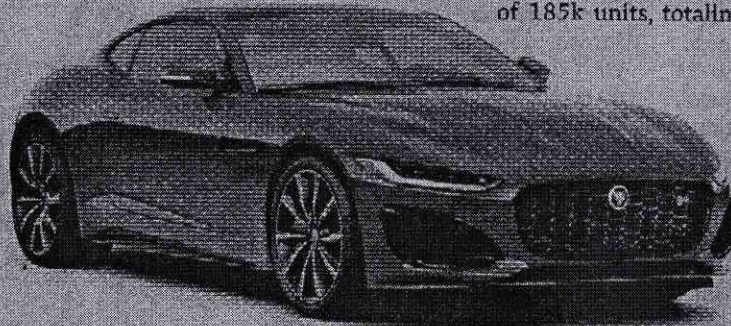


Tata Motors: India business takes lead

JLR too witnesses robust 29% y-o-y wholesale volume growth

JAGUAR LAND ROVER'S (JLR) wholesale volumes, excluding the China joint venture, witnessed a robust growth of 29% y-o-y and a solid 4% q-o-q increase, reaching 96.8k units, surpassing the estimated 92.5k units. The first half of fiscal year 2024 (1HFY24) showed impressive wholesale growth of 29% y-o-y, with a total of 190.1k units. The release did not provide a detailed breakdown of wholesale figures between Jaguar and Land Rover. However, the fact that wholesales exceeded expectations, even with an annual two-week summer shut-



down, suggests that supply-side constraints are gradually diminishing.

Retail volumes (incl. China JV) up 21% y-o-y/35% q-o-q

In the second quarter of the fiscal year, retail sales showed remarkable growth, surging by 21% y-o-y and an impressive 35% q-o-q increase to reach 106.6k units. For the first half of fiscal year 2024 (1HFY24), retail sales increased by 25%, totaling 208.5k units.

Retails experienced growth across all markets, with particularly strong performances in the rest of the world (+56% y-o-y), North America (+32% y-o-y), China (+7% y-o-y), the UK (+9% y-o-y), and the European Union (+16% y-o-y).

However, the order book decreased by 17k units in Q2FY24 compared to the Q1 order book of 185k units, totaling

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(₹ bn)	FY23	FY24E	FY25E
V/E March			
Net sales	3,460	4,363	4,607
Ebitda	318.3	584.0	613.4
Adj. PAT	8.2	157.9	158.0
Adj. EPS (₹)	2.2	41.2	43.0
EPS Gr. (%)	-108	1,816	4
BV/Sh. ₹)	118.3	155.3	200.4
Ratios			
Net D/E (x)	1.0	0.4	0.1
RoE (%)	1.8	30.1	23.7
RoCE (%)	5.0	14.0	12.6
Payout (%)	93.6	7.3	9.8
Valuations			
P/E (x)	288.1	15.0	14.4
P/BV (x)	5.2	4.0	3.1
EV/Ebitda (x)	9.4	4.6	4.1
Div. Yield (%)	0.3	0.5	0.7
FCF Yield (%)	7.8	12.9	4.3

Source: MOFSL, Company

168k units. This decline was attributed to increased order fulfillment. Range Rover, Range Rover Sport, and Defender accounted for 77% of the order book.

Others

The second-quarter free cash flow (FCF) is reported to exceed ₹300

million. During the 1Q earnings call, the management had initially guided for 2Q FCF to be slightly lower than the 1Q figure of ₹451 million.

Given the better-than-expected 2Q wholesale volumes for JLR, we have revised our 2QFY24 revenue, Ebitda, and PAT estimates for JLR to ₹7.2 billion, ₹1.1 billion, and ₹287 million, respectively (previously estimated at ₹6.9 billion, ₹1 billion, and ₹236 million). Additionally, we have raised our 2QFY24 estimates for consolidated revenue, Ebitda, and PAT to ₹1,077.5 billion, ₹137.1 billion, and ₹33.4 billion, respectively.

Valuation and view

Tata Motors' three business segments are currently undergoing various stages of recovery. The commercial vehicle (CV) business in India is poised for a cyclical rebound, while the passenger vehicle (PV) business in India is undergoing a structural recovery. Jaguar Land Rover (JLR) is also experiencing a cyclical recovery,

thanks to a favourable product mix. Nevertheless, supply-side challenges could potentially slow down this recovery process. Although there are no immediate catalysts expected from the JLR business, the India business, which constitutes approximately 50% of the sum of the parts (SoTP), is expected to continue its recovery trajectory.

As of now, the stock is trading at 15x/14.4x FY24E/FY25E consolidated EPS and 4.6x/4.1x FY24E/FY25E consolidated EV/Ebitda. Our 'Buy' rating on the stock remains unchanged, and we have set a target price of ₹740 based on the Sep'25 SoTP valuation.

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