

17 June 2025

India | Equity Research | Company Update

## Tata Motors

Automotives

### Well positioned to navigate near-term challenges

Jaguar Land Rover (JLR) hosted its Investor Day on 16 Jun'25. The company guided for 5-7% EBIT margin for FY26 (vs. 8.5% in FY25). In the US, the company is taking measures including reallocating vehicles to more accessible markets and pricing actions, to help counter the impact from tariffs. We expect near-term performance in JLR to be strained amid US tariff-related uncertainties, and weak demand trends in China. JLR expects its FCF to decline to near-zero in FY26 (compared to GBP 1.5bn in FY25), before improving YoY in FY27 and FY28, as the new models ramp up. For its domestic business, TTMT is focusing on regaining growth momentum via new launches and on margin expansion. Maintain **ADD** with an SoTP-based target price of INR 775 (unchanged), implying 11x/2x FY27E India/JLR EV/EBITDA.

### Ongoing uncertainties to impact near-term performance

On the tariffs front, JLR mentioned that it is engaging with the US government. The UK-US trade deal is expected to reduce tariffs from 27.5% to 10%, although tariffs on Slovakia (where the Defender SUV is produced) will remain contingent on EU tariff deal. JLR is actively redirecting supply to more accessible markets and is assessing pricing actions in the US to help mitigate the financial impact from tariffs. In China, despite underperformance in FY25, due to broader sectoral challenges, JLR aims to propel growth with initiatives such as: 1) prioritising growth in the higher price segment; 2) retail network optimisation; 3) brand building; and 4) venturing into a new segment with the introduction of Freelander in H2FY26. However, we expect JLR volumes to remain under pressure in the near term led by: 1) weak demand trends in China; 2) US tariff related uncertainty; 3) run-down of Jaguar's exiting models.

### JLR cuts FY26 EBIT margin guidance

JLR revised its FY26 EBIT margin guidance from 10% previously to a range of 5-7% now – also lower vs. the 8.5% margin delivered in FY25. In the near to medium term, the company is facing challenges including currency volatility, elevated capex (GBP 3.8bn in FY26 vs GBP 3.2bn in FY25), higher working capital requirement and product transition related costs. In FY26, the company expects its FCF to decline to near-zero, compared to GBP 1.5bn in FY25, with improvement in FY27 and FY28 based on new model ramp up.

### Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	43,40,160	43,96,950	46,14,358	50,24,839
EBITDA	6,88,160	6,67,700	6,17,303	7,27,574
EBITDA %	15.9	15.2	13.4	14.5
Net Profit	3,30,320	2,34,250	1,97,970	2,57,737
EPS (INR)	86.1	63.7	53.8	70.0
EPS % Chg YoY	3,904.8	(26.1)	(15.5)	30.2
P/E (x)	8.3	11.2	13.2	10.2
EV/EBITDA (x)	4.7	4.0	4.7	3.8
RoCE (%)	22.3	14.3	12.5	14.8
RoE (%)	50.7	23.3	15.9	17.9

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#### Market Data

Market Cap (INR)	2,621bn
Market Cap (USD)	30,444mn
Bloomberg Code	TTMT IN
Reuters Code	TAMO.BO
52-week Range (INR)	1,179 /536
Free Float (%)	57.0
ADTV-3M (mn) (USD)	133.9

Price Performance (%)	3m	6m	12m
Absolute	8.6	(9.9)	(27.8)
Relative to Sensex	(1.2)	(8.7)	(33.4)

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

10-06-2025: [Company update](#)

14-05-2025: [Q4FY25 results review](#)

### Exhibit 1: SoTP-based valuation

	Parameter	Multiple (x)	EBITDA, Sales (INR bn)	Total value (INR bn)	Value / Share (INR)
<b>JLR</b>					
JLR	EV/EBITDA	2.0	481	962	250
CJLR (50% share)	EV/Sales	0.5	73	36	10
<b>Total JLR EV</b>				<b>998</b>	<b>260</b>
Less: JLR net debt				(31)	(5)
<b>JLR equity value</b>				<b>1,029</b>	<b>265</b>
<b>Domestic business EV</b>	EV/EBITDA	11	157	1,732	455
Less: Domestic business net debt				(56)	(15)
<b>Domestic business equity value</b>				<b>1,788</b>	<b>470</b>
Tata Tech. stake at 30% hold co. discount				111	25
Sum of investments @30% discount				53	15
<b>TTMT fair value</b>				<b>2,870</b>	<b>775</b>

Source: I-Sec research

### Downside risks

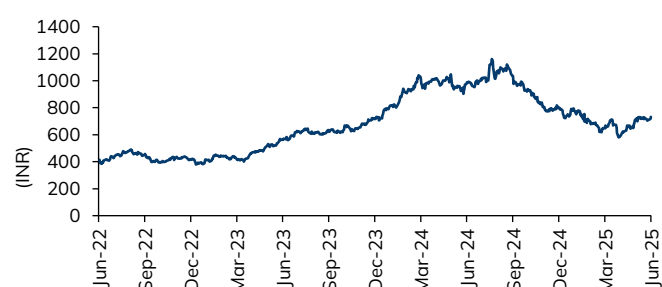
- Weaker-than-expected demand for JLR owing to geopolitical uncertainty.
- Continued weakness/underperformance in domestic CV and PV business.
- Moderation/weakness in margin performance due to demand weakness (hence, higher VME)/ inflationary pressure/volatility in forex.

### Exhibit 2: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	42.6	42.6	42.6
Institutional investors	37.0	34.4	34.7
MFs and others	10.6	11.0	10.6
FIs/Banks	0.8	0.3	0.4
Insurance Cos	4.8	5.1	5.7
FIIIs	20.8	18.7	18.0
Others	20.4	22.3	22.7

Source: Bloomberg, I-Sec research

### Exhibit 3: Price chart



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 4: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Net Sales</b>	<b>43,40,160</b>	<b>43,96,950</b>	<b>46,14,358</b>	<b>50,24,839</b>
Operating Expenses	5,04,550	5,33,720	6,37,757	6,74,374
<b>EBITDA</b>	<b>6,88,160</b>	<b>6,67,700</b>	<b>6,17,303</b>	<b>7,27,574</b>
<b>EBITDA Margin (%)</b>	<b>15.9</b>	<b>15.2</b>	<b>13.4</b>	<b>14.5</b>
Depreciation & Amortization	3,81,980	3,39,720	3,79,078	4,28,901
EBIT	3,06,180	3,27,980	2,38,225	2,98,672
Interest expenditure	75,940	50,830	49,155	40,155
Other Non-operating Income	56,920	62,440	69,933	78,325
<b>Recurring PBT</b>	<b>2,87,160</b>	<b>3,39,590</b>	<b>2,59,003</b>	<b>3,36,842</b>
Profit / Loss from Associates	-	-	-	-
Less: Taxes	(40,240)	1,05,020	60,866	79,158
PAT	3,27,400	2,34,570	1,98,137	2,57,684
Less: Minority Interest	(2,920)	320	167	(53)
Extraordinaries (Net)	(9,870)	(4,660)	-	-
Net Income (Reported)	3,20,450	2,29,590	1,97,970	2,57,737
<b>Net Income (Adjusted)</b>	<b>3,30,320</b>	<b>2,34,250</b>	<b>1,97,970</b>	<b>2,57,737</b>

Source Company data, I-Sec research

### Exhibit 5: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	17,76,110	15,43,070	15,47,082	17,06,975
of which cash & cash eqv.	4,58,070	4,08,340	16,410	33,706
Total Current Liabilities & Provisions	16,91,634	18,26,790	19,33,705	21,13,417
<b>Net Current Assets</b>	<b>84,476</b>	<b>(2,83,720)</b>	<b>(3,86,623)</b>	<b>(4,06,442)</b>
Investments	2,29,710	3,56,560	3,65,017	3,74,320
Net Fixed Assets	12,04,250	11,48,020	17,18,720	18,19,650
ROU Assets	-	-	-	-
Capital Work-in-Progress	3,56,984	6,58,060	2,32,487	2,53,071
Total Intangible Assets	-	-	-	-
Other assets	8,600	8,950	8,950	8,950
Deferred Tax assets	1,19,560	55,070	55,070	55,070
<b>Total Assets</b>	<b>20,03,580</b>	<b>19,42,940</b>	<b>19,93,621</b>	<b>21,04,619</b>
Liabilities				
Borrowings	10,72,640	7,15,400	5,95,400	4,75,400
Deferred Tax Liability	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	7,670	7,360	7,360	7,360
Reserves & Surplus	8,41,510	11,54,080	13,21,093	15,47,872
<b>Total Net Worth</b>	<b>8,49,180</b>	<b>11,61,440</b>	<b>13,28,453</b>	<b>15,55,232</b>
Minority Interest	81,760	66,100	69,769	73,987
<b>Total Liabilities</b>	<b>20,03,580</b>	<b>19,42,940</b>	<b>19,93,621</b>	<b>21,04,619</b>

Source Company data, I-Sec research

### Exhibit 6: Quarterly trend

(INR mn, year ending March)

	Jun-24	Sep-24	Dec-24	Mar-25
Net Sales	10,80,480	10,14,500	1,135,750	11,95,030
% growth (YOY)	5.7	-3.5	2.7	0.4
EBITDA	1,57,850	121,590	1,30,810	1,68,180
Margin %	14.6	12.0	11.5	14.1
Other Income	15,750	15,660	17,900	6,610
Extraordinaries	(430)	-	-	-
Adjusted Net Profit	56,490	34,510	56,040	90,360

Source Company data, I-Sec research

### Exhibit 7: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Operating Cashflow</b>	<b>9,38,662</b>	<b>7,93,486</b>	<b>3,40,845</b>	<b>7,68,127</b>
Working Capital Changes	1,51,310	1,89,006	(2,89,027)	37,115
Capital Commitments	(4,88,078)	(5,84,566)	(5,24,205)	(5,50,415)
<b>Free Cashflow</b>	<b>4,50,585</b>	<b>2,08,920</b>	<b>(1,83,360)</b>	<b>2,17,712</b>
Other investing cashflow	(87,712)	(48,220)	(57,612)	(49,458)
<b>Cashflow from Investing Activities</b>	<b>(5,75,789)</b>	<b>(6,32,786)</b>	<b>(5,81,817)</b>	<b>(5,99,873)</b>
Issue of Share Capital	10	(310)	-	-
Interest Cost	20,061	1,73,655	0	0
Inc (Dec) in Borrowings	(2,68,494)	(3,57,240)	(1,20,000)	(1,20,000)
Dividend paid	(26,535)	(26,535)	(30,958)	(30,958)
Others	-	-	-	-
<b>Cash flow from Financing Activities</b>	<b>(2,74,959)</b>	<b>(2,10,430)</b>	<b>(1,50,958)</b>	<b>(1,50,958)</b>
Chg. in Cash & Bank balance	87,914	(49,730)	(3,91,930)	17,296
Closing cash & balance	4,58,070	4,08,340	16,410	33,706

Source Company data, I-Sec research

### Exhibit 8: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Per Share Data (INR)</b>				
Reported EPS	86.1	63.7	53.8	70.0
Adjusted EPS (Diluted)	86.1	63.7	53.8	70.0
Cash EPS	185.7	156.0	156.8	186.6
Dividend per share (DPS)	6.0	6.2	7.3	7.3
Book Value per share (BV)	221.4	315.6	361.0	422.6
Dividend Payout (%)	7.0	9.8	13.5	10.4
<b>Growth (%)</b>				
Net Sales	25.5	1.3	4.9	8.9
EBITDA	61.6	(3.0)	(7.5)	17.9
EPS (INR)	3,904.8	(26.1)	(15.5)	30.2
<b>Valuation Ratios (x)</b>				
P/E	8.3	11.2	13.2	10.2
P/CEPS	3.8	4.6	4.5	3.8
P/BV	3.2	2.3	2.0	1.7
EV / EBITDA	4.7	4.0	4.7	3.8
EV / Sales	0.7	0.6	0.6	0.6
<b>Profitability Ratios</b>				
Gross Profit Margins (%)	27.5	27.3	27.2	27.9
EBITDA Margins (%)	15.9	15.2	13.4	14.5
EBIT Margins (%)	7.1	7.5	5.2	5.9
Net Profit Margins (%)	7.6	5.3	4.3	5.1
RoCE (%)	22.3	14.3	12.5	14.8
RoE (%)	50.7	23.3	15.9	17.9
Dividend Yield (%)	0.8	0.9	1.0	1.0
<b>Operating Ratios</b>				
Fixed Asset Turnover (x)	2.8	2.4	2.4	2.4
Inventory Turnover Days	40	39	40	40
Receivables Days	34	11	35	35
Payables Days	94	95	90	90
Effective Tax Rate (%)	(14.0)	30.9	23.5	23.5
Net Debt / Equity (x)	0.5	0.0	0.2	0.1
Net Debt / EBITDA (x)	0.7	0.1	0.5	0.2

Source Company data, I-Sec research

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