

Sum of the Parts Valuation – Tata Motors Limited

Executive Summary

Based on the Analysis, Tata Motors Ltd is undervalued based on the Sum of the Parts Valuation with the price range of INR 1,308 as on 15th February, 2024 compared to the current market price of INR 918. However, it is important to conduct further research and analysis before making any investment decision.

Details of Comparable Companies

Passenger Vehicle	This includes Tata PV, EV India, FIAPL JO results and International business (PV + EV). VAHAN Domestic Market share in H1FY24 was 13.5%. The company has 287 dealers for EVs in 190+ cities in H1FY24 and ~75% market share in EV market. The charging infra also reached to ~77800 in H1FY24..
Commercial Vehicle	This includes Tata CV India, Tata Cummins and Tata CV International. The company has ~42% market share in FY23. ^[5] In FY24, 223+ variants have been introduced
Jaguar and Land Rover	Tata Motors Ltd (TML) bought British iconic brands Jaguar & Land Rover from Ford in 2008 and merged them together in 2013 to form one unified company.
Vehicle Financing	Tata Motors Finance, one of the largest & oldest commercial auto finance companies offering commercial vehicle loan services since '57
Others	This includes the Spare Parts of Tata Motors which has to be supplied to all service centers and showrooms across India and other Parts of the Globe.

Data Source: Company Filings

Sum of the Parts Valuation – Tata Motors Limited

Output

SoTP Value	Valuation Parameter	Multiples	Enterprise Value
Commercial Vehicle	EV/EBITDA	15.2x	80,711.70
Passenger Vehicle	EV/EBITDA	15.2x	47,516.72
Jaguar and Landrover	EV/EBITDA	15.2x	363,664.41
Vehicle Financing	P/BV	2.7x	4,203.63
Unallocable	EV/EBITDA	12.0x	(2,284.80)
Intersegment	EV/EBITDA	12.0x	16,837.56
Others	EV/EBITDA	12.0x	11,082.12
Total Enterprise Value			521731.33
Less: Debt			127,864.00
Add: Cash			40,554.00
Total Equity Value			434421.33
Shares Outstanding			332
Value per Share			1308.50

Source: own Calculation

Tata Motors Ltd

Business Segment

- General Information
- About the Business
- Reported Income Statement

Tata Motors Ltd

Commercial Vehicle

This includes Tata CV India, Tata Cummins and Tata CV International. The company has ~42% market share in FY23.^[5] In FY24, 223+ variants have been introduced

General Information

Company Name	Tata Motors
Ticker	TATAMOTORS
BSE Code	500570
Beta	1.85
Current Price	875.75
Reported Currency	INR
52-Week High Price	950
52-Week Low Price	401

Reported Income Statement

In INR (Crores only)

Particulars	Historical Period			
	2020	2021	2022	2023
Sales	36329.44	33104.14	52287.30	70,815.85
<i>Growth%</i>	-	-8.88%	57.95%	35.44%
EBITDA	1277.93	1396.02	1953.41	5309.98
<i>Growth%</i>	-	9.24%	39.93%	171.83%
<i>Margin %</i>	3.52%	4.22%	3.74%	7.50%
Less: Depreciation and Amortization	1646.15	1701.46	1743.20	1616.70
EBIT	(368.22)	(305.44)	210.21	3,693.28
<i>Growth%</i>	-	-17.05%	-168.82%	1656.95%
<i>Margin %</i>	-1.01%	-0.92%	0.40%	5.22%

Source: own Calculation

Tata Motors Ltd

Passenger Vehicle

This includes Tata PV, EV India, FIAPL JO results and International business (PV + EV). VAHAN Domestic Market share in H1FY24 was 13.5%. The company has 287 dealers for EVs in 190+ cities in H1FY24 and ~75% market share in EV market. The charging infra also reached to ~77800 in H1FY24..

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Reported Income Statement

In INR (Crores only)

Particulars	Historical Period			
	2020	2021	2022	2023
Sales	10481.74	16606.24	31514.9	47867.83
<i>Growth%</i>	-	58.43%	89.78%	51.89%
EBITDA	-1124.62	350.03	1644.46	3126.10
<i>Growth%</i>	-	-131.12%	369.81%	90.10%
<i>Margin %</i>	-10.73%	2.11%	5.22%	6.53%
Less: Depreciation and Amortization	1,743.0	1,914.2	2,304.6	2,583.9
EBIT	-2867.58	-1564.16	-660.13	542.2
<i>Growth%</i>	-	-45.45%	-57.80%	-182.13%
<i>Margin %</i>	-27.36%	-9.42%	-2.09%	1.13%

Source: own Calculation

Tata Motors Ltd

Jaguar and Land Rover

Tata Motors Ltd (TML) bought British iconic brands Jaguar & Land Rover from Ford in 2008 and merged them together in 2013 to form one unified company.

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Reported Income Statement

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Particulars	Historical Period			
	2020	2021	2022	2023
Sales	208,040.0	193,822.7	187,696.7	222,859.7
<i>Growth%</i>	-	-6.83%	-3.16%	18.73%
EBITDA	18381.85	27432.73	20137.60	23925.29
<i>Growth%</i>	-	49.24%	-26.59%	18.81%
<i>Margin %</i>	8.84%	14.15%	10.73%	10.74%
Less: Depreciation and Amortization	17,787.8	19,741.7	20,577.0	20,443.6
EBIT	594.05	7,691.03	(439.39)	3,481.69
<i>Growth%</i>	-	1194.68%	-105.71%	892%
<i>Margin %</i>	0.29%	3.97%	-0.23%	1.56%

Source: own Calculation

Tata Motors Ltd

Vehicle Financing

Tata Motors Finance, one of largest & oldest commercial auto finance company offering commercial vehicle loan services since '57

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Reported Income Statement

In INR (Crores only)

Particulars	Historical Period			
	2020	2021	2022	2023
Sales	4,295.5	4,490.5	4,584.6	4,595.2
<i>Growth%</i>	-	4.54%	2.10%	0.23%
EBITDA	2905.66	2855.36	2525.43	1556.90
<i>Growth%</i>	-	-1.73%	-11.55%	-38.35%
<i>Margin %</i>	67.64%	63.59%	55.09%	33.88%
Less: Depreciation and Amortization	51.0	61.4	59.7	57.5
EBIT	2,854.7	2,794.0	2,465.7	1,499.4
<i>Growth%</i>	-	-2.13%	-11.75%	-39.19%
<i>Margin %</i>	66.46%	62.22%	53.78%	32.63%

Source: own Calculation

Tata Motors Ltd

Unallocable

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In INR (Crores only)

Particulars	Historical Period			
	2020	2021	2022	2023
Sales	215.53	282.76	314.35	360.21
<i>Growth%</i>	-	31.19%	11.17%	14.59%
EBITDA	-928.10	826.00	874.60	-190.40
<i>Growth%</i>	-	-189.00%	5.88%	-121.77%
<i>Margin %</i>	-430.61%	292.12%	278.22%	-52.86%
Less: Depreciation and Amortization	1,630.5	1,574.9	1,499.3	1,388.0
EBIT	(2,558.6)	(748.9)	(624.7)	(1,578.4)
<i>Growth%</i>	-	-70.73%	-16.58%	-152.67%
<i>Margin %</i>	-1187.12%	-264.85%	-198.73%	-438.19%

Source: own Calculation

Tata Motors Ltd

Intersegment Eliminations

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Particulars	Historical Period			
	2020	2021	2022	2023
Sales	-70.59	-125.28	-618.2	-3857.68
<i>Growth%</i>	-	77.48%	393.45%	-524.02%
EBITDA	1575.07	1641.60	1553.05	1403.13
<i>Growth%</i>	-	4.22%	-5.39%	-9.65%
<i>Margin %</i>	-2231.29%	-1310.34%	-251.22%	-36.37%
Less: Depreciation and Amortization	1,630.50	1,574.90	1,499.30	1,388.00
EBIT	(55.43)	66.70	53.75	15.13
<i>Growth%</i>	-	-220.33%	-19.42%	71.85%
<i>Margin %</i>	-	-	-8.69%	-0.39%

Source: own Calculation

Tata Motors Ltd

Others

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Reported Income Statement

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Particulars	Historical Period			
	2020	2021	2022	2023
Sales	3,047.1	2,612.5	3,809.1	4,808.6
<i>Growth%</i>	-	-14.26%	45.81%	26.24%
EBITDA	486.29	416.09	626.02	923.51
<i>Growth%</i>	-	-14.44%	50.45%	47.52%
<i>Margin %</i>	15.96%	15.93%	16.43%	19.21%
Less: Depreciation and Amortization	104.0	96.6	1.3	97.3
EBIT	382.3	319.5	624.7	826.2
<i>Growth%</i>	-	-16.44%	95.55%	32.26%
<i>Margin %</i>	12.55%	12.23%	16.40%	17.18%

Source: own Calculation

Tata Motors Ltd

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