world (15%).
- Its 1QCY25 performance was weak as the industrial division's EBIT collapsed by 42% yoy to €117bn on just a 10% dip in sales, which is disappointing.
- FCF generation of €250-400m per annum by the industrial division consistently (~30% of EBIT) for the last three years and a net cash position of €1.9bn provide comfort. IVECO management's 'Unlimited Pathways' strategy is – a sales CAGR of 5% with a EBIT margin increase of 200bp and €0.75bn per annum FCF by CY28F.
- Post-merger, Tata Motors' management expects a sales mix comprising Europe (50%), India (35%) and South America (15%). It expects RoCE of the combined entity at 20+% and getting new products right along with cost reduction which are key monitorable.

Our take on the deal and end-market benefits

- Little benefit for India CV markets – most of IVECO's products are premium-end high - tonnage trucks, buses and vans, whose market size may be just around 10% of the MHCV volume, and hence the benefits may be limited for India operations.
- Domestic market share erosion can accelerate – with the top management's priority in the next one-to-two years being to absorb the mammoth IVECO (2x sales) & no major launch in the LCV segment, we feel the market share erosion will prolong.
- Medium-term technology investment synergy benefits and India export volume improvement are the best-case benefits from this deal.
- IVECO's engine division (22% of sales) looks promising; however, a slow start in EVs (2,500 units in CY24) & China import threat in Europe bus market are areas of concern.
- Management gave FCF synergy guidance of ~0.5% for the combined entity's sales from FY28F. It expects EPS breakeven in two years and the acquisition-related debt repayment in four years. It plans to fund 35% of the acquisition via equity in the coming one-year period, which, we feel, will lead to a 15-18% dilution in the commercial vehicle or CV division's expected value, post-split, and a 10% downside to our current SOTP-based target price. On the combined Tata Motors entity, we maintain REDUCE rating. Our hopes of buying into the high RoCE India CV business, post-split, goes for a toss.

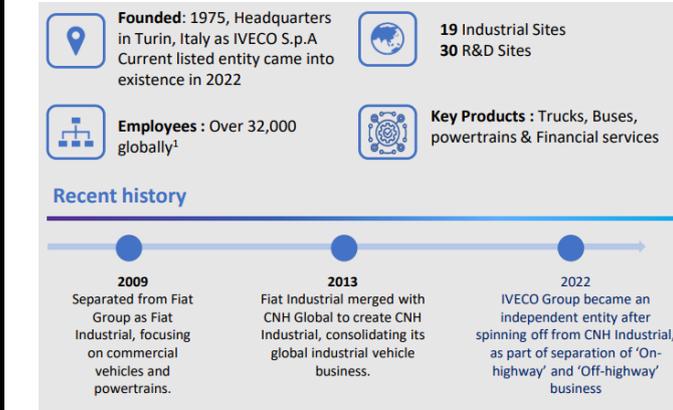
Figure 1: Combined entity CV division's key metrics

INR K Cr	TML (FY25)	IVG (CY24)	Aggregate (Memo)
Volume (#K), >6T Trucks	180	50	230
Volume (#K), Total	385	160	545
Revenue	70	137	207
EBITDA	8	16	25
EBITDA %	11.9%	11.8%	11.8%
EBIT	6	7	14
EBIT %	9.0%	5.3%	6.6%
Capex	3	9	12
FCF	7	3	9

SOURCE: INCRED RESEARCH, COMPANY REPORTS

CV division adventures IVECO industrial biz

Figure 2: IVECO Group N.V. at a glance



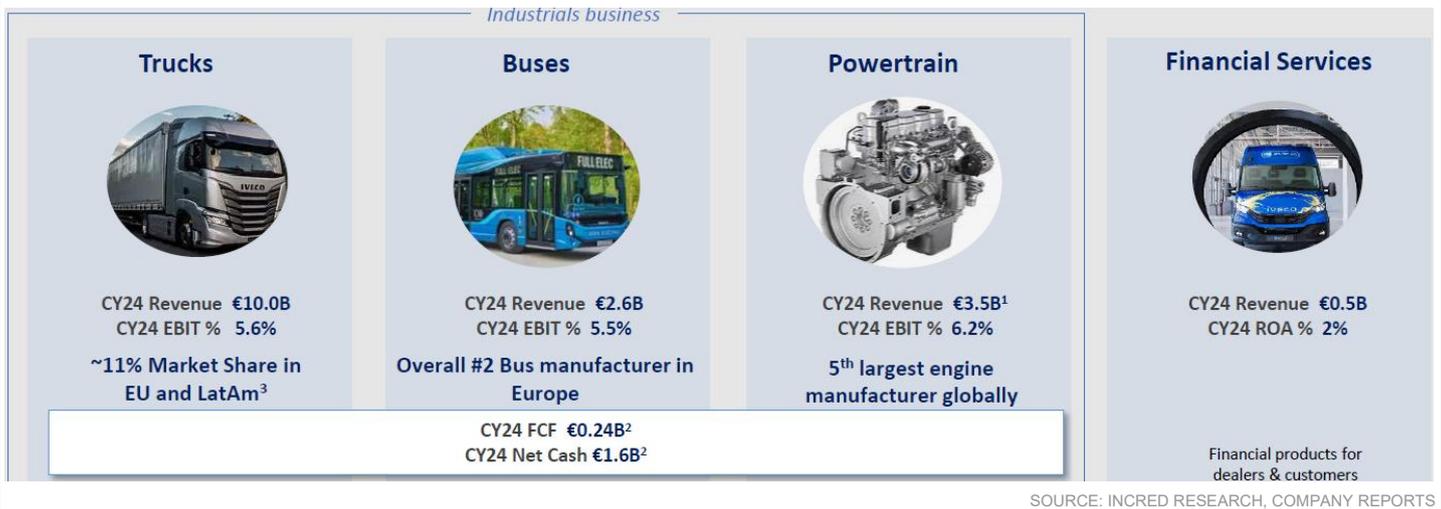
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Product positions of both entities



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: IVECO's various business segments and their performance



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: IVECO scores an edge over peers on RoCE, RoE, EV/EBITDA and P/E fronts but a poor show in terms of sales CAGR, P/BV and dividend yield.

Company	Bloomberg Ticker	Price (local curr)	Market Cap (US\$ m)	P/E(x)		P/BV(x)		RoE (%)		EV/EBITDA (x)		Dividend Yield (%)		Sale CAGR (%)		RoCE	RoIC	
				CY25F	CY26F	CY25F	CY26F	CY25F	CY26F	CY25F	CY26F	CY25F	CY26F	3 years	5 years			
Iveco Group Nv	IVG IM Equity	EUR	19.01	5,894	9.8	7.8	1.8	19.6	18.1	1.3	1.5	1.3	2.4	3.2	7	6	7.2	9.3
Daimler Truck Holding Ag	DTG GR Equity	EUR	42.8	38,745	11.1	8.8	1.5	15.2	13.3	3.3	4.0	3.3	4.2	5.0	11	3	6.2	5.8
Volvo Ab-B Shs	VOLVB SS Equity	EUR	283.6	59,054	14.0	11.9	3.0	23.0	21.6	5.9	6.8	5.9	5.2	6.0	12	4	9.2	9.4
Traton Se	8TRAGY Equity	EUR	30.04	17,171	7.6	5.6	0.8	12.8	10.4	2.7	3.2	2.7	4.4	5.7	16	12	5.9	6.0

SOURCE: BLOOMBERG CONSENSUS ESTIMATE, INCRED RESEARCH, COMPANY REPORTS

Profit & Loss

(Rs mn)	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	4,422,980	4,994,120	5,753,126	6,505,525
Gross Profit	1,733,470	1,897,507	2,192,829	2,490,633
Operating EBITDA	701,110	752,185	876,007	1,005,673
Depreciation And Amortisation	(339,980)	(383,178)	(424,679)	(468,792)
Operating EBIT	361,130	369,007	451,328	536,881
Financial Income/(Expense)	(69,230)	(45,679)	(43,437)	(37,125)
Pretax Income/(Loss) from Assoc.				
Non-Operating Income/(Expense)	64,400	59,798	63,130	64,323
Profit Before Tax (pre-EI)	356,300	383,126	471,021	564,079
Exceptional Items				
Pre-tax Profit	356,300	383,126	471,021	564,079
Taxation	(105,390)	(122,600)	(160,147)	(191,787)
Exceptional Income - post-tax	12,700			
Profit After Tax	263,610	260,525	310,874	372,292
Minority Interests	(5,000)	(5,500)	(4,400)	(3,520)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax	3,212	3,790	4,548	5,458
Net Profit	261,822	258,816	311,022	374,230
Recurring Net Profit	249,122	258,816	311,022	374,230
Fully Diluted Recurring Net Profit	249,122	258,816	311,022	374,230

Balance Sheet

(Rs mn)	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	408,340	488,188	658,949	710,352
Total Debtors	132,480	164,190	204,906	267,350
Inventories	472,690	574,666	598,956	712,934
Total Other Current Assets	596,180	630,000	685,000	720,000
Total Current Assets	1,609,690	1,857,044	2,147,810	2,410,637
Fixed Assets	1,553,760	1,568,586	1,563,215	1,544,538
Total Investments	463,792	563,792	663,792	763,792
Intangible Assets	8,950	8,450	7,950	7,450
Total Other Non-Current Assets				
Total Non-current Assets	2,026,502	2,140,828	2,234,957	2,315,780
Short-term Debt				
Current Portion of Long-Term Debt				
Total Creditors	973,680	957,776	1,024,529	1,211,988
Other Current Liabilities	677,952	600,000	630,000	570,000
Total Current Liabilities	1,651,632	1,557,776	1,654,529	1,781,988
Total Long-term Debt	624,990	619,990	614,990	609,990
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities				
Total Non-current Liabilities	624,990	619,990	614,990	609,990
Total Provisions	384,350	368,690	395,690	297,690
Total Liabilities	2,660,972	2,546,457	2,665,209	2,689,668
Shareholders Equity	1,161,440	1,390,816	1,661,358	1,984,068
Minority Interests	66,100	60,600	56,200	52,680
Total Equity	1,227,540	1,451,416	1,717,558	2,036,748

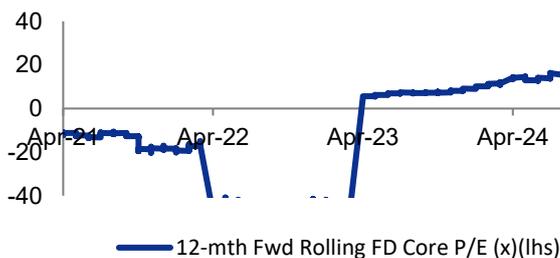
Cash Flow

(Rs mn)	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	701,110	752,185	876,007	1,005,673
Cash Flow from Invt. & Assoc.				
Change In Working Capital	76,126	(149,590)	1,748	11,036
(Incr)/Decr in Total Provisions	218,263	(131,192)		(195,000)
Other Non-Cash (Income)/Expense	64,487	3,760	2,000	2,000
Other Operating Cashflow	12,700			
Net Interest (Paid)/Received	(4,830)	14,118	19,693	27,198
Tax Paid	(105,390)	(122,600)	(160,147)	(191,787)
Cashflow From Operations	962,465	366,681	739,300	659,120
Capex	(584,824)	(145,684)	(419,308)	(450,115)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/Investments				
Other Investing Cashflow	(45,062)	(106,799)	(103,841)	(101,172)
Cash Flow From Investing	(629,886)	(252,482)	(523,149)	(551,286)
Debt Raised/(repaid)	(359,922)	(4,911)	(4,911)	(4,911)
Proceeds From Issue Of Shares	(305)			
Shares Repurchased				
Dividends Paid	(22,080)	(29,440)	(40,480)	(51,520)
Preferred Dividends				
Other Financing Cashflow				
Cash Flow From Financing	(382,307)	(34,351)	(45,391)	(56,431)
Total Cash Generated	(49,727)	79,848	170,761	51,403
Free Cashflow To Equity	(27,342)	109,288	211,241	102,923
Free Cashflow To Firm	401,810	159,878	259,589	144,959

Key Ratios

	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	1.0%	12.9%	15.2%	13.1%
Operating EBITDA Growth	1.8%	7.3%	16.5%	14.8%
Operating EBITDA Margin	15.9%	15.1%	15.2%	15.5%
Net Cash Per Share (Rs)	(58.87)	(35.82)	11.95	27.27
BVPS (Rs)	315.61	377.94	451.46	539.15
Gross Interest Cover	5.22	8.08	10.39	14.46
Effective Tax Rate	29.6%	32.0%	34.0%	34.0%
Net Dividend Payout Ratio	9.2%	11.8%		
Accounts Receivables Days	12.46	10.84	11.71	13.25
Inventory Days	64.50	61.73	60.16	59.63
Accounts Payables Days	129.84	113.83	101.61	101.66
ROIC (%)	23.4%	22.2%	21.8%	25.6%
ROCE (%)	19.0%	18.6%	20.3%	21.4%
Return On Average Assets	8.7%	7.7%	8.2%	8.8%

12-mth Fwd Rolling FD Core P/E (x)



Key Drivers

	Mar-25A	Mar-26F	Mar-27F	Mar-28F
ASP (% chg, main prod./serv.)	3.5%	2.3%	N/A	N/A
Unit sales grth (% , main prod./serv.)	(3.9%)	10.0%	5.9%	N/A

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DISCLAIMER

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000011024. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. While every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which is believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made (information barriers and other arrangements may be established, where necessary, to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short-term views, etc.) that are inconsistent with and reach a different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

Research Analyst or his/her relative(s) or InCred Research Services Private Limited or our associate may have any financial interest in the subject company.

Research Analyst or his/her relatives or InCred Research Services Limited or our associates may have actual or beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report.

Research Analyst or his/her relative or InCred Research Services Private Limited or our associate entities may have any other material conflict of interest at the time of publication of the Research Report.

In the past 12 months, IRSPL or any of its associates may have:

- a) Received any compensation/other benefits from the subject company,
- b) Managed or co-managed public offering of securities for the subject company,
- c) Received compensation for investment banking or merchant banking or brokerage services from the subject company,
- d) Received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company

We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.

Research Analyst may have served as director, officer, or employee in the subject company.

We or our research analyst may engage in market-making activity of the subject company.

Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based on any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.

Registration granted by SEBI, membership of a SEBI recognized supervisory body (if any) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

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: 05th 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

Recommendation Framework**Stock Ratings**

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.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- 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.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- 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.