



— 27th March, 2023 —

Tata Motors Limited is an auto company manufacturing passenger cars, sports-utility vehicles, and CVs. In June 2008, it acquired JLR, which specializes in manufacturing premium cars, & Land Rover, which specializes in premium sports utility vehicles. The PV unit was separated into a separate subsidiary effective from January 2022, and the passenger electric mobility business is housed in a separate subsidiary, TPEML.

The company has operations in India, the UK, South Korea, South Africa, China, Brazil, Austria and Slovakia through a strong global network of subsidiaries, associate companies and Joint Ventures (JVs), which include Jaguar Land Rover in the UK and Tata Daewoo in South Korea.

Investment rationale

- **Financial support from Tata Sons and strong financial flexibility:** The company enjoys financial flexibility from tata group and financial support from tata sons.
- **Dominant market position in the domestic CV segment and improving market position in domestic PV:** Company has the dominant player in the domestic CV segment, with a company-reported market share of ~55% in the medium & heavy CVs (MHCVs), ~49% in intermediate light CVs (ILCV), ~39% in small CVs (SCV) and ~39% in buses in fiscal 2022.
- **Strong legacy in the global luxury auto segment:** Company has a strong legacy in the global luxury auto segment. JLR's product-development capabilities enabled successful launches and expansion into new segments, thus enhancing its product portfolio. New products launched in the Land Rover segment, such as Defender and refreshed versions of Range Rover and Range Rover Sport, have gained good traction, with the Land Rover brand contributing around 80% to the overall sales.
- **Improvement in financial performance:** The company's performance improved over the past two quarters with improvement in operating performance across the business segment. Improvement in JLR's performance has been driven by a gradual improvement in specialized chip supplies, healthy demand and improved product mix.
- **Diversified portfolio CV business:** TML has one of the most diversified product portfolios with a presence across light, medium and heavy-duty vehicle segments. While the movement to a demand-pull strategy has resulted in some short-term loss of market share, the focus on lowering discounts has resulted in an improvement in margins.
- **Outlook:** At a CMP of Rs 412, the stock is trading TTM P/S of 0.5(x) to its TTM sales of Rs 3,18,474. Despite global uncertainties, the management is focused on maintaining market shares and profitability. The company has managed to build a healthy pipeline and record robust sales in Q3FY23. The expected rise in chip supply, stable commodity prices and focus on profitable growth will further aid further growth.

Stock Data

CMP	₹412
52 Week High/Low	₹494/366
Face Value	₹2
Market Cap (In Crs)	₹145,613
NSE	TATAMOTORS
BSE	500570
Bloomberg	TTMT:IN
Sector	Automobiles

Shareholding Pattern (in %)

	Sep-22	Dec-22
Promoter	46.40	46.39
FII	14.13	13.89
DII + Govt	14.89	15.35
Public	24.58	24.36

Price Performance (in%)

(%)	1M	6M	1Yr
Nifty 50	(1.82)	0.77	(1.36)
Tata Motors	(3.09)	2.15	(5.78)

Key Ratios

P/S	0.5
Debt To Equity	5.5
ROE	-22.3%
ROCE	1.4%
Dividend Yield	0.0%

Industry Overview

The automobile industry is crucial to both macroeconomic expansion and technological advancement; it has historically been a reliable barometer of how the Indian economy is performing. Due to India's large proportion of young people and expanding middle class, the two-wheeler category dominates the industry in terms of volume. Also, the expanding interest of businesses in investigating the rural markets contributed to the sector's expansion. The demand for commercial vehicles is developing as a result of expanding passenger and logistical sectors. New trends, such as the electrification of vehicles, especially three-wheelers and small passenger cars, are expected to fuel market expansion in the future.

India is the world's largest tractor maker, second largest bus manufacturer, and third largest producer of heavy trucks, giving it a significant position in the market for heavy vehicles. In FY22, 22.93 million automobiles were produced annually in India.

India is a significant exporter of automobiles and anticipates rapid export development in the near term. Additionally, a number of government-sponsored programmes, including the Automotive Mission Plan 2026.

Market Size:

The market for passenger cars in India was estimated at US\$ 32.70 billion in 2021, and by 2027, it is anticipated to have grown to US\$ 54.84 billion, with a CAGR of nearly 9%. By 2025, it is predicted that India's electric vehicle (EV) market will be worth Rs. 50,000 crores (US\$ 7.09 billion). According to a CEEW Centre for Energy Finance report, India might have a US\$206 billion market for electric vehicles by 2030. This will require investing US\$ 180 billion in infrastructure for automotive production.

NITI Aayog and the Rocky Mountain Institute (RMI) estimate that by 2030, the Indian EV finance market will likely be worth Rs. 3.7 lakh crore (US\$ 50 billion). According to a report by the India Energy Storage Alliance, the country's EV industry is anticipated to grow at a CAGR of 36% until 2026. Also, it is anticipated that within the same time period, the EV battery market will grow at a CAGR of 30%. The Indian automobile sector plans to five-fold its car exports between 2016 and 2026. The total number of automobiles exported from India in FY22 was 5,617,244.

Key Positive Factors:

Growing Demand: As a result of rising middle-class incomes and a sizable young population. The total number of passenger vehicles, three-wheelers, two-wheelers, and quadricycles produced in October 2022 was 2,191,090.

Possibilities for electric and autonomous vehicles: By the year 2030, India might be a global leader in shared mobility. To reduce pollutants, electric vehicles are becoming more in demand. By the year 2030, the electric car industry is anticipated to create five crore employment.

Investment growth: From April 2000 and June 2022, the automotive industry attracted cumulative equity FDI inflows of around US\$33.53 billion. By 2023, the Indian government expects that the vehicle industry will bring in \$8–10 billion in domestic and foreign investments.

Conclusion:

The availability of competent labour at reasonable prices, strong R&D facilities, and affordable steel manufacturing are only a few of the elements that influence the automobile business. The sector offers excellent chances for investment as well as direct and indirect employment for both skilled and unskilled labour. By 2030, the electric car industry is anticipated to generate five crore employment.

The Indian government introduced the nation's first double-decker electric bus in Mumbai in August 2022. The government believes that modernising the nation's transportation infrastructure is vital in the long run. It is trying to develop an integrated electric vehicle (EV) mobility ecosystem with a concentration on urban transportation reform,

low carbon footprint, and high passenger density. The government's strategy and policies are intended to promote greater adoption of electric vehicles in response to growing customer demand for cleaner transportation options.

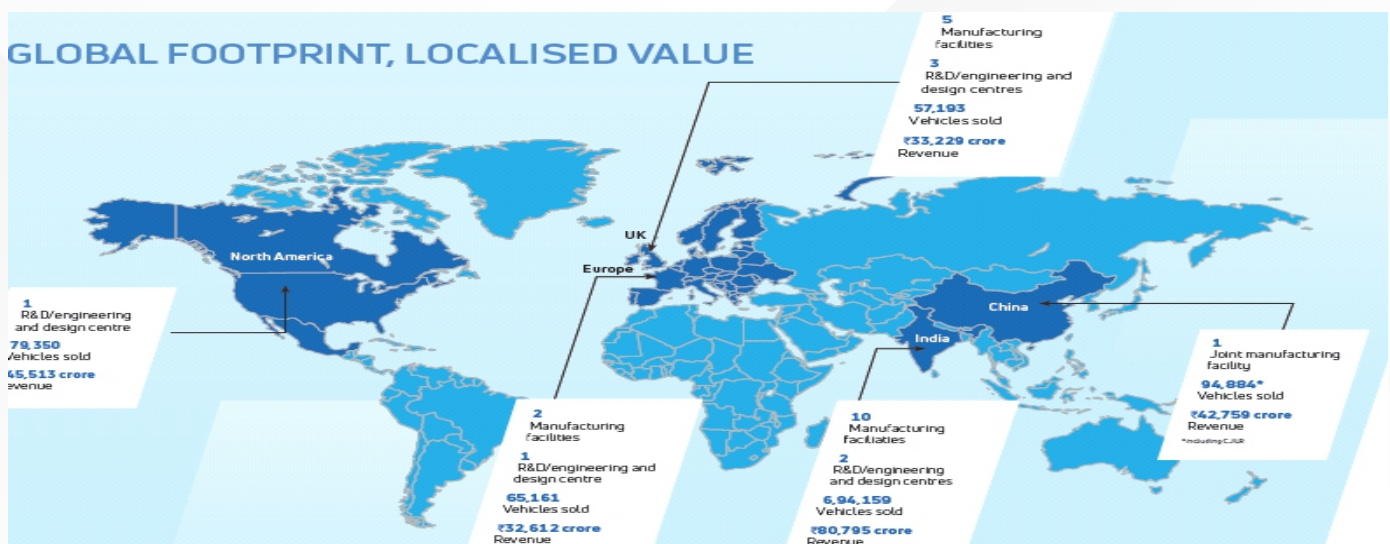
The Government of India expects the automobile sector to attract US\$ 8-10 billion in local and foreign investments by 2023. India could be a leader in shared mobility by 2030, providing opportunities for electric and autonomous vehicles.

The Indian auto industry is expected to record strong growth in 2022-23, post recovering from the effects of the COVID-19 pandemic. Electric vehicles, especially two-wheelers, are likely to witness positive sales in 2022-23.

Company Overview

Incorporated in 1945, Tata Motors Limited is one of India's largest automobile companies. It is the market leader in the domestic CV industry and one of the top three manufacturers of PVs in India. In the domestic CV industry, TML has one of the most diversified product portfolios with a presence across light, medium and heavy-duty segments of the CV industry. The company's product portfolio in the PV segment also spans passenger cars and SUVs. In June 2008, TML acquired JLR from Ford Motor Company for \$2.3 billion. Following the acquisition, TML's business profile underwent a significant change from being a predominantly India-centric OEM to one with a presence in the premium and luxury segment cars and SUVs across multiple markets such as the UK, Europe, North America, China, and other overseas markets. Apart from JLR, which is wholly owned by TML and generated ~70% of its consolidated turnover in FY2022, the company has also historically expanded its operations in India as well as overseas through strategic alliances and mergers and acquisitions. Some of its key subsidiaries include Tata Motors Finance Limited (vehicle financing subsidiary), Tata Technologies Limited (a software firm providing IT solutions to the automotive industry), and Tata Daewoo Commercial Vehicles Company Limited (CV operations in South Korea). The company also operates joint ventures (JVs) with Fiat (for PVs, engines and transmissions). TML has six manufacturing plants in India at Pune (Maharashtra), Lucknow (Uttar Pradesh), Jamshedpur (Jharkhand), Pantnagar (Uttaranchal), Dharwad (Karnataka) and Sanand (Gujarat). In addition, the company's key subsidiary, JLR, operates four principal manufacturing facilities in the UK, as well as manufacturing facilities in Brazil and Slovakia. In FY 2015, JLR opened its inaugural overseas manufacturing facility in China, the China Joint Venture. Moreover, as a Group, TML operates assembly operations at multiple locations around the globe through its subsidiaries and Jvs.

Global Footprint of the Company



Tata Commercial Vehicle New Business Update:

Electric Mobility	TML Smarcity Mobility solution Limited	Digital
Flagged off Ace EV deliveries after completing in market trials with leading e Commerce customers.	Signed definitive agreement with Delhi Transport Corporation, Bengaluru Metropolitan Transport Corporation and Jammu Srinagar for deployment of 1500, 921 and 200 e buses respectively.	Consistently grew Fleet edge, connected truck platform, with total vehicles crossing 337K.
Showcased 8 lead models and concepts envisioned as part of TML CV electrification roadmap.	TML e bus fleet cumulatively crossed 60 million Kms with >95% uptime YTD Dec'22.	Sustained growth in monthly active users of Fleet Edge.
Gearing up operations and supply chain to deliver healthy order pipeline of E buses and Ace EV.	Revenue attributable to this business YTD Dec'22 crossed ₹ 260Cr.	Retails from Digitally sourced leads reached 16% by end of Q3.

Company Overview

Business update

Particular	Key Highlights	Bright Spots	Challenges
Industry	Industry wholesale grew by 23% in Q3FY23 vis à vis Q3 FY22; Highest ever retail @ 10.58 Lakh	Wholesale to improve in Q4 owing to increased supplies, new product launches and lean inventory Progressive EV policies by multiple states likely to support EV growth in Q4 .	Demand to normalise owing to release of pent up demand
	EV industry posted 130% YoY growth in Q3FY23		Time from 'enquiry to retail' increasing.
PV+EV	Industry wholesale: ~0.3 cr in CY 2022		Price increase post BSVI Ph2
	14.1% market share in Q3 FY23; PV and Business YoY growth in Q3 33% and 108% respectively.	Deliveries of Tiago EV commenced;20K+ strong order book will support growth.	Focused demand generation initiatives in specific segments and micro markets
	Highest ever quarterly retail @139K.	New launch : Harrier & Safari Red Dark	Focus on structural material cost reduction and other actions continue for margin improvement
	Highest ever calendar year wholesale: 5.26 Lakh in CY2022; Cumulative EV sales crossed 50K.	BSVI Ph2 transition on track, ahead of deadline.	
	YTD FY23 EV sales @ 32.4K units ; Market Share @ 85%.	Ford, Sanand unit acquisition completed	
		Strong response to product unveils at the AutoExpo	

Product and other highlights

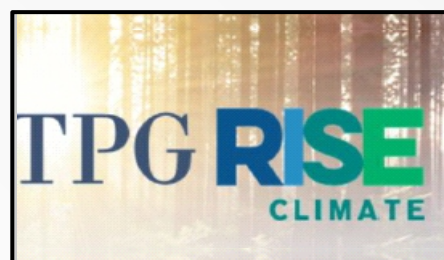
Exciting product range unveiled at Auto Expo 2023 Moving India with Safer, Smarter, Greener mobility solutions. It showcased a unique Hydrogen popularization concept; It unveiled the EV concept and vehicles. Two fuel-agnostic architects. Various value-added services were exhibited, like fleet edge, Sampoorana Seva and E Dukaan.

Acquisition of Ford Sanand Facility complete: On August 7, TPEML & Ford India (FIPL) signed a unit transfer agreement for the acquisition of FIPL's plant in Sanand, Gujarat, including entire land and buildings; vehicle manufacturing plant along with machinery and equipment situated therein; and the transfer of all eligible employees of FIPL's vehicle manufacturing operations at Sanand, for a total consideration of Rs 725 cr.

Drawdown notice for Tranche 2 of Rs 3,750 Cr. issued and funds expected to be received by January end.: We also issued a drawdown notice for the tranche 2 of the Rs. 3,750 crores i.e. \$500 million to TPG Rise and the funds are expected to be received by end of January.

Ongoing chip & other supply constraints gradually improving at JLR: Agreements are in place with critical suppliers across high-risk chips. These provide greater visibility over near-term supply. Expect the trend of gradual improvement to continue in Q4 FY23 and beyond.

JLR Order book grows to new record of 215,000 units: Order backlog for JLR in EU (incl. UK) and RoW markets has surged to 215k units (Dec-22). Given the supply-constrained environment, JLR has focused more on production than marketing, as reflected in a sharp reduction in variable marketing expenses. (VME) to 0.6% in Q3 FY23 (vs >5% earlier). As supplies improve, it has the lever of increasing VME to 2-2.5% to boost volumes, if required.



Comprehensive Investment Rationale

Financial support from Tata Sons and strong financial flexibility: TML continues to benefit from the financial support from Tata Sons and the strong financial flexibility enjoyed by it as part of the Tata Group. This is reflected through funding support over the years, including a cumulative Rs. 6,500 crore equity infusion in November 2019 and January 2021. management's commitment to deleveraging the balance sheet and indication of maintaining the overall borrowings at prudent levels.

Diversified portfolio CV business: supported by a strong and diversified portfolio, high brand equity and well-entrenched market reach - In the domestic CV industry, TML has one of the most diversified product portfolios with a presence across light, medium and heavy-duty vehicle segments. While the movement to a demand-pull strategy has resulted in some short-term loss of market share, the focus on lowering discounts has resulted in an improvement in margins. Further, volumes are expected to improve going forward with a strong product portfolio and strengthening of non-vehicle business with a strong aftermarket service and spares ecosystem.

Improvement in business and financial performance across business segments: The company's performance improved over the past two quarters with improved operating performance across its business segments, which is expected to sustain in the medium term. Improvement in JLR's performance has been driven by a gradual improvement in specialized chip supplies, healthy demand and improved product mix. Going forward, volumes are expected to improve on the back of a strong order book position and easing supply constraints. JLR's operating margin improved to 12.3% in Q3 FY2023 from 4.2% in Q1 FY2023, driven by volume and mix improvement, reduction in breakeven volumes, along with net pricing actions through lower discounting. Margins are expected to remain healthy with increasing scale and a healthy mix. Healthy recovery in the domestic CV demand has supported TML's CV volume growth in 9M FY2023.

although its market share was impacted by the company's strategy of discount reduction. Going forward, TML's strong product portfolio and sustained recovery in the CV demand, driven by a pick-up in infrastructure and construction activities and improvement in the overall macroeconomic environment, are expected to support volume growth in the CV segment. Healthy demand for TML's PV models amidst a strong underlying industry demand outlook is also expected to support volume growth in the PV segment in the medium term. Margins of the domestic CV and PV segments are expected to improve on the back of price hikes taken by TML and easing commodity inflation.

Strong legacy in the global luxury auto segment: Jaguar and Land Rover are iconic brands with a rich heritage in the premium luxury segment. JLR's product-development capabilities enabled successful launches and expansion into new segments, thus enhancing its product portfolio. New products launched in the Land Rover segment, such as Defender and refreshed versions of Range Rover and Range Rover Sport, have gained good traction, with the Land Rover brand contributing around 80% to the overall sales of JLR in the first half of fiscal 2023. While Jaguar has been a drag on profitability, the company is looking to modernize the brand, scale-down loss-making sedans and make it all-electric from 2025. With frequent refreshes and new product launches in the Land Rover segment, TML will continue to maintain its niche position in the global auto market.

Dominant market position in the domestic CV segment and improving market position in domestic PV: TML is the dominant player in the domestic CV segment, with a company-reported market share of ~55% in the medium & heavy CVs (MHCVs), ~49% in intermediate light CVs (ILCV), ~39% in small CVs (SCV) and ~39% in buses in fiscal 2022. Although TML's overall market share, particularly in SCVs and buses, declined over the years, it is likely to stabilize with the management's focus on improving its product portfolio and further enhancing distribution reach. Its strong distribution presence along with service touch points, provides it with a competitive edge. Its captive finance subsidiary arm -- TMFL -- also aids its strong market position. For the first half of fiscal 2023, CV volume grew by over 45% on-year, driven by healthy demand and new product launches.

On the PV front, the company has seen a significant turnaround in operations, led by new product launches, product re-engineering and footprint expansion, leading to increased reliability and acceptance amongst customers. As of September 2022, market share grew to ~14% from a meagre 4.2% in fiscal 2020, which led to the EBITDA margin rising to 5.7% for the first half of fiscal 2023 from a negative -9.4% in fiscal 2020, despite high commodity prices. The medium-term outlook remains favorable, with healthy growth in volumes, which will help improve the margin to expand further.

Tata Technologies IPO could add Rs 25-45/share: Tata Technologies, a 74.4% subsidiary of Tata motors, is a global leader in the ER&D segment with a focus on the automotive industry. In FY22, it had consolidated revenues of Rs 3530 cr and a PAT of Rs 440 cr. It derived Rs 1200 cr (or 34% of revenues) from the tata motors group. Tata Technologies is evaluating a possible IPO, which will help TTMT monetize part of its stake. Based on the media article, the value of Tata Technologies works out between Rs 16000 cr to Rs 20,000 cr (Possible IPO valuation). This implies Rs 25-47/share (at 20% Holdco discount) for Tata Motors. This possible IPO, along with the receipt of consideration of an EV deal with TPG, will support FCF generation from the India business to attain near debt zero in the India business.

India CVs strategic shift to drive margins; India PVs to be stable: India CV business continues to see cyclical recovery and has a positive outlook, though there is an emergence of red flags in the form of higher interest rates and macro headwinds. More importantly, the management has made a strategic shift by moving to a demand-pull model with the objective of restoring its double-digit margins. It has started to reduce the discount from Sep-22, the benefit of which was already reflected in Q3FY23. This led to an upgrade of ~20% in our estimates for CV business profits, post-Q3FY23 results. Domestic PV business, which benefitted substantially from favorable product lifecycle, has been outperforming the domestic PV market with ~67%/63% YoY growth in FY22/FY23YTD, respectively, resulting in market share gain to 14.2% in FY23YTD (vs 8.3%/5% in FY21/FY20).

Improving supplies, and good demand for JLR: Since Q1FY22, JLR has been severely impacted by chip shortages, as reflected in <25k/month average wholesales as against >40k/month earlier. Chip supplies have been gradually improving over the last few months. This is reflected in Q3FY23 wholesales (ex JV), which were highest since chip supplies aggravated from 2QFY22, grew 15% YoY/6% QoQ in Q3FY23. Demand for PVs, in general, and JLR products, in particular, remain strong in key markets globally, though the macro environment is not supportive. JLR is witnessing the benefit of full upgrades of its most important and profitable products, viz Range Rover (RR), Range Rover Sport (RRS), and Defender, leading to a substantial increase in the order book. Order backlog for JLR in EU (incl. UK) and RoW markets has surged to 215kunits (Dec-22). Given the supply-constrained environment, JLR has focused more on production than marketing, as reflected in a sharp reduction in variable marketing expenses (VME) to 0.6% in Q3FY23 (vs >5% earlier). As supplies improve, it has the lever of increasing VME to 2-2.5% to boost volumes, if required.

Key Risk & Concerns

JLR faces stiff competition from other established luxury car OEMs; sizeable investment requirement towards evolving technology and regulatory compliance: JLR's product portfolio remains modest compared to other established luxury car OEMs globally. While JLR has demonstrated its ability to successfully launch new models, the success of models currently under development will also be critical for it to sustain its financial profile. Furthermore, JLR is investing in the electrification of its vehicles, with electrified sales contributing to 67% of its total sales in Q3 FY2023. Electrification of vehicles is also critical from a regulatory perspective on account of strict emission norms in countries JLR operates in. This would require sizeable investments towards evolving technology capabilities. Transition risks to electrification in terms of managing the overall supply chain, securing partnerships with battery suppliers/or developing their own battery manufacturing capacity amidst rising competition in the space from global majors like Tesla Inc, Mercedes-Benz, BMW, etc.

Susceptible to foreign exchange fluctuations due to exports, imports of raw materials and foreign currency debt: JLR's cost competitiveness as well as profitability is susceptible to foreign exchange (forex) movement, particularly the Euro, given the high share of imported components from Europe. Further, it has significant exports and foreign currency debt, which increases its exposure to foreign currency fluctuations. However, a large portion of foreign currency debt is hedged.

STRENGTHS

a. Recognized Brand Image: - Tata Motors is a well-known automobile brand on a global scale. The firm sells its own automobiles under various brand names, including Tata Hitachi, Tata Daewoo, Tata Marco Polo, and Jaguar Land Rover. This has boosted the company's brand value and brand image while also broadening the company's market.

b. Market Penetration: - A competitive advantage provided by an established distribution infrastructure aids in market penetration. Also, offering fundamental services like vehicle rentals and taxicabs has helped the business diversify and expand its clientele.

c. Research and Development:- Around 23% of the company's total budget is allocated to R&D. It demonstrates the company's commitment to expansion and productivity. Moreover, Tata Motors maintains research facilities in the UK, India, Spain, and South Korea.

WEAKNESS

a. No Foothold in the Luxury Segment: - Company continue struggling to find a foothold in the luxury market, where profit rates are high.

b. Less Presence: - Tata Motors operates the business in over 125 countries globally. But, unfortunately, the company failed to make a strong impact like its competitive brands like Ford, Toyota, Honda and Volkswagen.

c. Greater operational costs and a lower rate of profits: - Though the company has the acquisition of brands like Jaguar and Landrover, which were successful in the initial years, it made the company more dependent on its subsidiaries. This resulted in a decrease in the overall sales and profits of the company over the last five years.

OPPORTUNITIES

a. Digital Marketing:- Almost all well-known brands and businesses use social media to interact with their target market. In order to engage more with its target audience, Tata Motors should maximise the use of all social media platforms. It will enable the business to gather useful feedback for enhancing its goods and services.

b. The Supply Chain and Service:- The company's distribution network and supply chain system should be expanded in its current market if it wants to further develop its market.

c. Joint ventures, mergers, and acquisitions:- Because it already possesses well-known brands like Jaguar, Daewoo, Hitachi, etc., the business has benefited from this in the past. The business should continue applying the same strategy to its other brands. As a result, the company's sales and profitability will improve.

THREATS

a. Competitors:- Tata Motors has many fierce rivals, including Tesla, Honda, Hyundai, and BMW. Lower market share for the company is the outcome of client market expansion and competitor market share increase.

b. Price since the rivals provide the most cutting-edge designs and features at less expensive costs, they are constantly in a pricing battle with Tata Motors. It, in turn, affects Tata Motors' sales and profit.

c. Innovation of Competitors:- Their competitors have got lots of access to skilled professionals and resources which helps them to create innovative technology and designs with better engineering in this industry. Innovation is good for industrial growth but is one of the threats to the industry.

Quarter3FY23 Result Analysis

Particulars Rs in Cr	Q3 FY23	Q3 FY22	Q2 FY23	Q-O-Q	Y-O-Y
Net Revenue	88,489	72,229	79,611	11.2%	22.5%
EBITDA	10,820	7078	5572	94.2%	52.9%
PAT	3203	-612	-898	-319.2%	-623%
EPS	8.9	-4.6	-2.8	-417.9%	-293.5%

In Q3FY23, revenue for Tata Motors grew 22.5% YoY (+11.2% QoQ) to Rs. 88,489 cr, led by strong volume growth in wholesales and a healthy order book.

EBITDA grew by 22.5% YoY and 11.2% QoQ to Rs. 10820cr, reflecting an EBITDA margin of 12% in Q3FY23 with an expansion of 240 bps YoY and 520 bps QoQ. Profitability was driven by improved volume, mix and high realization.

As a result, profit after tax (PAT) was reported at Rs. 3043cr in Q3FY23 vs a loss of Rs. 1,451cr Q3FY22 vs a loss of 898 cr in Q2FY23.

Con Call Highlights:

The company's commentary on demand outlook stayed cautiously optimistic on the demand situation despite global uncertainties with an order book of 2.15 lakh units for JLR as of Q3FY23 end vs 2.05 lakh units as of Q2FY23. TML received 95,000 new orders for Q3FY23 amid 85,000 deliveries.

The management said wholesales in China remained impacted due to the lockdown during the quarter. It, however, retained its guidance for the full year with positive EBIT margin and free cash flow expected in Q4FY23 on wholesales of 80,000+ units (excl. China JV). Further strong performance in Q3FY23 was due to higher wholesales, stronger mix, pricing and forex gains. Going forward, management expects Q4 to be better than Q3FY23.

JLR had 67% electrified powertrain mix in Q3FY23 (BEV & PHEV 11%, 56% MHEV) vs. 65% in Q2FY23.

JLR generated positive free cash flow of £49 cr in the quarter with breakeven volumes at 280,000 (annualized). Going forward, breakeven is expected at 300,000 units for FY23.

Refocus programme has achieved £85 cr cash and cost improvements for

YTD FY23 and remains on track to achieve £ 100 cr+ for FY23.

CNG penetration in I&LCV was at ~19% for YTD FY23 vs. ~40% in FY22. Muted CNG sales is attributable to an unprecedented rise in CNG prices.

The management remains committed to achieving >80,000 wholesales (excluding- China JV) for JLR & ~310,000 units for FY23 and delivering positive EBIT margin and breakeven free cash flow in FY23 despite muted H1FY23.

In the India CV space, retail market share was at 42.1% in YTD FY23 vs. ~43.2% in H1FY23.

TML has agreements in place with critical suppliers across high-risk chips, which provide greater visibility over near-term supply.

Comprehensive range showcased in Auto Expo 2023

Greener and zero-emission mobility solutions across cargo and passenger segments powered by natural gas, electric and hydrogen

A. Unique Hydrogen propulsion concepts

1. PRIMA H.55S India's first Hydrogen ICE powered concept truck
2. PRIMA E.55S India's first Hydrogen fuel cell-powered Tractor concept
3. Star bus Fuel cell EV India's first Hydrogen fuel cell bus for commercial application.



B. Unveil: EV Concepts and vehicles

1. Ace EV Zero emission last mile distribution SCV
2. Starbus EV State of art, Zero-emission, Urban public transport solution
3. Ultra E.9 Zero emission, battery-electric smart logistics city truck
4. Magic EV Electrified version of India's favourite last-mile passenger transport
5. Prima E.28K Zero emission versatile tipper concept for mining and closed loop applications



C. Two Agnostic Fuel Architecture

1. Azura (7 to 19T range), underpinned by the new generation architecture for I&LCVs.
2. Signa (28 to 55T range), underpinned by the new generation, all energy architecture.



D. Reveals

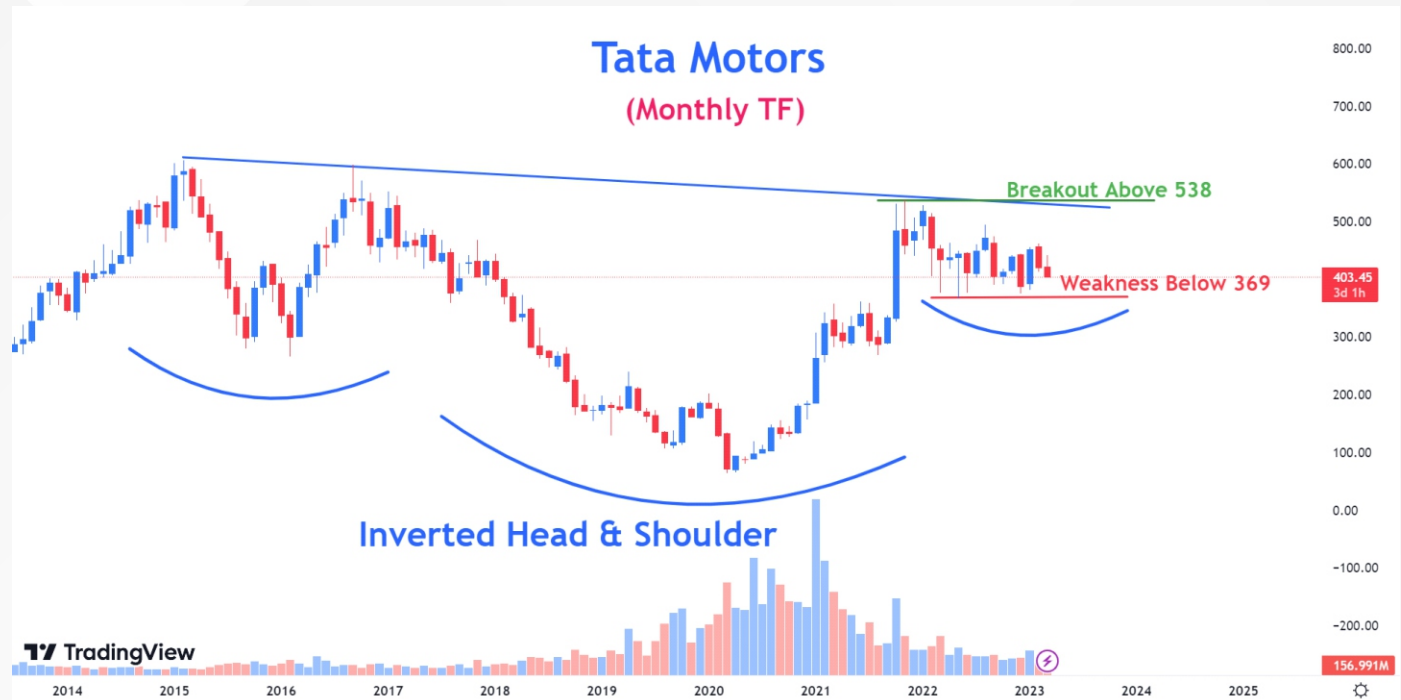
1. Yodha CNG Intra V20 Bi Fuel (long new CNG powered pick ups.
2. Prima G.35K India's first LNG Tipper for heavy duty applications.
3. Winger: Premium version of popular Winger.

E. Value Added Services exhibits: Beyond products, the exhibits included

1. Fleet Edge the next generation digital platform.
2. Sampoorana Seva Bouquet of value added services.
3. E Dukaan Online marketplace for spares and consumables.



Technical Outlook



Tata Motors is forming an Inverted Head and Shoulder Pattern on Monthly Timeframe which has a neckline at 538. 538 is also the recent high for Tata Motors. Once we close above 538, doors open to 600+ levels.

Tata Motors has been consolidating in a very tight range for more than a year. One can observe that approximately the **5 day SMA = 20 Day SMA = 50 Day SMA = 100 Day SMA = 200 Day SMA**. Any positive trigger can shoot massive buying in the stock. Overall, there is no degradation in fundamentals and the stock is just consolidating before the leg of rally.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	413	411
10	413	414
20	420	419
50	427	422
100	420	422
200	426	423

RSI on daily time frame is 36.83. The stock is about to enter oversold zone.

Pivot Levels : FIBONACCI		
R1 450.45	Pivot 431.75	S1 413.24
R2 461.69		S2 401.81
R3 480.20		S3 383.30

Peer Comparison on TTM basis:

	TATA MOTORS	MARUTI	ASHOK LEYLAND
CMP (27-0-2023) (Rs)	412	8205	135
Revenue (Rs in cr)	3,18,474	1,12,261	38,397
EBIDTA (Rs in cr)	27,088	9,952	4,328
PAT (Rs in cr)	-3,798	7,416	717
EBIDTA Margin (%)	9%	9%	11%
PAT Margin (%)	-1.2%	6.6%	1.9%
ROCE (%)	1.4%	8.9%	6.3%
ROE (%)	-22.3%	7.3%	1.7%
Debt To Equity (x)	5.5	0.0	3.8
EPS (Rs)	-12.1	245.5	2.2
Diluted EPS (Rs)	-12.1	245.5	2.2
P/E (x)	-	33.4	61.3
P/B (x)	5.3	4.3	5.5
P/S (x)	0.5	2.2	1.0
Enterprise value (Rs in cr)	2,57,756	2,45,612	65,041
EV/EBIDTA (x)	9.5	24.7	15.0
Market cap (Rs in cr)	158,945	247,791	39,690
Current ratio (x)	0.9	1.00	0.9
Book Value (Rs)	78.8	1893	24.4
Dividend Yield (%)	0.0	0.7	0.7
Interest Coverage (x)	0.6	65.3	1.8
Asset T/O (x)	0.8	1.2	0.6
RoA (%)	-3.3	5.4	0.3

Financial Snapshot:

Particulars	FY19	FY20	FY 21	FY 22	TTM
Financial Position (₹In Cr)					
Equity Share Capital	679	720	766	766	766
Reserve & Surplus	59,500	61,491	54,481	43,795	25,409
Net Worth	60,179	62,211	55,247	44,561	26,175
Borrowing	106,175	124,788	142,131	146,449	144,354
Fixed Asset	111,234	127,107	138,708	138,855	133,965
Total Asset/Liability	305,703	320,179	341,570	329,061	315,640
Operating Results (₹In Cr)					
Revenue	301,938	261,068	249,795	278,454	318,474
Operating Expenditure	277,274	243,081	217,507	253,734	291,386
EBIDTA	24,664	17,987	32,287	24,720	27,088
Interest	5,759	7,243	8,097	9,312	9,964
Depreciation	23,591	21,425	23,547	24,836	24,242
Profit/(Loss) Before Tax	-31,371	-10,580	-10,474	-7,003	-2,068
Provision For Tax	2,647	-1,395	-2,921	-4,306	-1,730
Profit/(Loss) After Tax	-28,724	-11,975	-13,395	-11,309	-3,798
Ratios					
EBIDTA Margin	8%	7%	13%	9%	9%
PAT Margin	-9.5%	-4.6%	-5.4%	-4.1%	-1.2%
ROE	-37.2%	-17.9%	-22.2%	-22.5%	-22.3%
ROCE	-14.6%	-1.9%	-1.3%	1.2%	1.4%
P/E	1.8	2.0	2.6	3.3	5.5
P/S	0.5	0.6	0.6	0.6	0.5
EPS	-99.8	-39.1	-40.5	-34.5	-12.1

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