

INITIATING COVERAGE

TMCV IN EQUITY

December 08, 2025

Fresh play on CV

Market leader TMCV is a pure CV play. It holds over 35%/42% volume/revenue share of CV market. Profitability, pricing discipline, higher tonnage mix and cost measures imply margin upgrade potential. India CV revenue/EBITDA posted 6%/7% CAGR in FY19-25 despite -5% volume CAGR and ~10% MS loss. Expect 6%/8% revenue/EBITDA CAGR in FY25-28 with high-margin, non-core revenues mitigating cyclical risks. Shedding legacy weight (demerger), it is pursuing global expansion aided by 1) cost-competitive strength, 2) R&D/tech maturity and 3) revenue, cost, and capex synergies. TMCV trades at ~6% discount to AL due to slower volume growth, LCV MS loss and PV drag. Domestic CV recovery, scale, global optionality and profitability step-up offer re-rating potential, narrowing gaps with AL. On SoTP, we value India TMCV and IVECO at 13.5x/2.5x 1yr fwd EV/EBITDA with TP of ₹430 (24.5x FY27E P/E). Prefer TMCV>AL. Risks: CV volatility, market share loss, global execution risks.

Competitive position: **MEDIUM**

Changes to this position: **NEUTRAL**

Market leader capturing CV recovery; 4.2% MHCV vol. CAGR in FY25-28

TMCV has 35% CV retail MS, led by >31T HGV (60%+). MHCV remains pivotal: 35% volume forms 68% of revenue pool, making rise in tipper demand revenue-accretive. While LCV losses dragged overall share, recent product refreshes, tech upgrades and fortified distribution position TMCV for a gradual recovery.

Sustained margin and FCF momentum

Tata's CV overhaul drove 7% EBITDA CAGR (FY19-25) with 70bps margin growth despite -5% volume CAGR. Higher GVW mix will boost ASPs & profitability. Margin-accretive non-core revenues reduce cyclicalities and correlation with volumes. Scale, mix and cost actions continue to sharpen margins. Unlike peers, TMCV is yet to reach FY19 volume peak; expect improvement aided by size, MS and volume growth. Pricing discipline, tight WC, low capex and lack of legacy overhang will keep FCF (% of sales) and RoCE at ~8.5% and >25% respectively.

Stronger global platform, larger TAM

IVECO acquisition expands TAM with diversified global operations. It builds a scale of >₹2tn revenue and 545K volume. New entity would leverage TMCV's cost-effective manufacturing, IVECO's R&D/tech capabilities and complimentary products. JLR turnaround, from cash-drain to net-cash with strong margins led by platform simplification, capital discipline and mix premiumization, is a precedent.

TMCV to trade closer to Ashok Leyland

TMCV posted higher revenue (7.7% vs 5.7%) and EBITDA CAGR (8.6% vs 7.5%) than AL, and similar FCF conversion over FY18-25 despite weaker volume growth. While most await IVECO transaction closure, we value TMCV at i) 13.5x EV/EBITDA for CV business (recognizing historic MS loss; AL's 5yr avg. is 14x), ii) 2.5x FY27E EV/EBITDA for IVECO, iii) listed subsidiaries at 20% discount, and iv) other investments at 1x P/B.

Key Financials

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	-	582,170	808,408	855,746	903,647
EBITDA margin	-	10.8%	11.3%	11.7%	11.7%
EPS (diluted)	-	9.4	15.2	16.7	17.9
pre-tax RoCE	-	26.5%	31.8%	28.6%	25.6%
PE	-	38	24	22	20
EV/EBITDA	-	22	14.4	12.8	11.6

Source: Company, Ambit Capital research

Automobiles

Recommendation

Mcap (bn):	₹1,323/US\$14.7
6M ADV (mn):	₹32/US\$0.4
CMP:	₹360
TP (12 Mths):	₹430
Upside (%):	20

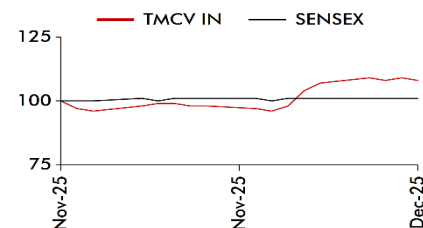
Flags

Accounting:	AMBER
Predictability:	AMBER
Earnings Momentum:	AMBER

Catalysts

- Demand recovery from 2HFY26 (4.7% CAGR over FY25-28E).
- Margin improvement (~60bps), with non-core revenues de-risking CV volatility.
- IVECO+TMCV expanding TAM with >₹2tn revenue scale.

Performance



Source: ICE, Ambit Capital Research

Abbreviations

- DFC: Dedicated Freight corridor
- MHCV: Medium & heavy commercial vehicle
- HGV: Heavy goods vehicle
- LCV: light commercial vehicle
- GVW: Gross vehicle weight

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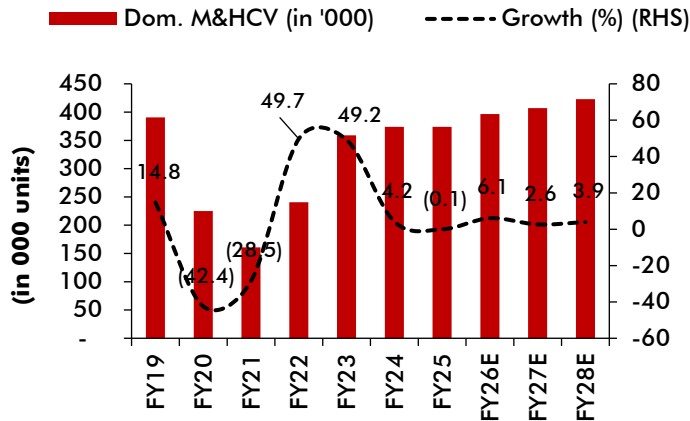
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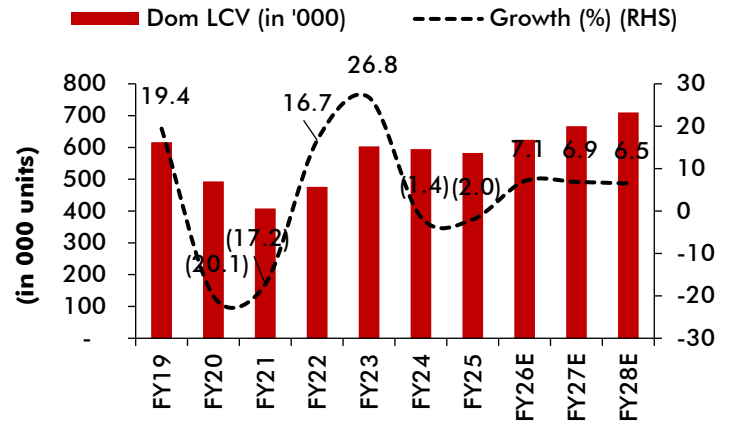
Narrative in Charts

Exhibit 1: MHCV industry is expected to recover on back of higher utilization, ageing fleet and improving op. profits...



Source: SIAM, Ambit Capital research

Exhibit 2: ...whereas LCV is likely to continue its growth trajectory tracking increase in consumption demand



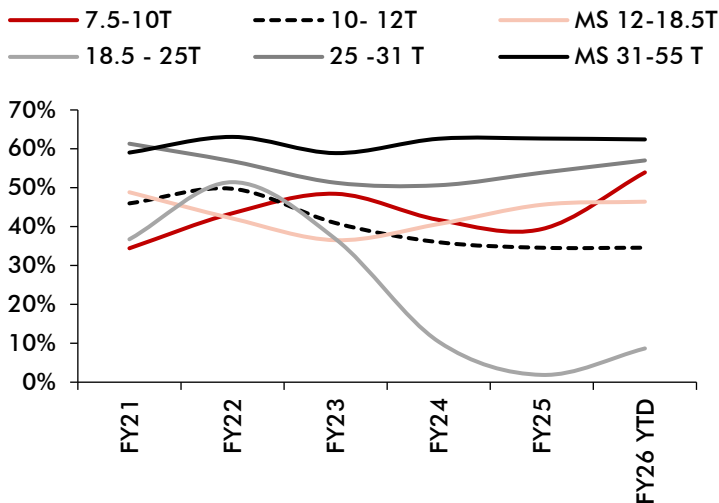
Source: SIAM, Ambit Capital research

Exhibit 3: Over the years, the share of haulage in the overall mix has increased

Segment mix (%)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	1Q26	2Q26	FY17-25 CAGR
ICVs	36%	31%	38%	44%	43%	38%	32%	31%	35%	36%	39%	1.9%
Rigid trucks	50%	46%	44%	44%	48%	50%	50%	47%	43%	43%	42%	0.4%
Haulage / tractor trailer	15%	23%	18%	12%	9%	12%	18%	22%	22%	22%	20%	7.5%

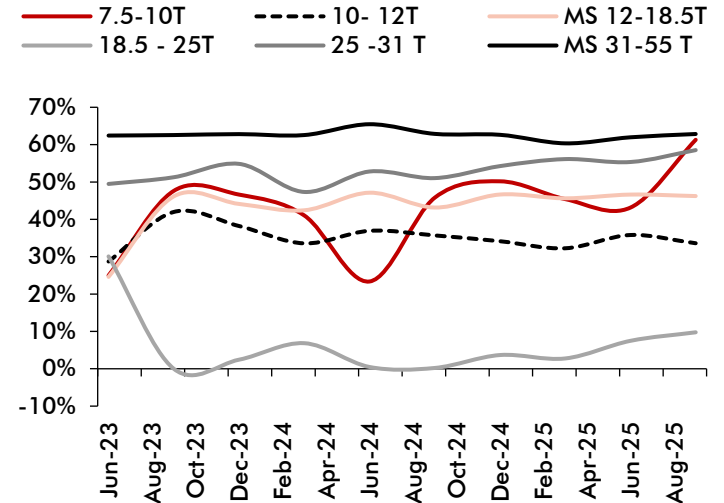
Source: SIAM, Ambit Capital research

Exhibit 4: TMCV consciously focused on higher GVW segments prioritizing profitability, evident from MS across different segments



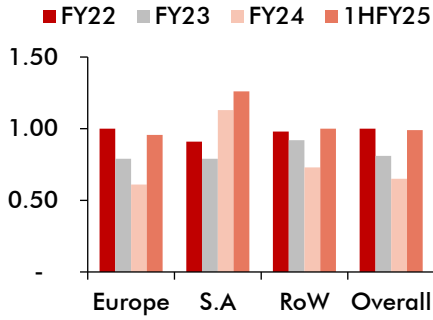
Source: SIAM, Ambit Capital research

Exhibit 5: While maintaining leadership in higher tonnage segments, company is trying to make inroads into the lower GVW brackets



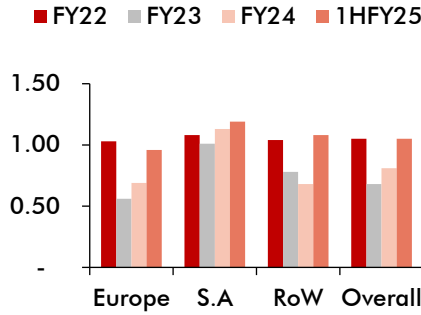
Source: SIAM, Ambit Capital research

Exhibit 6: LCV book-to-bill ratio crossing 1x driven by South America...



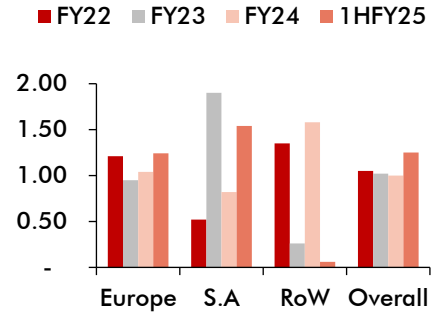
Source: Visible Alpha, Ambit Capital research

Exhibit 7: ...whereas it was steady for MHCVs



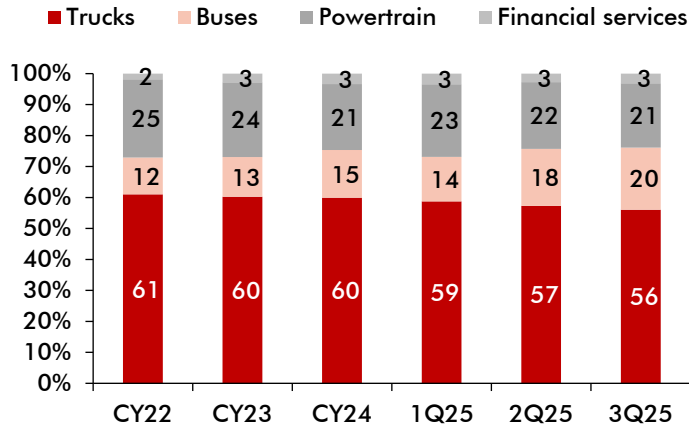
Source: Visible Alpha, Ambit Capital research

Exhibit 8: Bus book to bill ratio remain volatile in SA however core European market remains strong



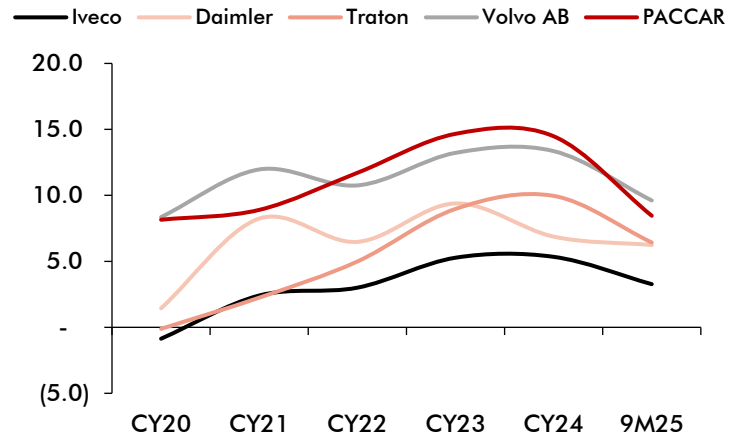
Source: Visible Alpha, Ambit Capital research

Exhibit 9: Gradual increase in IVECO's passenger segment reducing dependence on trucks



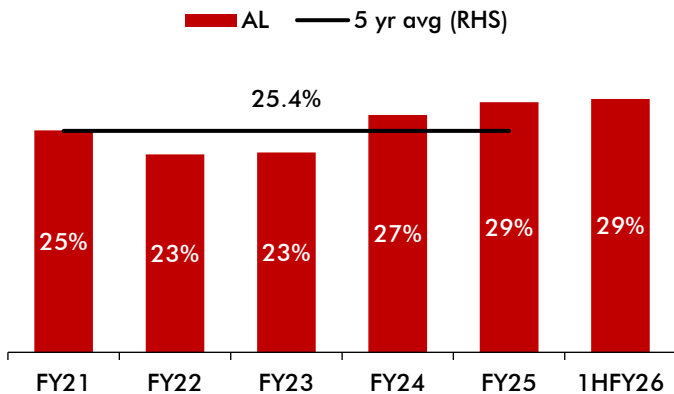
Source: Visible Alpha, Ambit Capital research, ex of defence

Exhibit 10: IVECO's profitability lags peers, leaving significant room for improvement



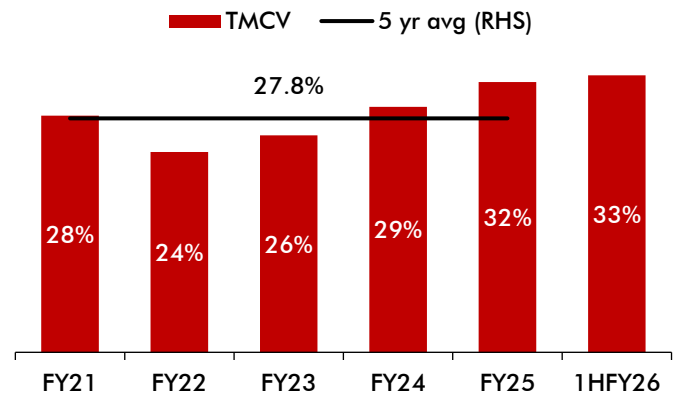
Source: Company, Ambit Capital research, Note: Figures reflect core industrial business (truck, bus, etc.) excluding financial services — and for Iveco, excluding the defence business as well

Exhibit 11: AL's gross-margin recovery from lows was slower vs TMCV...



Source: Company, Ambit Capital research

Exhibit 12: ...while TMCV consistently delivered a higher and steadier margin profile

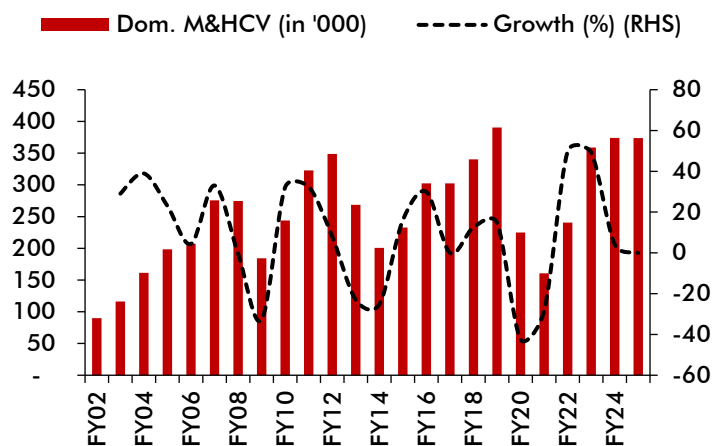


Source: Company, Ambit Capital research, considering CV segment for historical comparison

MHCV revival to close gap with LCV

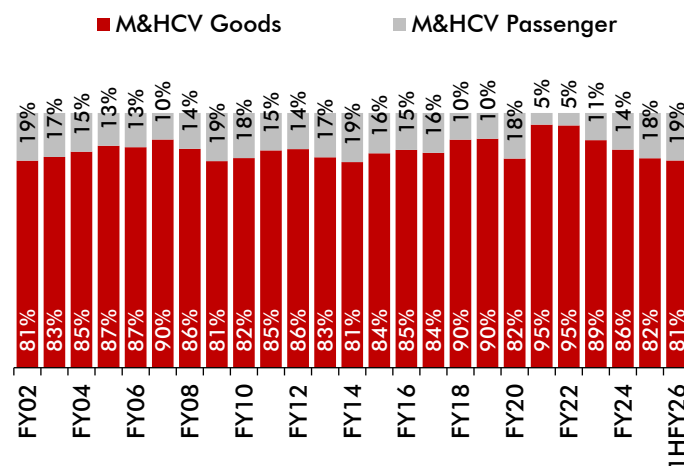
Regulation and fuel costs had muted CV volumes, but recovery is visible with recent YTD volumes growth hitting ~10%. Near term, MHCV demand should benefit from higher government capex and infra spending and mining, and construction restart (off-road vehicle demand). LCV demand is aided by rising consumption, e-commerce growth, and lower TCO from GST cuts and wider alternate-fuel adoption. Medium term, LCVs offer a stronger runway as last-mile and DFCC-linked freight expands. GST-driven TCO savings will lift fleet profitability, creating cash pools that should further intensify the M&HCV recovery through FY27/28E. After pressure from higher ownership costs, improving fleet profitability and ageing vehicles should drive a replacement-led MHCV recovery. DFC concerns are nascent, and impact is limited due to a good mix, operational and connectivity constraints. Manufacturing Index and Index of Industrial Production forecasts signal room for a broader recovery.

Exhibit 13: M&HCV continues its cyclical nature



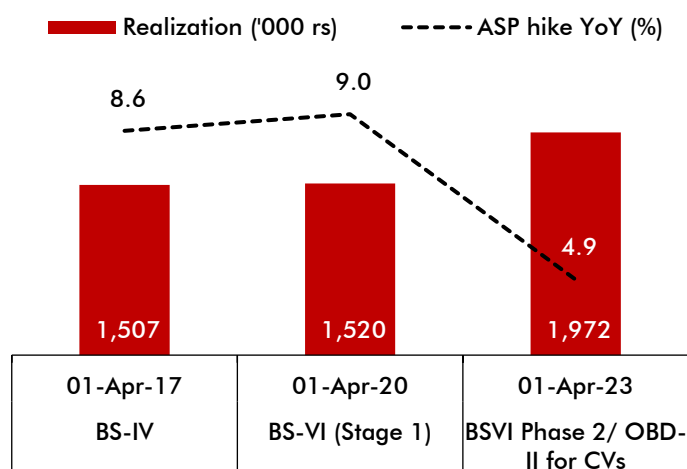
Source: SIAM, Ambit Capital research

Exhibit 14: MHCV mix improved after Covid driven by increase in shared mobility and expansion by STUs w.r.t EVs



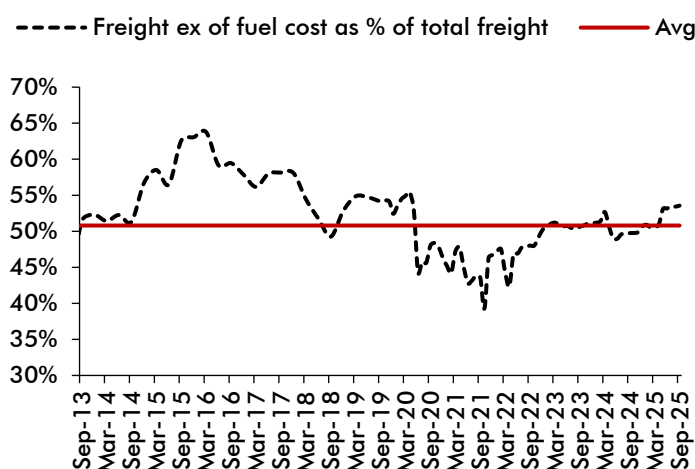
Source: SIAM, Ambit Capital research

Exhibit 15: Recent steep hike in ASP due to regulatory norms...



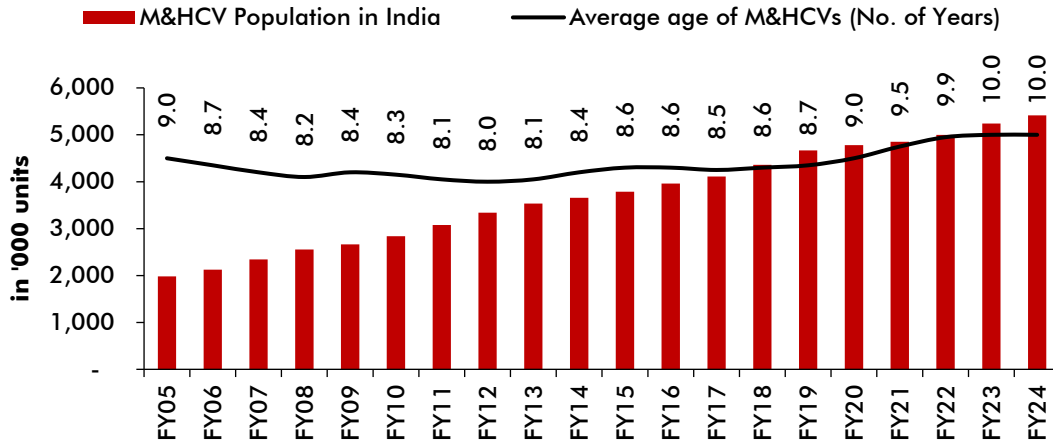
Source: Company, Ambit Capital research

Exhibit 16: ...along with pressure on fleet profitability after Covid



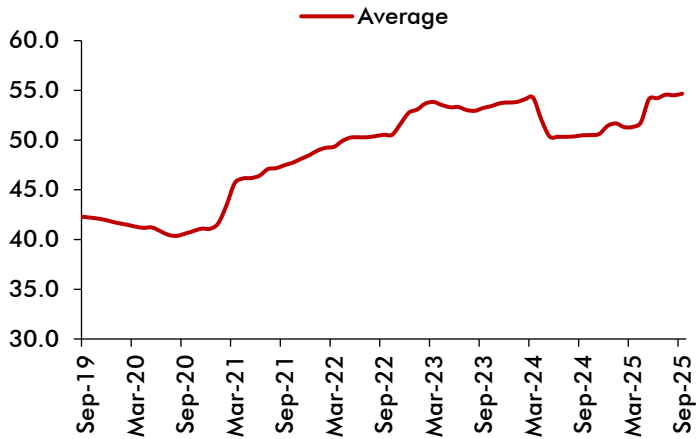
Source: CMIE, Ambit Capital research

Exhibit 17: Average fleet age remains elevated



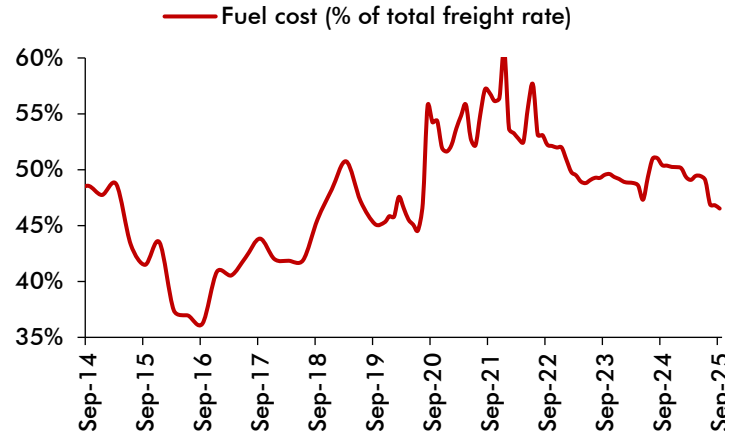
Source: ICRA, Ambit Capital research

Exhibit 18: Indexed operator profitability showing improvement with an increase in freight rates...



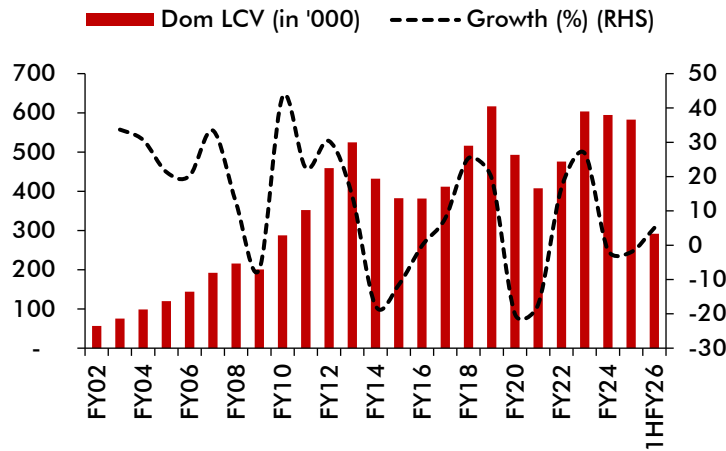
Source: CMIE, Ambit Capital research

Exhibit 19: ...supplemented by fuel price levels



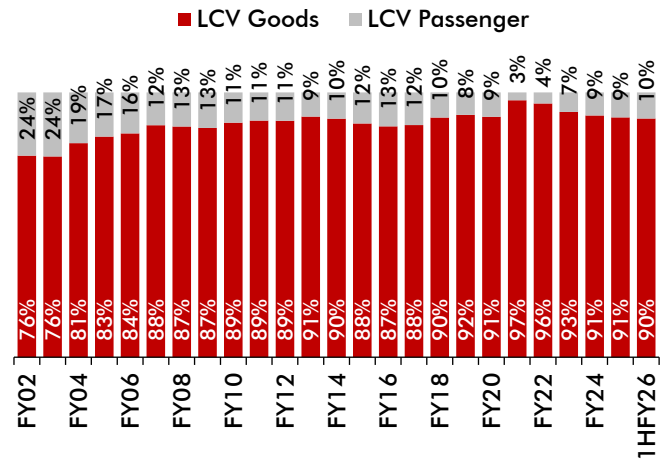
Source: CMIE, Ambit Capital research

Exhibit 20: LCV represents a more stable trend vs MHCV



Source: SIAM, Ambit Capital research

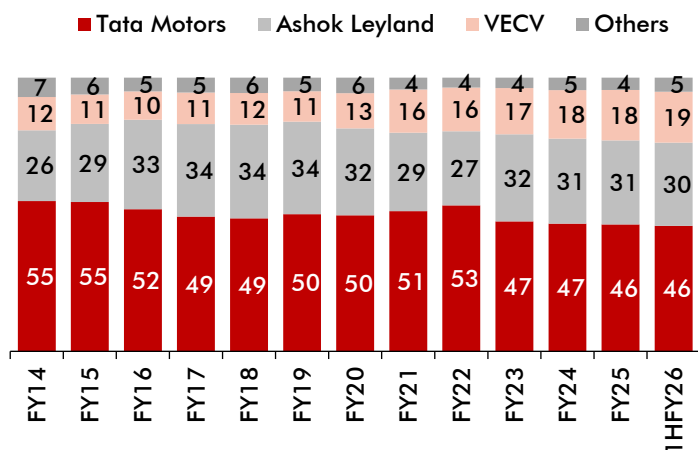
Exhibit 21: LCV passenger vehicles is a small % of the mix



Source: SIAM, Ambit Capital research

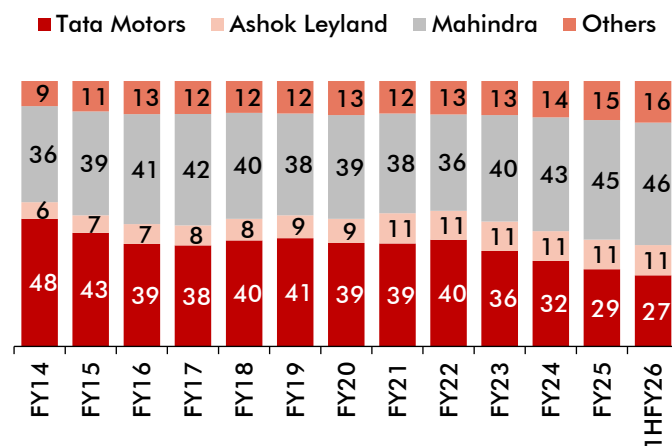
TMCV has sustained its long-standing leadership in MHCVs, though both TMCV and Ashok Leyland have ceded a comparable share to VECV over FY19-25. Even with this shift, TMCV continues to hold the largest market share and benefits from the widest national network, supporting scale advantages through cycles. In LCVs, however, its challenges are more structural, with both AL and M&M outperforming through sharper product positioning and customer-centric refreshes. While TMCV's mix has progressively skewed toward MHCVs, industry fundamentals — particularly the strong correlation with the Manufacturing Index — signal room for a broader recovery. Timely product actions and disciplined pricing should help drive a gradual improvement in market share.

Exhibit 22: TMCV is the leader in MHCV volume MS...



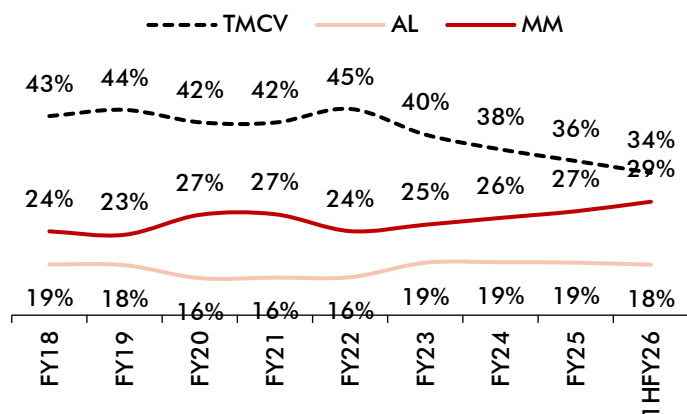
Source: SIAM, Ambit Capital research, Market share Pass + Goods

Exhibit 23: ...however, it lost share to MM in the LCV segment



Source: SIAM, Ambit Capital research, Market share Pass + Goods

Exhibit 24: Driven by strong performance in LCV, MM captured TMCV's LCV share, leading to a fall in overall share



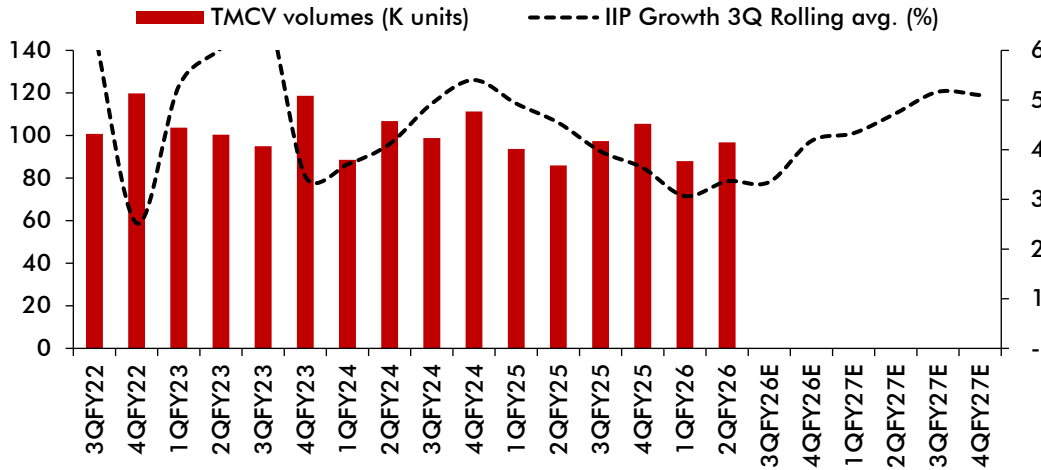
Source: SIAM, Ambit Capital research, Market share: Pass + Goods

Exhibit 25: MHCV volume CAGR largely correlates with Mfg Index, with expectations suggesting scope for improvement

Particular	MHCV industry vol CAGR	Manufacturing index
Historical (FY13-25)	2.8%	3.1%
Expected (FY25-28E)	4.2%	4.2%

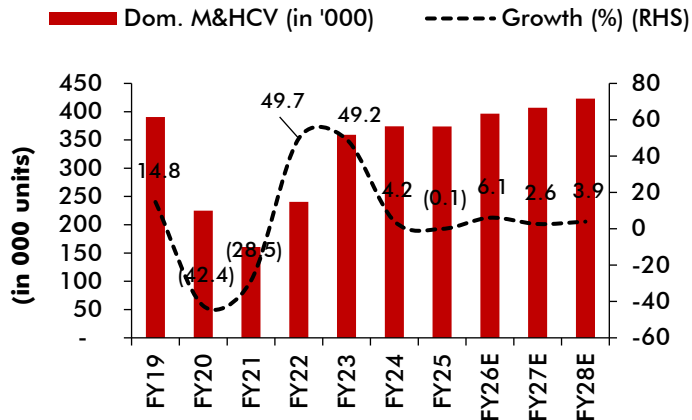
Source: CMIE, Ambit Capital research, FY25-28E as of 30th Sept, 2025

Exhibit 26: Robust industrial production outlook suggests sustained CV recovery



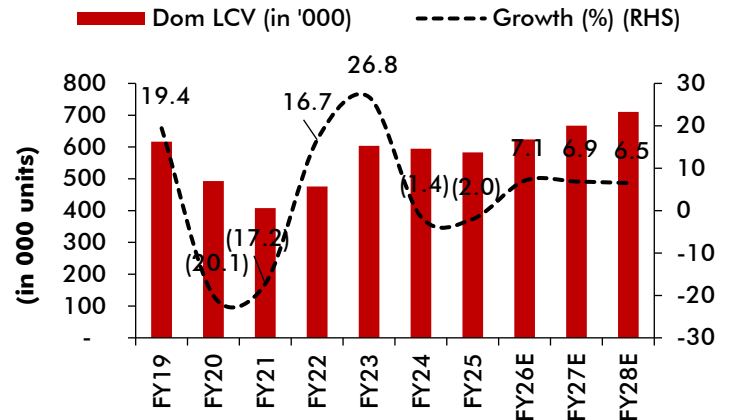
Source: Bloomberg, Ambit Capital research. Note: Bloomberg weighted average estimates

Exhibit 27: MHCV industry is expected to recover on the back of higher utilization, ageing fleet and improving op. profits...



Source: SIAM, Ambit Capital research

Exhibit 28: ...whereas LCV is likely to continue its growth trajectory, tracking the increase in consumption demand



Source: SIAM, Ambit Capital research

DFC drag on MHCV mitigated by stronger LCV/ILCV uptake

Railways are the primary carrier of bulk commodities such as coal, iron and steel, food grains, and fertilisers. Rail transportation being less flexible in India, road capture most of the stake in consumer goods' supply chain. There are various infrastructural, operational and, connectivity constraints that have further augmented this problem in railways.

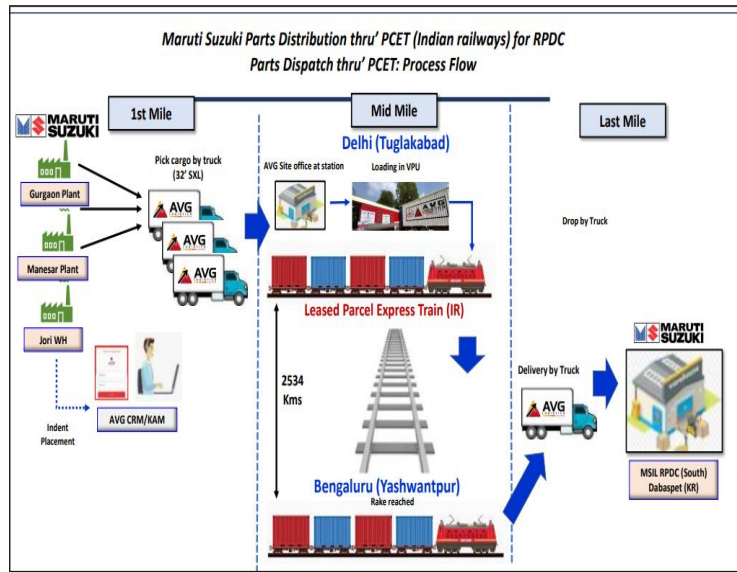
The movement of non-bulk commodities over rail requires a well-developed intermodal container ecosystem, including freight aggregators, intermodal container terminals, suitable wagons, scheduled rail services, and first and last mile connectivity options. However, a lack of these rail services makes the road more attractive in shipping costs and services. Indian Railways charges a flat haulage fee for containers irrespective of the commodity moved, making rail non-competitive to the road.

-Niti Ayog study, 2020

As we see, there are two dedicated freight corridors. As far as Northeast is concerned, it is fully operational. Northwest is operational in parts and should get operational fully in maybe next few quarters. Now as far as Northeast is concerned, bulk of the transportation on this sector is more of bulk commodities, which is minerals and raw materials. And large part of this was anyway moving through rail. With this change, I think the movement will move from the main tracks to the dedicated freight corridor. So, impact on road transportation, therefore, for of the Northeast corridor is likely to be low. As far as Northwest corridor is concerned, I think here, there is a significant amount of container traffic supporting export/import, and this container traffic, which happens on tractor trailers today, part of it is likely to move to the rail, which will then lead to some part of the tractor demand moving to railways
-2QFY26 concall, TMCV

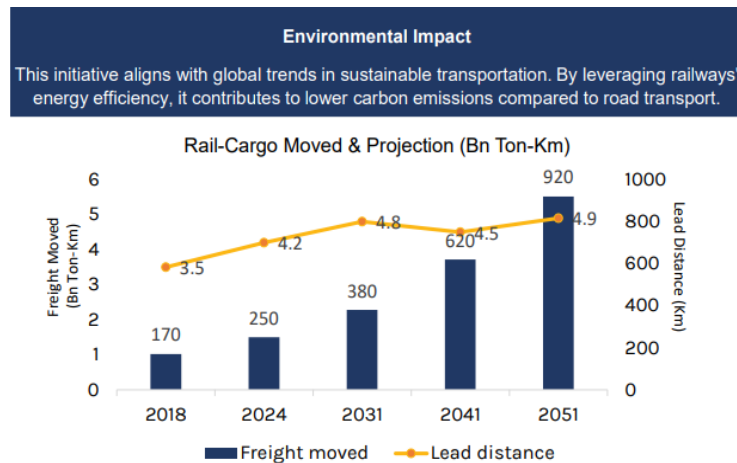
The above study signals that efficiencies in DFCC would require some time, and while it can pose a risk to MHCV (particularly haulage) in terms of slower replacement cycles. However, it would significantly boost LCV/ILCV demand for 1st and last mile movement. While a long-term shift toward rail freight raises concerns for MHCV, the actual risk appears limited. Niti Aayog's studies highlight significant first- and last-mile inefficiencies that raise rail logistics costs by ~1.6x, constraining adoption beyond a narrow set of rail-friendly commodities. As a result, rail mix is expected to remain broadly stable. Meanwhile, the boom in e-commerce and expansion by large logistics operators should support road freight needs and help offset any gradual share gains by rail.

Exhibit 29: First/last mile mobility in the movement of goods via rail



Source: AVG Logistics, Ambit Capital research

Exhibit 31: Share of railway trended up recently (~31% as of FY22)...



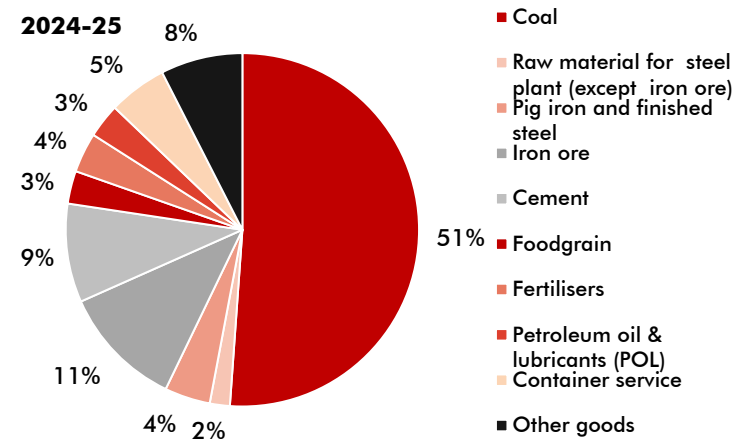
Source: AVG Logistics, Ambit Capital research

Exhibit 30: Rail might be feasible for longer routes, but would lead to incremental cost for shorter routes

Category	Approximate Cost by Rail (₹)	Approximate Cost by Road (₹)
Mumbai to Delhi Container Movement Cost Comparison (in ₹)		
Long Haul Cost	45,000	45,000
First and the Last Mile		
Handling Cost	10,000	—
Connectivity Cost	20,000	—
Total	75,000	45,000
Cost per Kg	3.125	1.875

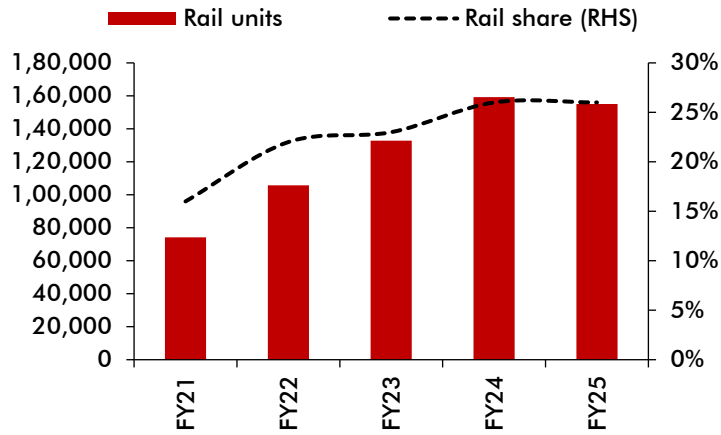
Source: Niti Aayog, Ambit Capital research

Exhibit 32: ...however, it is skewed towards certain types of goods



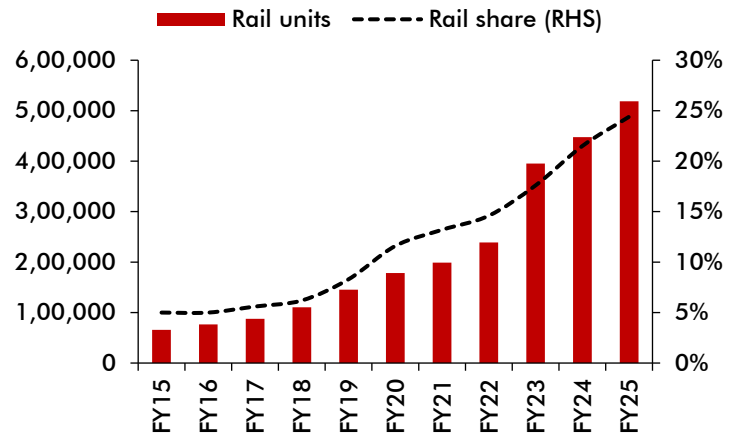
Source: CMIE, Ambit Capital research

Exhibit 33: Rail dispatches have ramped up over the period for Hyundai...



Source: Company, Ambit Capital research

Exhibit 34: ...mirroring MSIL's trajectory, reducing the possibility of a steep increase



Source: Company, Ambit Capital research

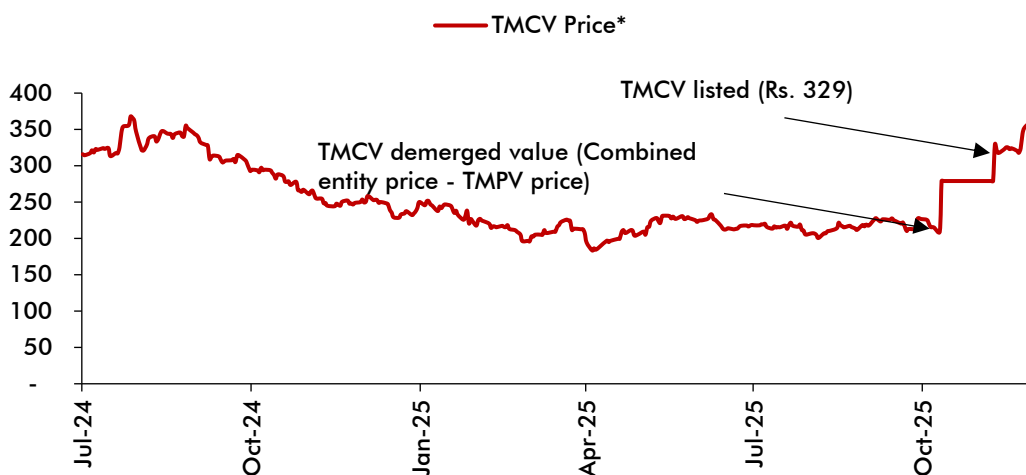
Demerger and CV cycle de-risking improve outlook

Demerger facilitates strategic focus, operational flexibility, and sharper capital allocation aligned with the CV sector. Operational model has shifted from a supply-push to a retail-pull mode focused on Vahan registrations (35% CV MS; 47% HGV in 1H26). The transformation has delivered tangible results, including a sharp improvement in profitability (4.6x increase FY21-FY25 EBITDA), reaching double-digit EBITDA margins (12.2% in 2Q26 vs 3.7% FY22). High growth and higher-margin revenue streams (bus, exports, digital and downstream businesses) are insulating TMCV from CV-cycle volatility. Industry transition to higher GVW is a tailwind for TMCV's ASP and profitability growth, given its heavy truck leadership. TMCV's product and technology interventions should help improve MS, especially in the SCV segment, aided by improved financing. Operating leverage, post-demerger cost rationalizations, and PLI benefits create room for margin revision with volume growth.

Global sector playbook: Separating sectoral business and from CV cycle decoupling

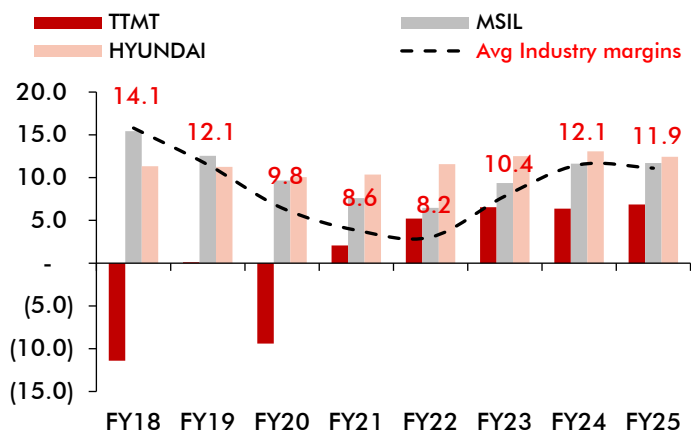
In the past, TMCV cushioned the PV business, enabling its profitability transformation and funding PV's investment-heavy phase. Daimler separated its passenger and truck business, unlocking value. Demerger allows TMCV to effectively utilize its financial strength to pursue growth opportunities. Underlining the global industry trend, TMCV is growing exports and non-vehicle revenues. The company will grow its exports contribution by deepening its leadership in SAARC, improvement in troubled markets and entering new markets. Export mix expected to improve profit pools. Growth in BS6 vehicle penetration has witnessed an increase in genuine spare demand, aided by customer service focus and better spares availability (shortening TAT) across TMCV network. Non-vehicle revenues will continue to grow as fleet operators outsource fleet management responsibilities to concentrate on customer development and satisfaction. Higher tech components in vehicles will drive adoption and development of new digital services benefiting the sector (E.g., integration of fleet management with transport management systems to reduce empty miles and improve fleet profitability).

Exhibit 35: Demerger has provided immediate value for TMCV



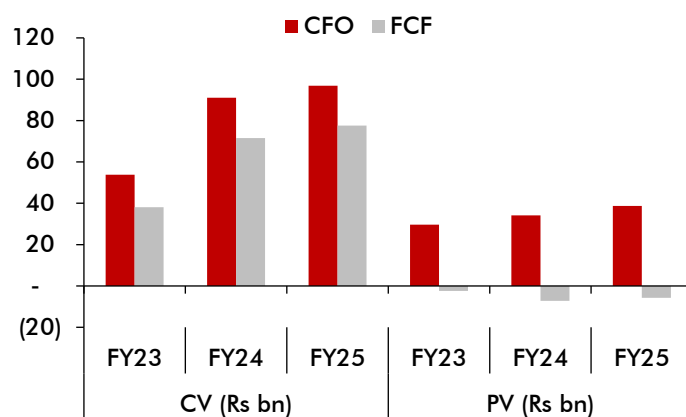
Source: Company, Ambit Capital research. Note: * Historical price of TMCV derived using the company-provided acquisition ratio of 31.65% for TMCV

Exhibit 36: PV business profitability improved but is still below peers...



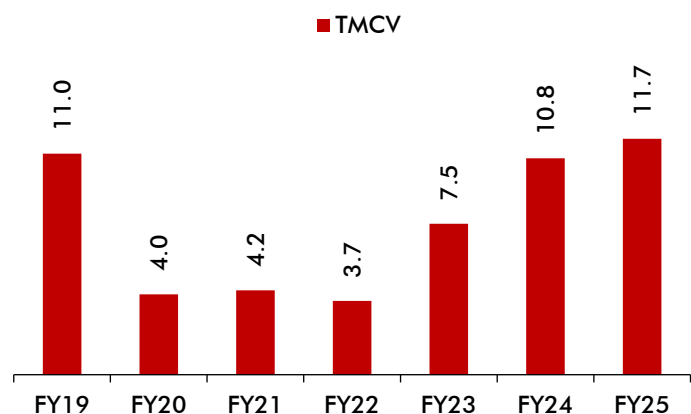
Source: Company, Ambit Capital research

Exhibit 37: ...leading to lower CFO/FCF, whereas the CV business generated higher cash funding for the PV business



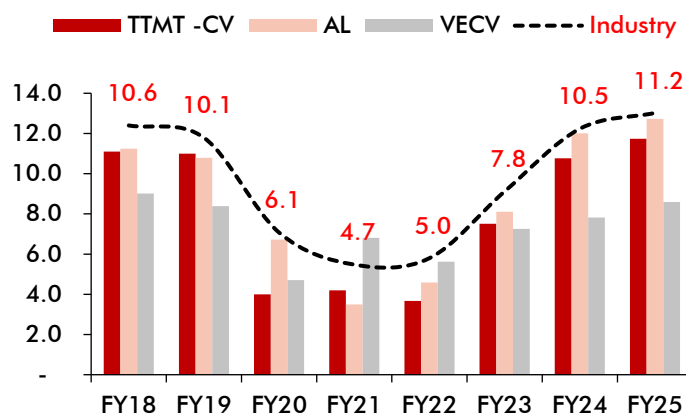
Source: Company, Ambit Capital research

Exhibit 38: ...on the back of higher profitability ...



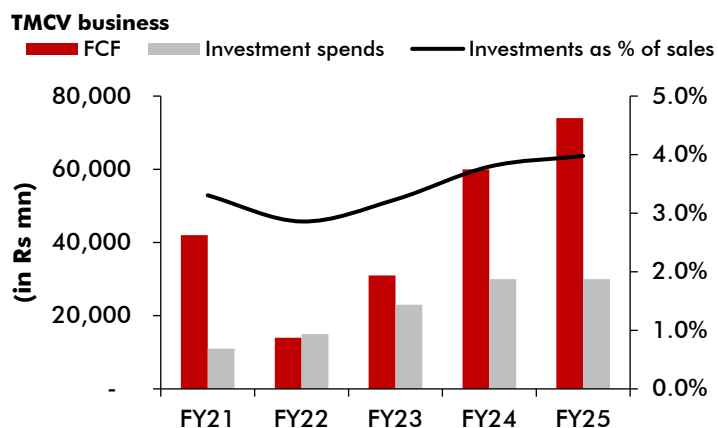
Source: Company, Ambit Capital research

Exhibit 39: ...driven by pricing discipline across the industry



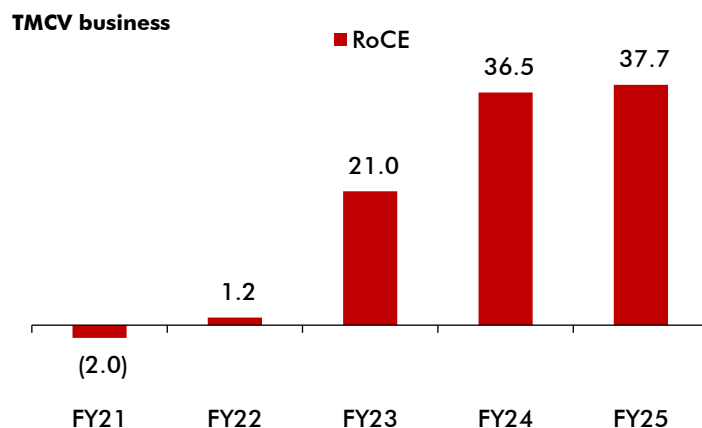
Source: Company, Ambit Capital research

Exhibit 40: Controlled capex uplifted FCF...



Source: Company, Ambit Capital research

Exhibit 41: ...driving swift improvement in RoCE for the CV business



Source: Company, Ambit Capital research

Preference shifting to higher GVW models benefits leader

The Indian truck industry witnessed a shift toward higher-tonnage vehicles, a trend accelerated after the 2018 revision of the axle-load norm. This revision increased permissible axle loads by ~17-20% (depending upon category, [link](#)). This effectively expanded rated payloads, incentivising fleet operators to migrate to higher tonnage vehicles (rigid to haulage) to maximize operating leverage. With road transport carrying ~70% of India's annual freight movement the heavy-duty segment. The mix shift toward higher tonnage is likely to persist. For OEMs, this is likely to be margin accretive as heavier trucks command meaningfully higher ASPs and improve model-mix profitability, providing a structural tailwind even in a flattish volume year. TMCV's ~62% market share in the 31-55T segment has helped capitalize on the shift and planned launches should aid volume growth.

Exhibit 42: Over the years, the share of haulage increased in the overall mix

Segment mix (%)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	1Q26	2Q26	FY17-25 CAGR
ICVs	36%	31%	38%	44%	43%	38%	32%	31%	35%	36%	39%	1.9%
Rigid trucks	50%	46%	44%	44%	48%	50%	50%	47%	43%	43%	42%	0.4%
Haulage / tractor trailer	15%	23%	18%	12%	9%	12%	18%	22%	22%	22%	20%	7.5%

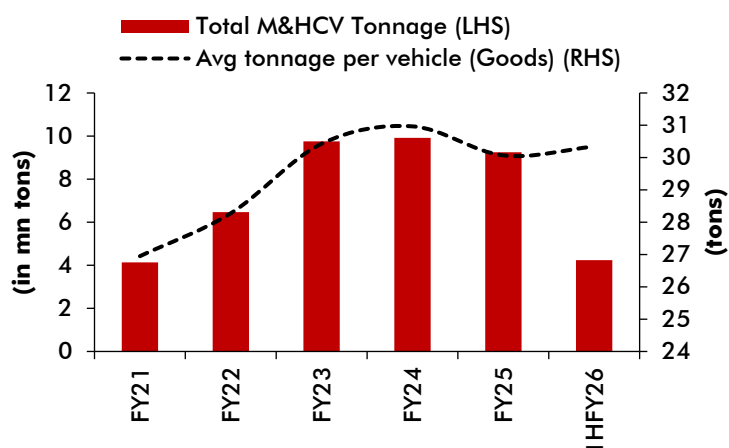
Source: SIAM, Ambit Capital research

Exhibit 43: Increase in share of higher tonnage vehicles in overall mix...

MHCV mix by tonnage (%)	FY21	FY22	FY23	FY24	FY25	1Q26	2Q26
7.5T - 10T	5.5	2.3	1.9	1.7	1.9	1.9	2.4
10T - 12T	12.7	12.9	9.1	10.0	11.1	12.6	13.8
12T - 18.5T	24.4	22.7	21.3	19.6	21.9	21.3	22.3
18.5T - 25T	8.7	9.2	7.4	7.9	7.7	9.1	8.9
25T - 31T	19.8	15.1	13.9	13.7	15.1	13.9	13.6
31T - 40T	10.8	8.8	9.8	9.3	10.2	9.2	9.0
40T - 46T	6.2	6.6	5.9	4.3	3.1	3.2	3.0
46T - 55T	11.9	22.4	30.8	33.4	29.1	28.8	27.0

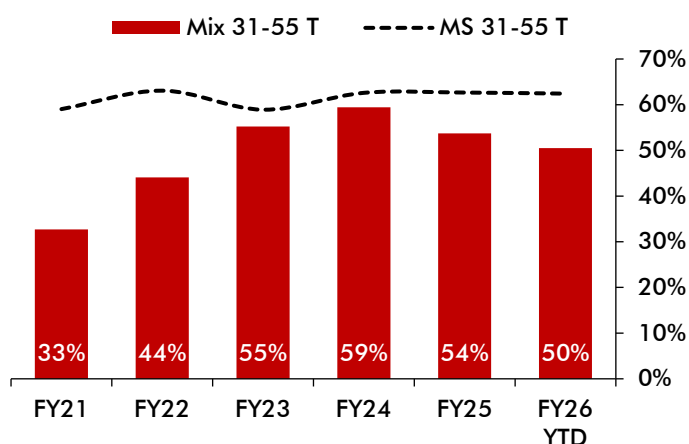
Source: SIAM, Ambit Capital research

Exhibit 44: ...leading to an increase in average tonnage per vehicle



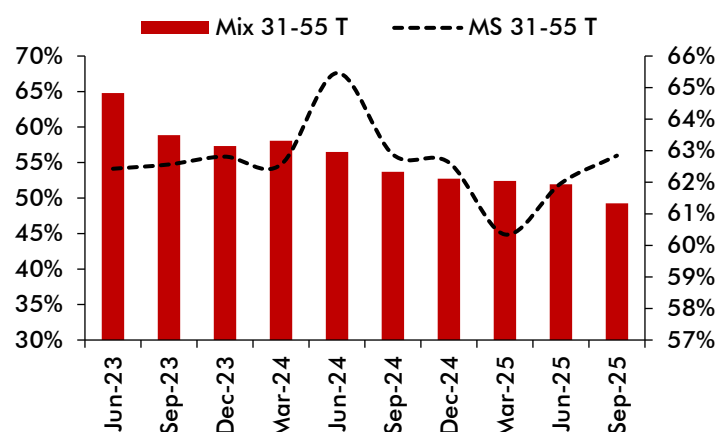
Source: SIAM, Ambit Capital research

Exhibit 45: TMCV is maintaining MS despite normalizing the high, heavier tonnage vehicle volume mix...



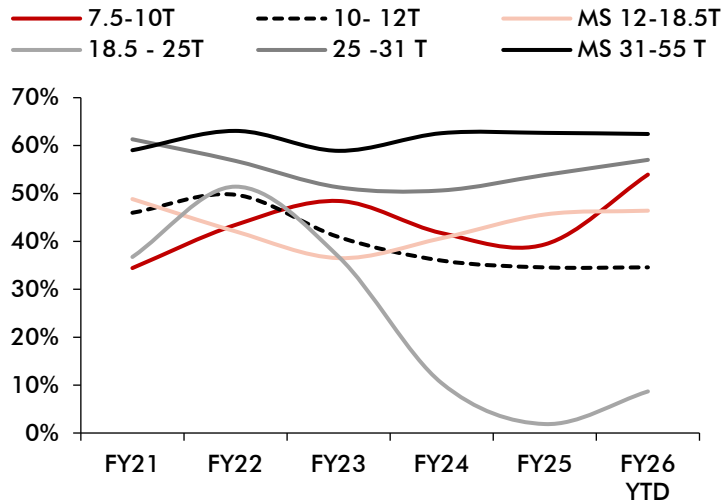
Source: SIAM, Ambit Capital research

Exhibit 46: ...over the last few quarters, MS has been rangebound



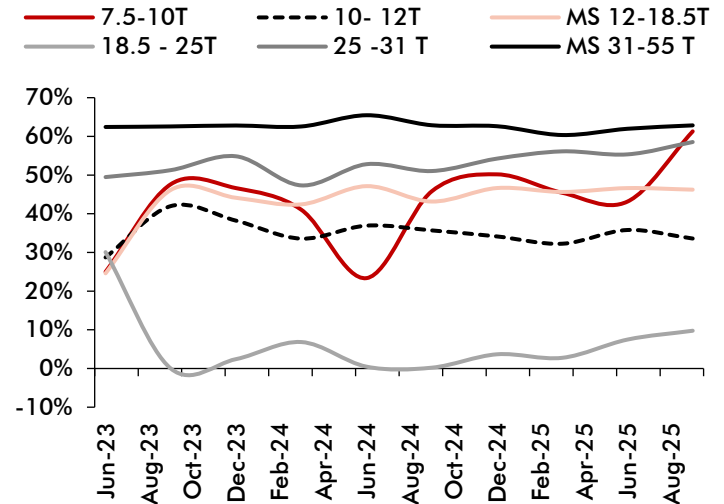
Source: SIAM, Ambit Capital research

Exhibit 47: TMCV consciously focused on higher GVW segments, prioritizing profitability, as evidenced by MS across different segments...



Source: SIAM, Ambit Capital research

Exhibit 48: ...while maintaining leadership in higher tonnage segments, the company is trying to make inroads in lower GVW brackets



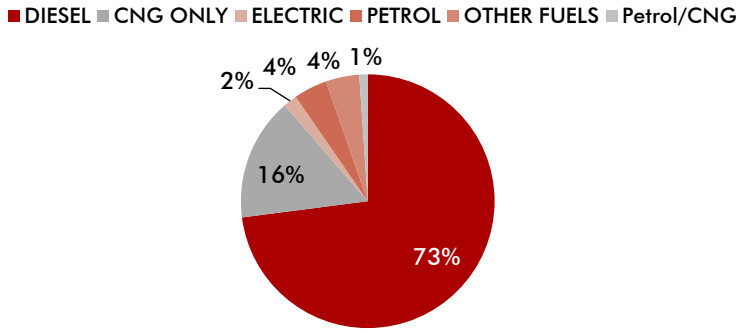
Source: SIAM, Ambit Capital research

Multifuel products and better purchase proposition to help LCV share clawback

Tata Motors' SCV and pickup range—including the Ace Pro, Ace, Intra, and Yodha—covers payloads from 750 kg to 2 tonnes and is offered across diesel, petrol, CNG, bi-fuel, and electric powertrains. Despite this broad portfolio, TMCV faced intense competition from 3W/e3W products and product challenges. After the BS6 transition (in FY20), the industry witnessed a steep hike in realizations for SCVs (~50%) vs e-3Ws & Pick-ups, along with stable freight rates, leading to a higher burden on fleet operators and slower volume growth for the SCV segment. Financing suffered due to product- and service-led issues, resulting in a decline in market share. The company has led the shift toward alternative fuels and electrification, offering the most diversified mix in the segment relative to AL and M&M, who remain more diesel-skewed.

Beyond EVs, TMCV is addressing product-level gaps through technology upgrades, including replacing Diesel Exhaust Fluid DEF/ Selective Catalytic Reduction SCR systems with Lean NOx Trap (LNT) technology, reducing both cost and maintenance complexity. Further, the company has observed that its Intra brand has high awareness but lower conversion due to limited network coverage in remote areas and lower resale value compared to the competition. Consequently, it is (i) strengthening the service network by empaneling local mechanics, (ii) scaling the service network in rural areas, and (iii) driving the resale value of Intra by dealer-participated vehicle auctions. These interventions might take some time to reflect on the ground; however, management taking cognizance of the fact and working towards the same provides comfort regarding market share recovery. These interventions—combined with higher load-carrying capability and improved power—are strengthening TMCV's value proposition and better positioning it to recapture share as LCV sector momentum improves. Management further corrected the financing ecosystem for LCVs and added meaningful customer benefits through connected solutions like Fleet Edge, which enhances cost control, utilization, and trip efficiency for operators. With GST-led consumption tailwinds and product introductions, TMCV should reverse its market-share losses.

Exhibit 49: Diesel continues to dominate LCV space...



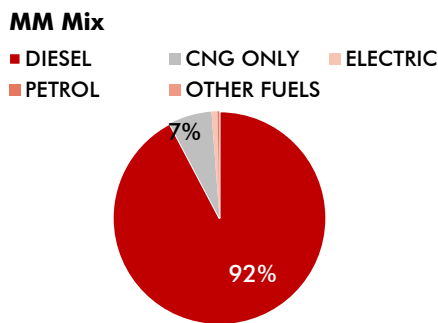
Source: Thurro, Ambit Capital research

Exhibit 50: ...thus, TMCV is addressing its weakness

Name	Launch date	Payload capacity (tons)	Note
Goods			
Ace Gold + Diesel	19/09/2025	0.9	Upgrade to existing in terms of power & tech & payload
LPT 812	03/09/2025	5.0	New launch
Ace Pro	23/06/2025	0.75	Upgrade to existing in terms of power & payload
Passenger			
Winger Plus	29/08/2025	9-seater	New launch

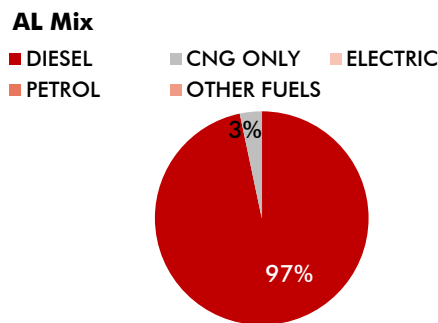
Source: Company, Ambit Capital research

Exhibit 51: MM continues to rely on diesel...



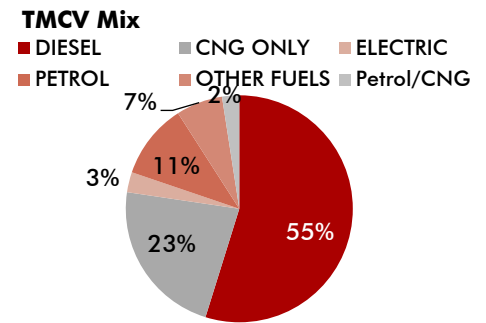
Source: Thurro, Ambit Capital research

Exhibit 52: ...so does AL



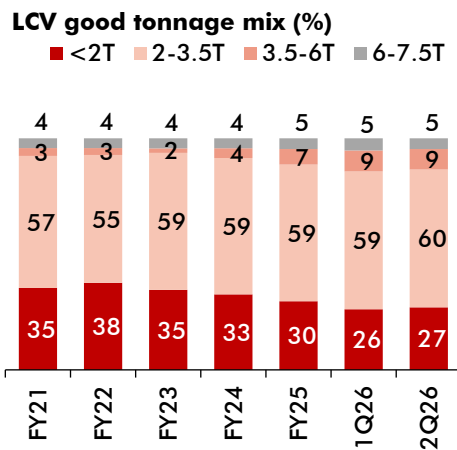
Source: Thurro, Ambit Capital research

Exhibit 53: TMCV has balanced powertrain options



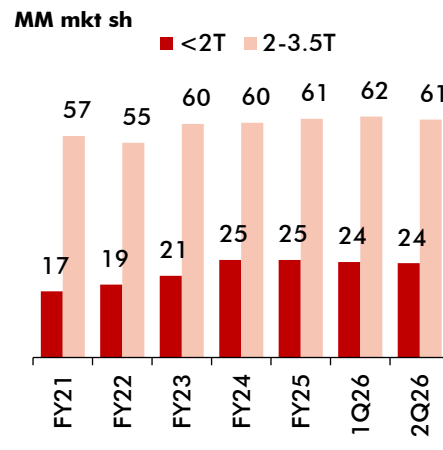
Source: Thurro, Ambit Capital research

Exhibit 54: Structural shift in LCV industry from 2T to 2-3.5T...



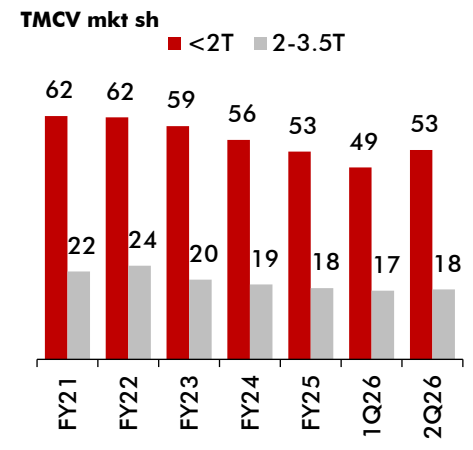
Source: SIAM, Ambit Capital research

Exhibit 55: ...benefited MM market share, aided by product interventions in 2023/24 (Supro/Veero)...



Source: SIAM, Ambit Capital research

Exhibit 56: ...whereas TMCV suffered due to industry shift, however, a timely product intervention stabilizing MS



Source: SIAM, Ambit Capital research

Exhibit 57: Corrective actions planned by TMCV to counter lost market share

Objective	Key Actions
Sustain & consolidate leadership in SCVs	<ul style="list-style-type: none"> ■ Increase the competitiveness of ACE ■ Launch ACE PRO in white space
Grow market share in pickups	<ul style="list-style-type: none"> ■ Intra repositioning to drive consideration ■ Intra-product portfolio enhancement
Drive EV adoption	<ul style="list-style-type: none"> ■ Expansion of product range ■ Engagement to develop EV ecosystem

Source: Company, Ambit Capital research

Group global expansion strategy at play

TMCV builds on the demerger by pursuing sector-aligned opportunities to grow, replicating the group's expansion strategy. The deal pairs TML's high volume with Iveco's premium portfolio and regulated-market reach, creating a stronger platform for global expansion. TMCV gains entry to mature EU and emerging markets (LATAM/ Eastern EU). It gives TML immediate access to future-ready technologies and reduces the need for R&D spending. We see the move as bold yet calculated, accelerating TMCV's tech maturity in digital, autonomous systems, EVs, and powertrains. Combined entity provides the global operating platform needed to navigate upcoming CV-industry disruption and offers a credible path to greater FCF generation aided by synergies. We believe JLR sets a precedent for the successful integration and turnaround of IVECO, considering IVECO's position and performance in the developed market. With the lowest margins among peers, IVECO has potential for improvement. Consensus estimates over EUR2bn of IVECO FCF (CY26–28), offering sufficient debt coverage, further reinforced by synergies.

IVECO acquisition creates global CV powerhouse

Tata Motors' Iveco acquisition (July 2025, Italian approval Oct/Nov 2025) is value-accretive through TAM expansion, geographic diversification, LATAM export leverage, and powertrain technology gains. While truck demand remains soft, buses show double-digit CY25 growth with robust order visibility through 2H26 and pricing power. EV momentum centres on buses, eAxles, and batteries. Powertrain's leaner cost structure and operational efficiency gains position IVECO to capitalize on the recovery. 3QCY25 shows early-cycle recovery: improved book-to-bill and declining inventory signal demand normalization, led by LCV in EU, though LATAM lags.

Overview of proposed transaction

Details on tender offer: The envisaged voluntary tender offer will be made by TML CV Holdings PTE LTD or a new limited liability company to be incorporated under Dutch law, which will be wholly owned, directly or indirectly, by Tata Motors (TMCV) at a price of **EUR14.1 (ex-special dividend w.r.t sale of defence business)**. The completion of the offer is conditional on the separation of Iveco's defence business and is expected to be completed by **1H 2026**.

Offer price: The offer price along with the estimated extraordinary dividend to be distributed to shareholders in relation to the sale of the defence business (assumed at EUR 5.5-6.0/ share), is at a **22-25% premium** to the volume-weighted average price for the three months to 17 July 2025 of EUR 16.02. The estimated EUR 5.5-6/share extraordinary dividend is based on the EUR1.7bn EV for the sale of the defence business.

Agreeing parties: Exor, Iveco's largest shareholder, holding **27.06%** of common shares has provided an irrevocable undertaking to tender. In addition, Iveco Board members, collectively owning **~1.39%** of the company's shares, have committed to tender their holdings into the offer.

Exhibit 58: Strategic rationale for IVECO hinges on global reach, scale, technology and powertrain abilities and capital synergies

Strategic Pillar	Quantitative and Financial Metrics	Core Technology Synergy	View
Global Scale and Market De-Risking	<p>Global Rank: Creates the #4 player globally in Trucks (>6T) by sales volume.</p> <p>Revenue Scale: Aggregate consolidated revenue (TMCV FY25 + IVG CY24) of ₹2.07tn.</p>	<p>Geographic Complementarity: TMCV provides a footprint across India & SAARC, Africa, MENA, and Southeast Asia; Iveco provides deep penetration in EU and South America.</p>	The combination instantaneously scales the business, transforming TMCV into a global industrial player and providing crucial geographical diversification to stabilize earnings across market cycles.
Technological Acceleration & Futureproofing	<p>Investment Capacity: The combined entity's financial strength to enable bold investing, allowing spending of up to EUR1.5Bn per annum.</p>	<p>IVECO Expertise: Provides technologies for EURO VI and Tier 4 final compliance, advanced alternative propulsions, proprietary high-voltage, NMC battery packs and BMS, and FPT's dual focus on ICE and electric powertrains.</p>	The acquisition fast-tracks TMCV's technology roadmap, securing access to crucial next-generation vehicle capabilities required for regulated markets and the shift toward zero-emission transport.
Optimized Capital Efficiency & Synergies	<p>Synergy Target (FCF): Expected annual FCF synergies of up to 0.5% of joint consolidated revenue from FY28 onwards.</p> <p>Cost & Capex Synergy: Optimize combined R&D spend by integrating planned investments in EVs, emissions, ADAS, and SDV.</p>	<p>Product Coverage: Product portfolio spans a wide range of prices and features, combining TMCV's value-driven strategy with Iveco's premium, modular product lineup and advanced technology.</p>	The deal is structured to realize substantial efficiencies through integration, prioritizing returns and ensuring financial discipline during high growth/high R&D investment phases.
Strategic Integration & Operational Leverage	<p>Financial Metrics (Aggregate): Combined EBIT % is 6.6%.</p> <p>EBIT Margin Improvement: TMCV's high EBIT % (9%) blends with Iveco's (5.3%), providing scale leverage.</p>	<p>Operational Benefits: Synergies realized through strategic procurement and cost-effective sourcing for new markets and leveraging TMCV's complementary distribution footprint.</p>	The preservation of Iveco's strategic roadmap combined with TMCV's cost focus and distribution strength, enables strategic sourcing advantages and expanded market entry.

Source: Company, Ambit Capital research

Exhibit 59: IVECO's wide product portfolio strength to aid TMCV's alternative propulsion

Light	Medium	Heavy
<p>DAILY Chassis Cab</p>  <p>DAILY Van</p>  <p>DAILY 7 Ton</p>  <p>DAILY 4x4</p> 	<p>eDAILY Chassis Cab</p>  <p>eDAILY Van</p>  <p>DAILY CNG</p>  <p>IVECO eMOOVY</p>  <p>eSUPERJOLLY</p>  <p>eJOLLY</p>  <p>EUROCARGO 4x2</p>  <p>EUROCARGO 4x4</p>  <p>EUROCARGO CNG</p> 	<p>IVECO S-WAY Artic</p>  <p>IVECO S-WAY Rigid</p>  <p>IVECO S-WAY Artic CNG/LNG</p>  <p>IVECO S-WAY Rigid CNG/LNG</p>  <p>IVECO X-WAY Artic</p>  <p>IVECO X-WAY Rigid</p>  <p>IVECO T-WAY Artic</p>  <p>IVECO T-WAY Rigid</p>  <p>IVECO S-eWAY Artic</p>  <p>IVECO S-eWAY Rigid</p> 

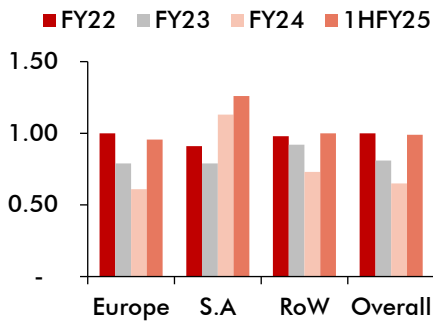
Source: Company, Ambit Capital research

Exhibit 60: IVECO's BUS product portfolio should help TMCV grow the passenger segment, leading with electrification



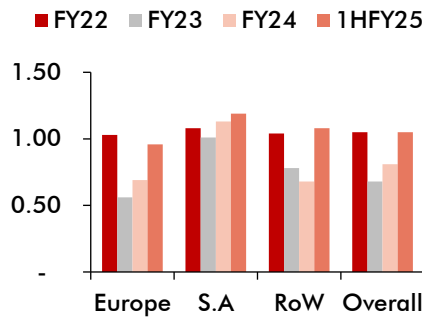
Source: Company, Ambit Capital research

Exhibit 61: LCV book-to-bill ratio crossing 1x driven by South America...



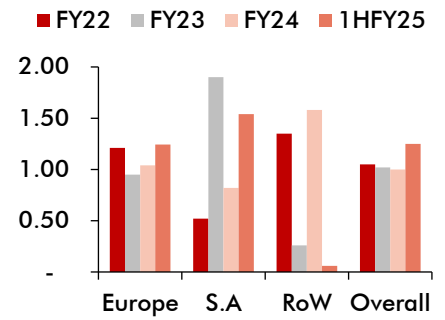
Source: Visible Alpha, Ambit Capital research

Exhibit 62: ...whereas it was steady for MHCV...



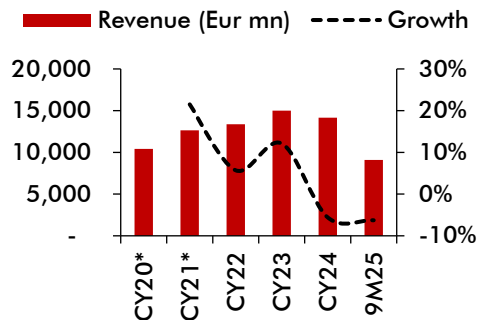
Source: Visible Alpha, Ambit Capital research

Exhibit 63: Bus book to bill ratio remains volatile in SA but core European market remains strong



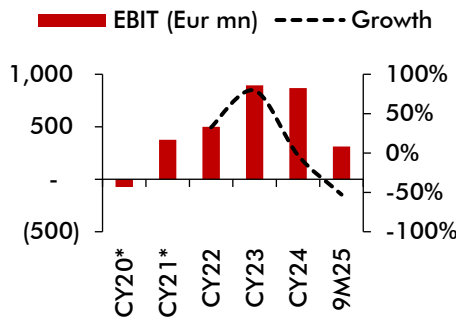
Source: Visible Alpha, Ambit Capital research

Exhibit 64: Trend in IVECO revenue



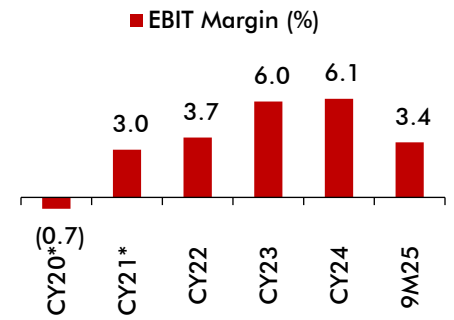
Source: Visible Alpha, Ambit Capital research.
* Includes defence, rest ex defence includes financial business

Exhibit 65: Lower volumes led to a sharp EBIT decline



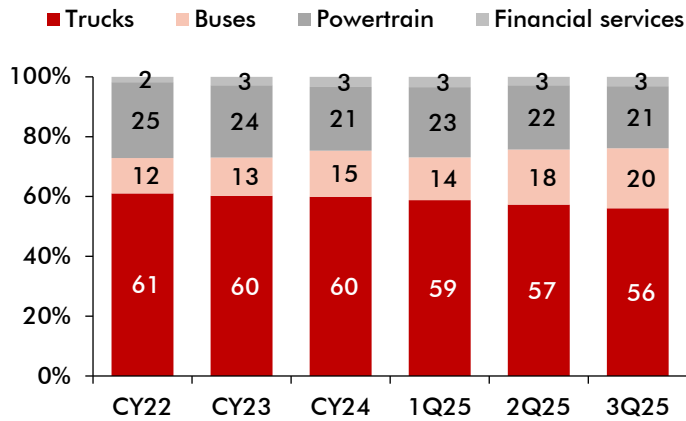
Source: Visible Alpha, Ambit Capital research,
* Includes defence, rest ex defence includes financial business

Exhibit 66: ...so did EBIT margin



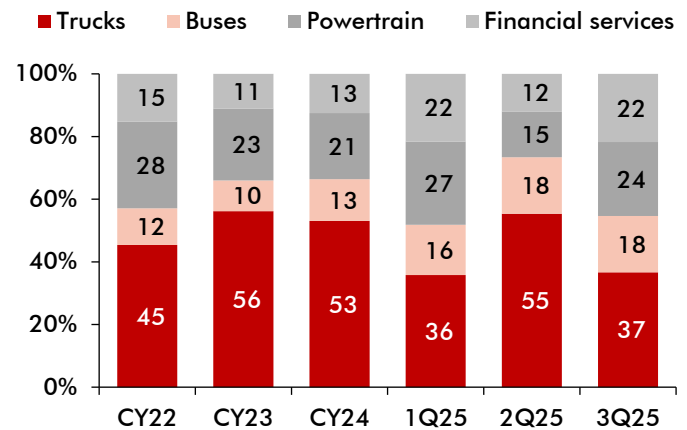
Source: Visible Alpha, Ambit Capital research,
* Includes defence, rest ex defence includes financial business

Exhibit 67: Gradual increase in passenger segment reducing dependence on trucks...



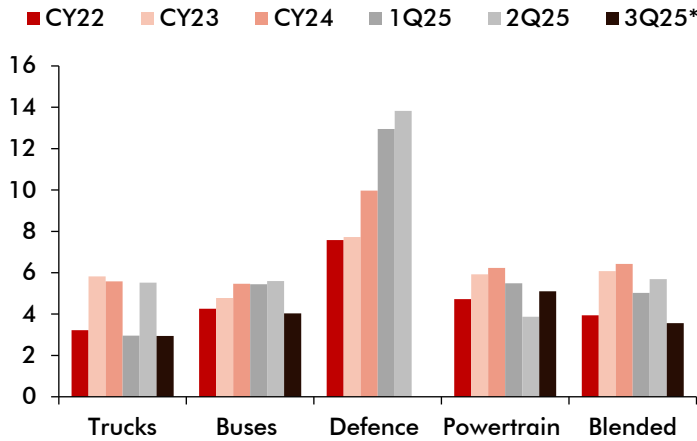
Source: Visible Alpha, Ambit Capital research, ex of defence

Exhibit 68: ...whereas EBIT enjoys a greater contribution from the non-truck segment



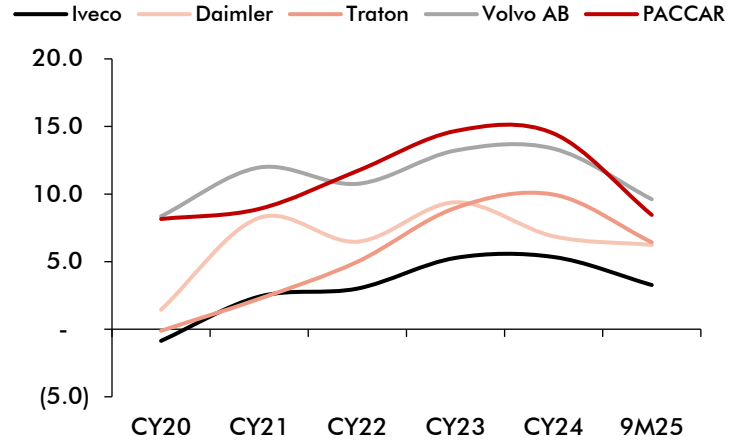
Source: Visible Alpha, Ambit Capital research, ex of defence

Exhibit 69: Truck business margin remains most volatile



Source: Company, Ambit Capital research, *3Q ex of defence for blended margins

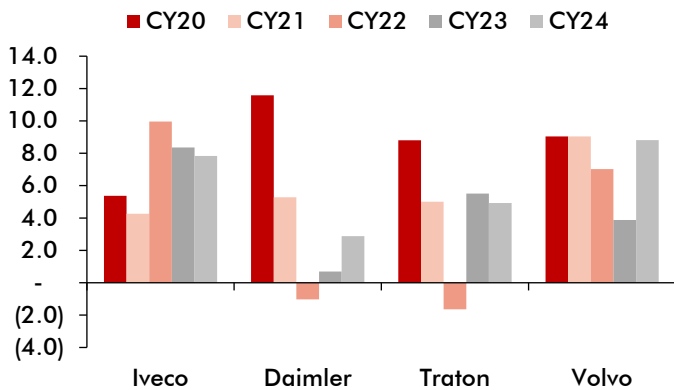
Exhibit 70: IVECO's profitability for its core industrial business remains below peers



Source: Company, Ambit Capital research, Note: Figures reflect core industrial business (truck, bus, etc.) excluding financial services — and for Iveco, excluding the defence business as well

Exhibit 71: Despite low margins, IVECO generates healthy CFO...

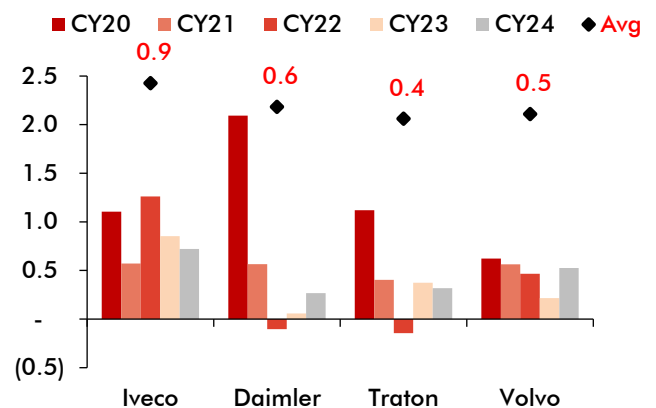
CFO as % of sales



Source: Company, Ambit Capital research. Note: Lending business dragging CFO for peers

Exhibit 72: ...driven by tight WC management

CFO/EBITDA



Source: Company, Ambit Capital research.

Exhibit 73: Compared to the earlier outlook for 2025...

Region	Light Commercial Vehicles (3.5-7.49t)	Medium & Heavy Trucks (≥ 7.5t)	Buses
Europe 27	Units: ~620k % Change: -15% to -10%	Units: MDT ~26k, HDT 280-290k % Change: -5% to -10%	Units: ~45k % Change: 0% to 5%
South America	Units: ~30k % Change: +10%	Units: MDT ~25k, HDT ~100k % Change: -10% to -5%	Units: ~37k % Change: FLAT
Rest of the World	% Change: FLAT	% Change: FLAT	% Change: Not available

Source: Company, Ambit Capital research

Exhibit 74: ...South America, LCV and buses saw improvement in 9MFY25 industry performance

Region	Light Commercial Vehicles (3.5-7.49t)	Medium & Heavy Trucks (≥ 7.5t)	Buses
Europe 27	Units: ~488k % Change: -8%	Units: MDT ~18k, HDT ~214k % Change: -11%	Units: ~30k % Change: +5%
South America	Units: ~27k % Change: +35%	Units: MDT ~18k, HDT 75k % Change: -1%	Units: ~31k % Change: +16%
Rest of the World	% Change: 1%	% Change: -6%	% Change: Not available

Source: Company, Ambit Capital research

Exhibit 75: After industry slowdown, TMCV revised downward its guidance considering weakness in M/HDT segment in EU

Category	Metric	Previous Guidance	New Guidance	New Guidance (Excl. Defence)
Group	Adjusted EBIT	€880 - 980mn	€830 - 880mn	€680 - 730mn
Industrial Activities	Net Revenues (including currency translation effects)	Down 3 - 5% versus FY 2024	Confirmed	Down 4 - 6% versus FY 2024
	Adjusted EBIT	€750 - 850mn	€700 - 750mn	€550 - 600mn
	Free Cash Flow	€350 - 400mn	€250 - 350mn	Not Available

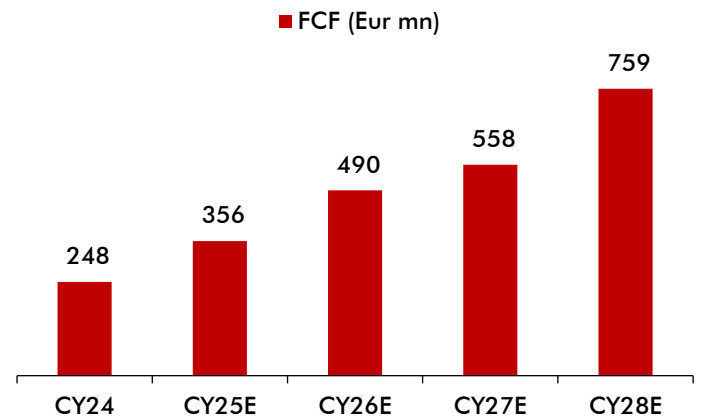
Source: Company, Ambit Capital research

Exhibit 76: IVECO under TMCV will continue to work towards pre-set mid-term targets

Business Unit	Key Focus & Investment	2028 Net Revenue Target	2028 Adjusted EBIT Margin Target
TRUCK (IVECO)	Leverage leadership in Light Commercial Vehicle (Daily, eDaily) and medium-duty (Eurocargo), improve Heavy-Duty margins (S-Way, S-eWay)	€11.0-11.5 billion	Approximately 7%
POWERTRAIN (FPT Industrial)	Focus on both Internal Combustion Engines (ICE) and ePowertrains. Aiming for double-digit profitability growth.	€5.5-6 billion	9.5-10.5%
BUS (IVECO BUS, HEULIEZ)	Full vehicle offering across all segments; focus on zero-emission vehicles. Investing €600 million (2024-2028).	€3-3.5 billion	7-8% (nearly doubling 2022 profitability)
FINANCIAL SERVICES (IVECO CAPITAL, GATE)	Focused on new, sustainable mobility solutions via GATE.	Grow captive portfolio to €8-9 billion (from €6.9 billion in 2023)	€130-150 million Adjusted EBIT

Source: Company, Ambit Capital research

Exhibit 77: Consensus estimates cumulative FCF of ~EUR2.2bn over CY25-28 to cover a large part of its debt obligation



Source: Bloomberg, Ambit Capital research. Note: Consensus estimates

Exhibit 78: TMCV needs to acquire 100% in the tender offer to proceed with delisting and consolidation

Category	Holding %
Promoter Group	27.16%
Institutions	36.99%
Others	35.85%
% of Float Held by Institutions	50.79%

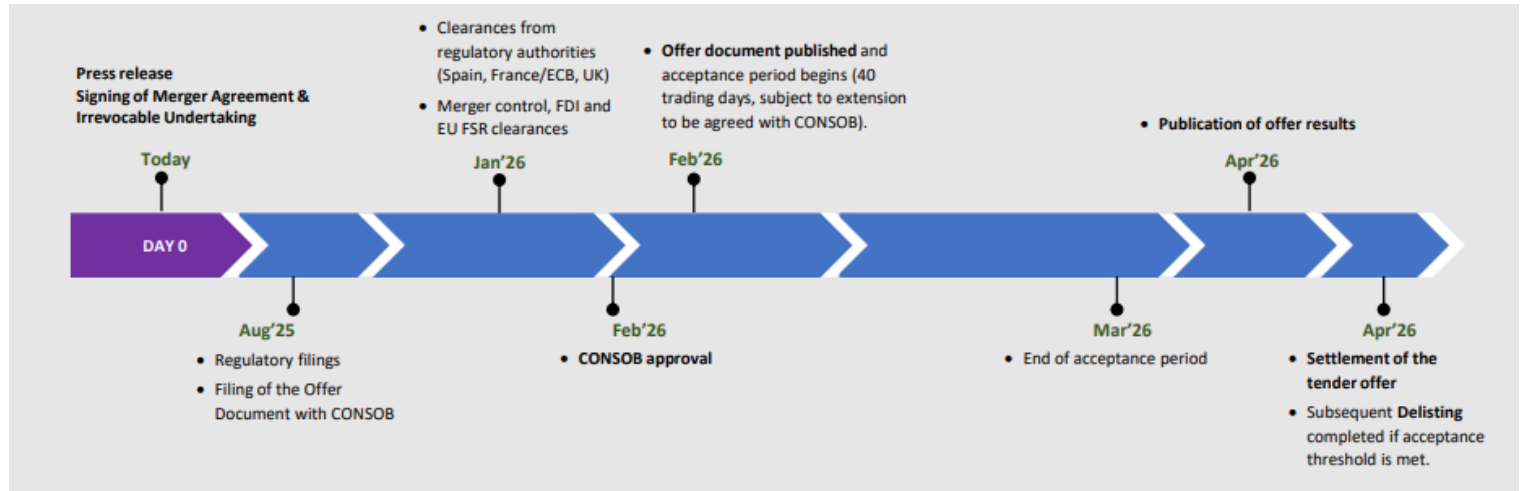
Source: Yahoo Finance, Ambit Capital research

Exhibit 79: The promoter group (~27% share), along with the board of directors (~1.36%), has agreed to participate in the tender offer

Sr. No	Holder name	Holding %
1	Giovanni Agnelli BV	27.06
2	Burlington Loan Management DAC	6.39
3	Blackrock Inc	4.86
4	Acadian Asset Management LLC	3.69
5	Norges Bank	3.65
6	Vanguard Group Inc/The	2.87
7	Dimensional Fund Advisors LP	2.61
8	Deutsche Bank AG	2.35
9	American Century Cos Inc	1.83
10	Skandinaviska Enskilda Banken AB	0.97

Source: Bloomberg, Ambit Capital research

Exhibit 80: Based on the required steps and subject to the necessary approval of the Offer Document, Iveco Group and TMCV anticipate that the offer will close in 2QCY26



Source: Company, Ambit Capital research

Exhibit 81: IVECO has prioritized building R&D capabilities across markets, with a strong powertrain focus

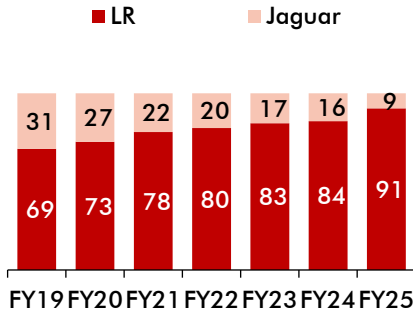
Region	Country	City	Facility	Brand(s)
Europe	Czech Republic	Vysoké Mýto	1 Plant, 1 R&D Centre	IVECO
		Annonay	1 Plant, 1 R&D Centre	IVECO
		Bourbon-Lancy	1 Plant, 1 R&D Centre	FPT
	France	Fourchambault	1 Plant	FPT
		Rorthais	1 Plant, 1 R&D Centre	HEULIEZ
		Vénissieux	1 R&D Centre	IVECO
	Germany	Ulm	1 Plant, 1 R&D Centre	IVECO
		Bolzano	1 Plant, 1 R&D Centre	IDV
		Brescia	1 Plant, 1 R&D Centre	IVECO
		Foggia	1 Plant, 1 R&D Centre	FPT
		Foggia	1 Plant	FPT
		Leini	1 Plant	IDV
	Italy	Piacenza	1 R&D Centre	IDV
		Piacenza	1 Plant, 1 R&D Centre	ASTRA
		Suzzara	1 Plant, 1 R&D Centre	IVECO
		Turin	4 Plants	IVECO
		Turin	3 R&D Centres (listed as 1 R&D Centre; 1 R&D Centre; 1 R&D Centre)	FPT
		Vittorio Veneto	1 Plant	IDV, FPT
	Spain	Madrid	1 Plant, 1 R&D Centre	IDV
		Valladolid	1 Plant	IVECO
	Switzerland	Arbon	1 R&D Centre	IVECO
		Coventry	1 R&D Centre	FPT
	UK	Nuneaton	1 R&D Centre	FPT
		Shoreham-by-Sea	1 R&D Centre	IDV
South America	Argentina	Córdoba	1 Plant, 1 R&D Centre	FPT
		Córdoba	1 Plant	IVECO
	Brazil	Sete Lagoas	1 Plant, 1 R&D Centre	FPT
		Sete Lagoas	1 Plant, 1 R&D Centre	IVECO
		Sete Lagoas	1 Plant, 1 R&D Centre	FPT
North America	USA	Burr Ridge	1 R&D Centre	IDV
Rest of the World	China	Chongqing	2 Plants, 1 R&D Centre	FPT
		Shanghai	1 R&D Centre	FPT

Source: Company, Ambit Capital research, *FPT is powertrain brand of IVECO, IDV stands for defence vehicles, Astra is brand under IVECO*

JLR sets precedent for IVECO recuperation

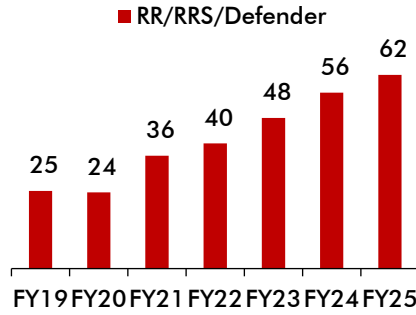
JLR was a structurally challenged asset when Tata Motors acquired it in 2008, burdened by an ageing product pipeline, high fixed costs, and a deeply loss-making Jaguar brand. Tata Motors Passenger Vehicles Ltd (erstwhile Tata Motors Ltd) gradually stabilised JLR by rationalising platforms, tightening capital allocation, and shifting the portfolio toward high-margin Range Rover and Defender nameplates. The “Reimagine” strategy reset the cost structure through £1–1.2bn in annual savings, reduced nameplate complexity, and prioritised profitable markets over volume chase. Improved pricing discipline, premiumisation of the SUV portfolio, and a pivot toward electrification rebuilt margins and restored FCF, transforming JLR from a volatile, capital-hungry business into a key earnings- and net cash-positive in FY25. The improvement in JLR came amid muted volume growth. With the EU CV cycle down and impacted by US tariffs, recovery should begin as uncertainty fades, supported by trade deals and stabilizing supply chains.

Exhibit 82: Significant mix improvement driven by Jaguar phase-down and premiumization...



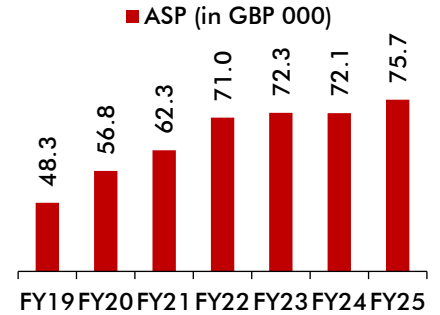
Source: Company, Ambit Capital research

Exhibit 83: ...with RR/RRS/Defender share improved materially in the overall mix...



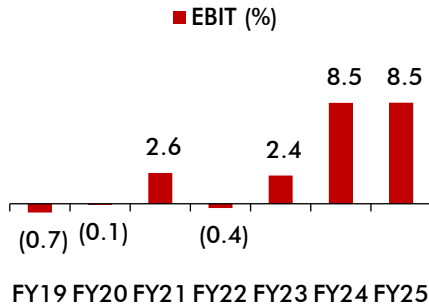
Source: Company, Ambit Capital research

Exhibit 84: ... leading to ~8% ASP CAGR over FY19-25



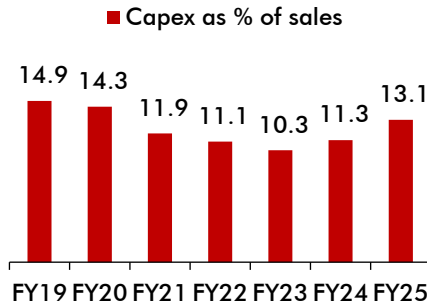
Source: Company, Ambit Capital research

Exhibit 85: Improved mix and cost cutting lead to margin improvement...



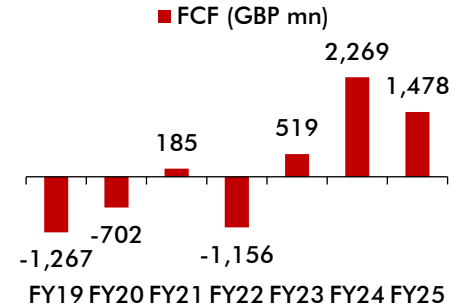
Source: Company, Ambit Capital research

Exhibit 86: ...which, coupled with cautious spending in FY21-24...



Source: Company, Ambit Capital research

Exhibit 87: ...resulted in positive FCF

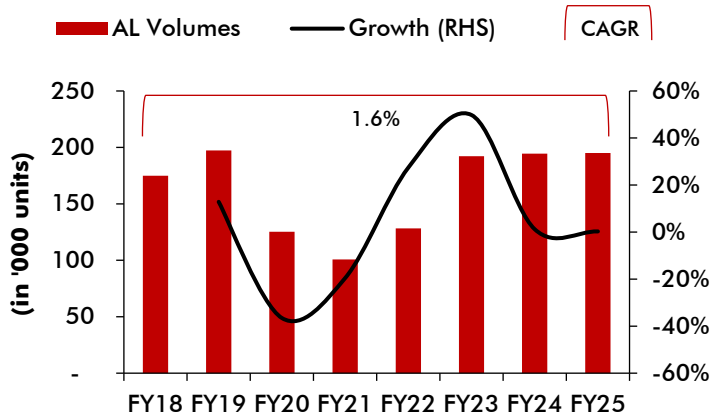


Source: Company, Ambit Capital research

Should TMCV trade at a discount to AL?

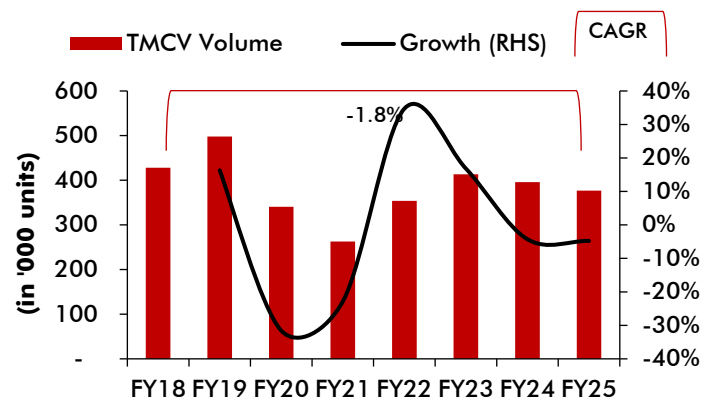
Historically, AL was the only listed CV OEM player. TMCV's listing broadens the investment universe. TMCV has outpaced AL on key financial metrics despite weaker volume growth, delivering superior revenue (7.7% vs 5.7%) and EBITDA (8.6% vs 7.5%) CAGR over FY18-25. AL's volume gains haven't translated to stronger financials, with MHCV share declining from 34% to 30% (during FY19 to 25) and growth concentrated in lower-margin LCVs. TMCV's refreshed LCV portfolio and extensive distribution network position it to reclaim share in this high-growth segment. On capital efficiency, TMCV's disciplined working capital management delivers comparable FCF (~9.5% vs AL's ~9%) despite marginally higher capex (2.8% vs 2.2% of sales). Both players face similar EV investment cycles and operate in identical market conditions. TMCV's superior profitability growth, stronger CFO conversion, and LCV recovery potential justify parity valuation with AL. At CMP, TMCV trades at a 6-7% discount to AL.

Exhibit 88: AL's LCV-driven upcycle delivers higher overall volume CAGR vs TMCV...



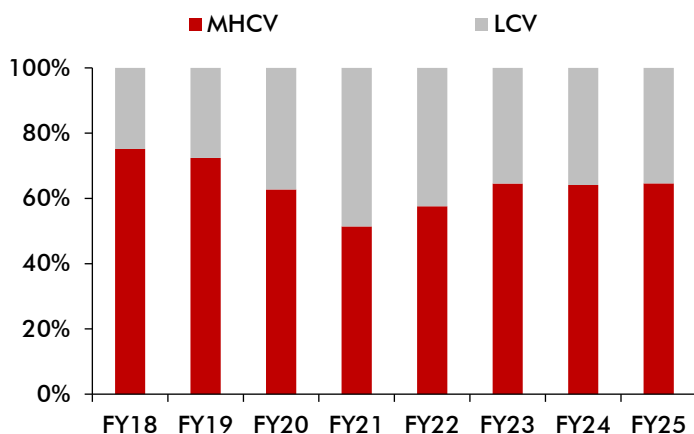
Source: Company, Ambit Capital research

Exhibit 89: ...but TMCV maintains steadier growth momentum across product segments going ahead



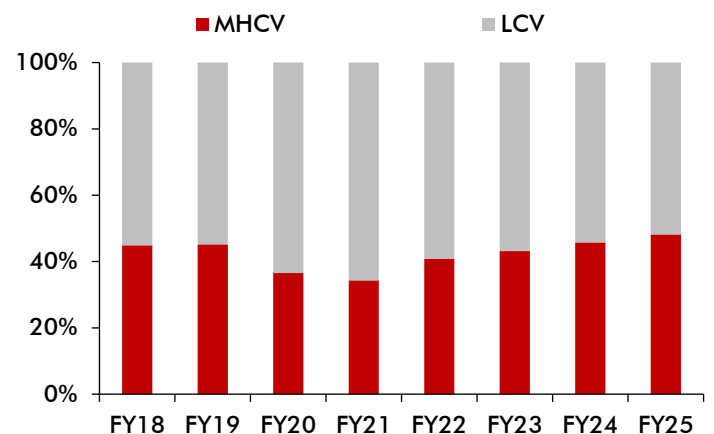
Source: Company, Ambit Capital research

Exhibit 90: AL continues to be MHCV-heavy...



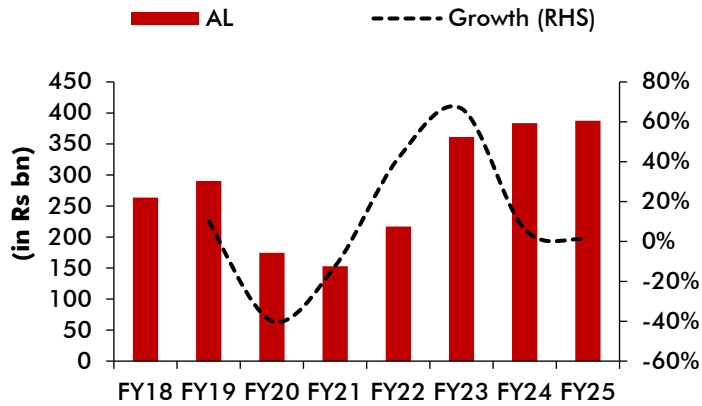
Source: Company, Ambit Capital research

Exhibit 91: ...whereas TMCV enjoys a balanced mix and maintains MHCV leadership



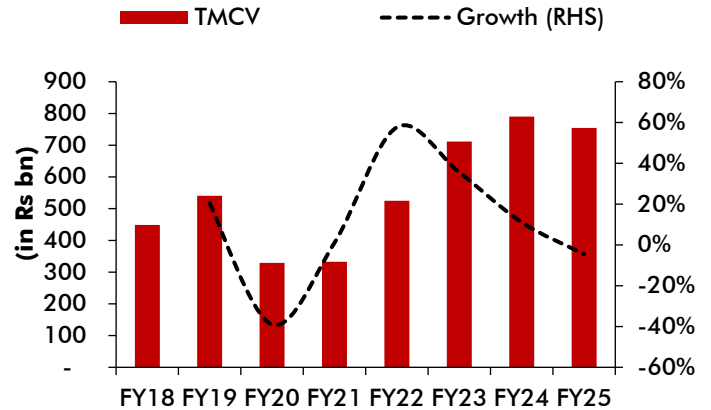
Source: Company, Ambit Capital research

Exhibit 92: However, AL's revenue CAGR over FY18-25 (5.7%) lagged TMCV (7.7%) ...



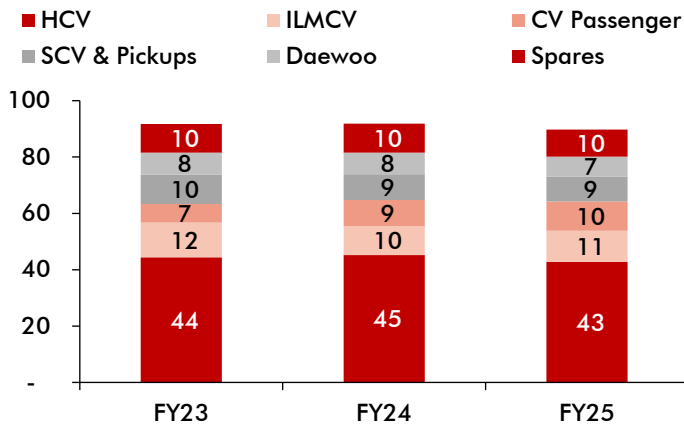
Source: Company, Ambit Capital research

Exhibit 93: ...as TMCV enjoyed a constant share of MHCV



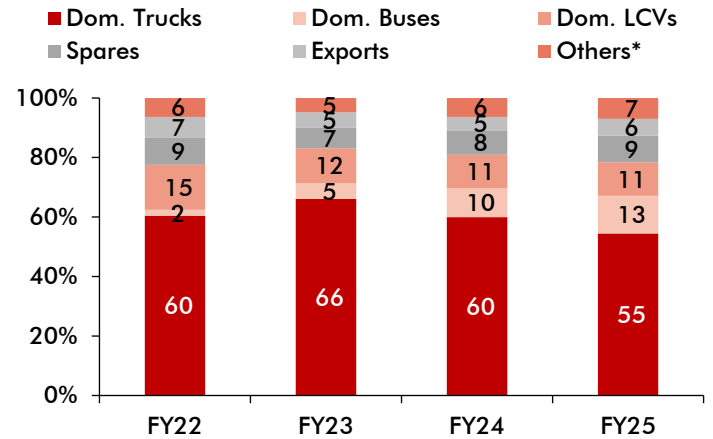
Source: Company, Ambit Capital research, considering CV segment for historical comparison

Exhibit 94: TMCV revenue mix...



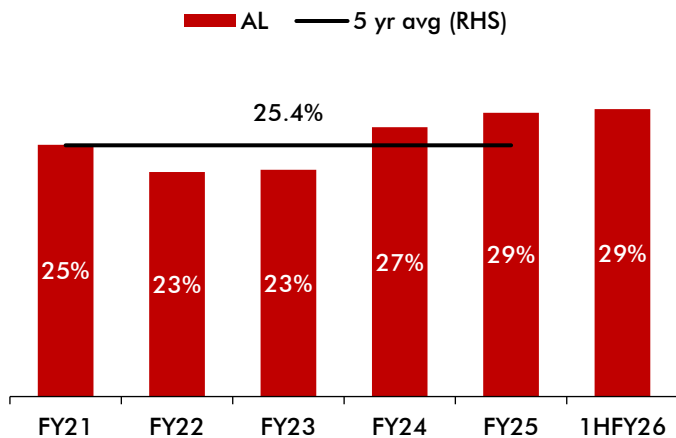
Source: Company, Ambit Capital research

Exhibit 95: ...broadly mirrors AL's segmental mix



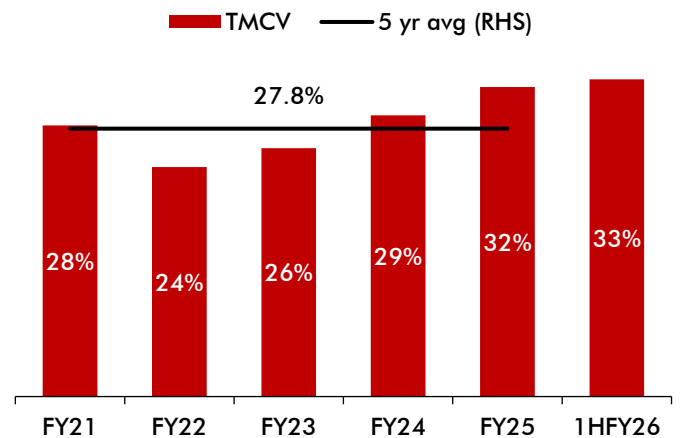
Source: Company, Ambit Capital research. Others include Engine, Defence, Hinduja Foundries

Exhibit 96: AL's gross-margin recovery from lows was slower vs TMCV...



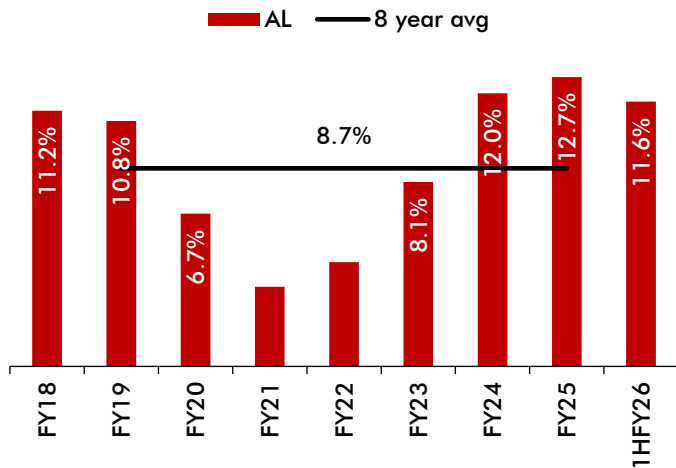
Source: Company, Ambit Capital research

Exhibit 97: ...while TMCV consistently delivered a higher and steadier margin profile



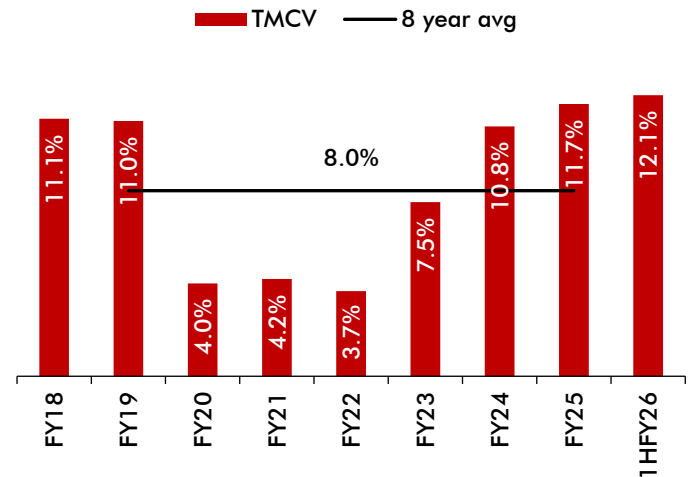
Source: Company, Ambit Capital research, considering CV segment for historical comparison

Exhibit 98: EBITDA margin improvement gap starting to close between AL...



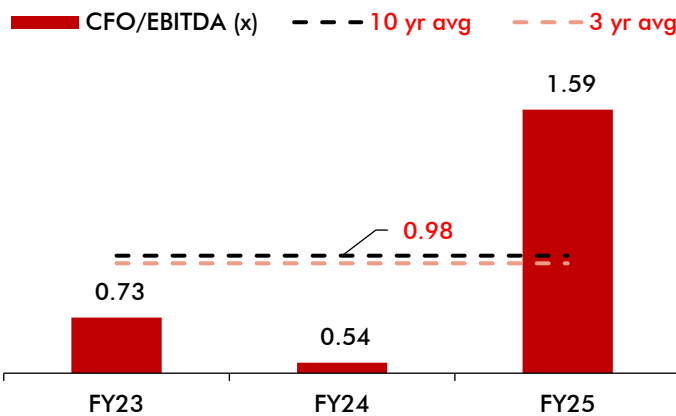
Source: Company, Ambit Capital research

Exhibit 99: ...and TMCV, with room for improvement on operational expenses



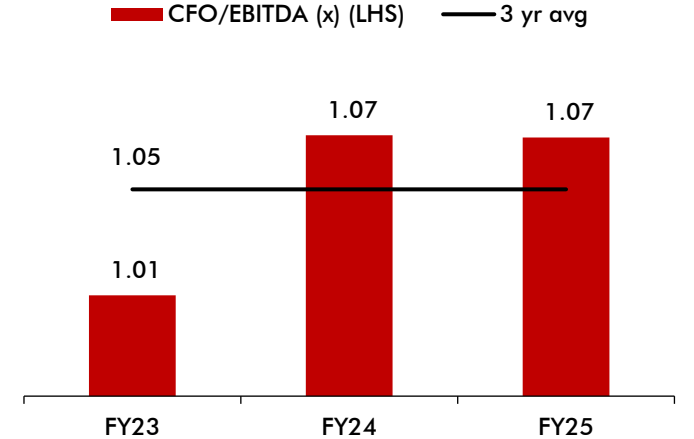
Source: Company, Ambit Capital research, considering CV segment for historical comparison

Exhibit 100: AL's volatile WC cycle...



Source: Company, Ambit Capital research

Exhibit 101: ...contrasts with TMCV's steadier cash-flow conversion



Source: Company, Ambit Capital research. Considering CV segment for historical comparison

Exhibit 102: AL rapidly scaled up its dealer network over FY22-25...

Period	Dealer Network (Nos.)	MHCV	LCV
FY25	1,363	1,198	165
FY24	1091	943	148
FY23	1429	809	620
FY22	907	907	NA

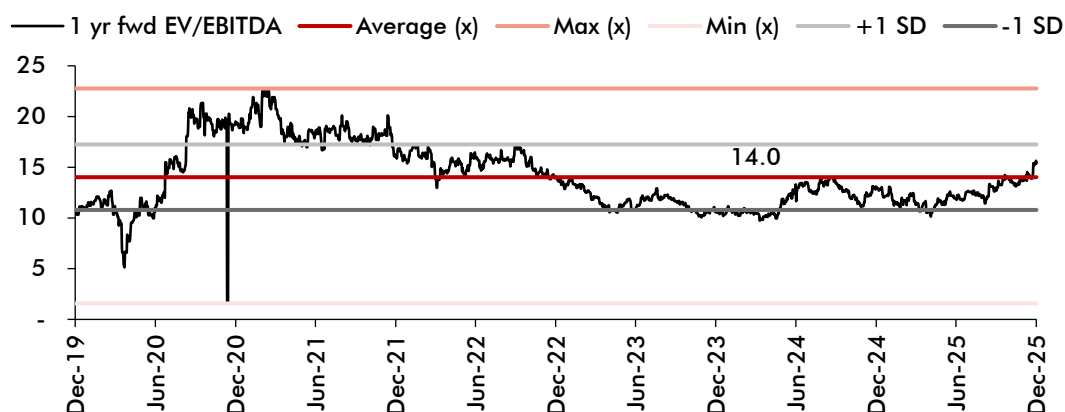
Source: Company, Ambit Capital research

Exhibit 103: ...resulting in near-equivalence vs Tata Motors' CV reach

Period	Dealer Network (Nos.)	Service Workshops (Nos.)
FY25	1368	3208
FY24	1311	3145
FY23	1298	3007
FY22	1230	3145

Source: Company, Ambit Capital research

Exhibit 104: Despite a heavier MHCV skew that heightens cyclicalities, AL is currently trading at ~15x 1yr forward EV/EBITDA and 5yr average of 14x



Source: Company, Ambit Capital research

AL: Diversified, scalable, and upgraded

AL has successfully structurally decoupled from MHCV cyclicalities, increasing non-truck revenue to ~50% via aggressive LCV expansion and bus/defence adjacencies. Medium-term catalysts include scaling LCV capacity to ~110k units (from 80K) with minimal capex and unlocking subsidiary value, highlighted by Switch Mobility achieving profitability in 1HFY26. Capitalizing on robust Nov '25 trends and a recovering CV cycle, we upgrade FY26/27/28E volumes by 1.3%/2.5%/1.6%. We raise our MHCV CAGR forecast to 4% (removing previously modelled declines), which offsets a minor LCV trim due to competitive intensity. These revisions drive superior FY25-28E revenue/EBITDA CAGR of 6.0%/7.4% (vs 5.2%/6.1% earlier). Current valuations imply a modest 4.1% long-term volume growth — well below the 6.3% historical average. We maintain BUY with a revised TP of ₹170, implying 14.2x EV/EBITDA for FY27E (26x P/E).

Exhibit 105: Change in estimates

	FY26E			FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Volumes ('000 units)	208	205	1.3	215	210	2.5	222	218	1.6
Net Sales	414,876	411,291	0.9	436,385	424,798	2.7	461,189	451,362	2.2
EBITDA	54,222	53,439	1.5	57,242	54,704	4.6	61,010	58,853	3.7
EBITDA margins (%)	13.1	13.0	10bp	13.1	12.9	20bp	13.2	13.0	20bp
Net Profit	35,187	34,600	1.7	37,787	35,887	5.3	40,825	39,210	4.1
EPS (₹)	6.0	5.9	1.7	6.4	6.1	5.3	7.0	6.7	4.1

Source: Company, Ambit Capital research

TMCV - strong fundamentals; attractive risk-reward

TMCV has a strong presence in M&HCV and is mitigating LCV challenges with recent interventions. With a sharp focus on fiscal discipline, it has delivered improved profitability and stringent capital allocation, leading to a net cash balance sheet. For the CV segment (Tata CV India, Tata Cummins JO results, and Tata Daewoo). We estimate volumes/revenues/EBITDA/PBT to register 4.7%/5.9%/7.8%/9.4% CAGR over FY25-28E as we expect a gradual recovery through FY27E. The stock is trading at reasonable valuations of ~12.6x on FY27E EV/EBITDA and at a discount (~6%) to AL over the same period, despite the reasons stated above. Valuing on DCF, India CV business builds in 3.9% CAGR over FY25-35E with EBITDA margin reaching 13.2% (from 12.6% in FY28E). At CMP, volume CAGR implies 1.4% over FY25-35E.

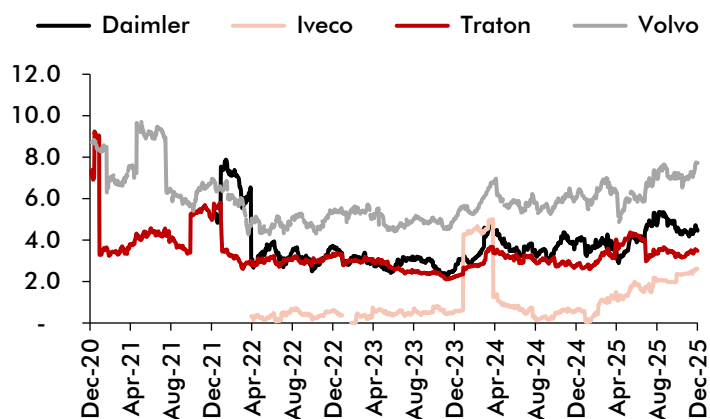
We believe valuations positives of a) CV cycle recovery tailwinds, b) IVECO integration, and c) better pricing discipline, lower capex intensity, and strict capital allocation would be slightly negated by a) threat of an increase in the share of rail in freight led by the DFCC and b) higher competitive intensity. We value TMCV at: (i) 13.5x EV/EBITDA for CV business (recognizing historic MS loss), (ii) 2.5x EV/EBITDA on FY27E for IVECO, (iii) Listed subsidiaries at 20% holdco discount, (d) other investments at 1x P/B. Initiate with BUY and TP of ₹430, implying P/E of 24.5x FY27E EPS (vs AL P/E of ~26.4x on FY27E EPS).

Exhibit 106: SOTP valuation

₹ bn	Valuation Parameter	EV/EBITDA Multiple (x)	FY27E
EV			
CV	₹ bn	13.5	1,423
Tata capital	₹ bn	20% hold co.	51.5
Other investments	P/B	1.0	11.3
Less: Net Debt			-24
Total Equity Value			1,509
Shares (mn)			3,680
₹/Share (A)			410
EBITDA IVECO			
	Eur mn		1,401
EV IVECO	₹ bn	2.5	367
Less: Net Debt			293
Total Equity Value			74
Shares (Mn)			3,680
₹/Share (B)			20
TP (A+B)			430

Source: Company, Ambit Capital research

Exhibit 107: Iveco trades at a discount to peers, tracking subdued profitability



Source: Bloomberg, Ambit Capital research

Exhibit 108: Peer comparison

Ticker	Market cap. (₹ bn)	CMP	TP	Reco	Vol. CAGR	EV/Sales			RoE			RoCE		
					FY25-28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
TMCV IN	1,327	358	430	BUY	4.7%	1.6	1.5	1.3	37.3	30.7	25.7	31.8	28.6	25.6
AL IN	956	160	170	BUY	4.9%	0.8	0.7	0.5	27.6	24.6	22.4	32.7	29.5	27.2

Source: Company, Ambit Capital research

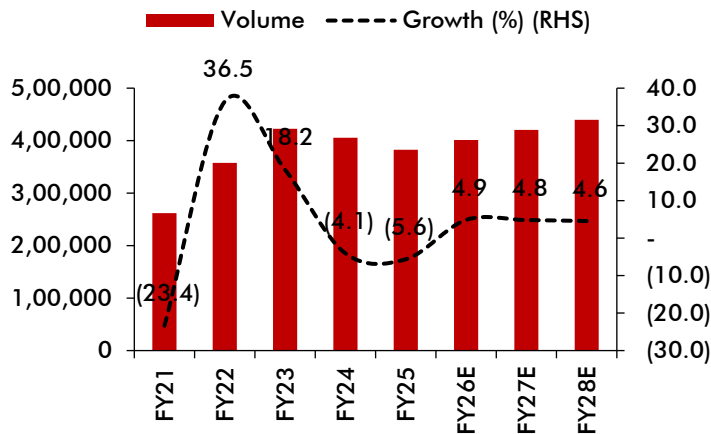
Key assumptions for the CV segment

Exhibit 109: Key PNL items and assumptions

Margin improvement	TMCV*				CAGR (%)	Comments
	FY25	FY26E	FY27E	FY28E		
Volumes	376,903	395,217	414,177	432,960	4.7	We expect MHCV volumes to recover through FY27E/FY28E, tracking the resurgence of replacement demand. Consequently, we expect 4.7% volume CAGR over FY25-27E.
MHCV	181,510	192,071	198,041	205,132	4.2	
LCV	195,393	203,146	216,136	227,828	5.3	
Revenue	754,260	801,207	848,186	895,708	5.9	CV segment revenue is expected to post 5.9% CAGR, factoring in a steady mix and 1.1% realization growth.
Realization (₹ 000/unit)	1,971	1,997	2,017	2,037	1.1	Prices hikes being offset by LCV recovery.
RM/Sales %	67.9	67.8	67.7	67.6		Expect RM/Staff cost/Other expense to stabilize at these levels as MHCV is at a crossroads.
Staff cost/Sales %	6.3	6.4	6.3	6.3		
Oth. Exp./Sales %	12.7	12.4	12.3	12.5		
EBITDA	88,500	97,941	105,397	110,730	7.8	Expect EBITDA margins to improve marginally on the back of pricing discipline and cost-control focus.
EBITDA Margins (%)	11.7	12.2	12.4	12.4		
EBITDA (₹/Unit)	231,312	244,120	250,636	251,840		
EBIT	68,040	80,314	85,464	89,680	9.6	
EBIT Margins (%)	9.0	10.0	10.1	10.0		

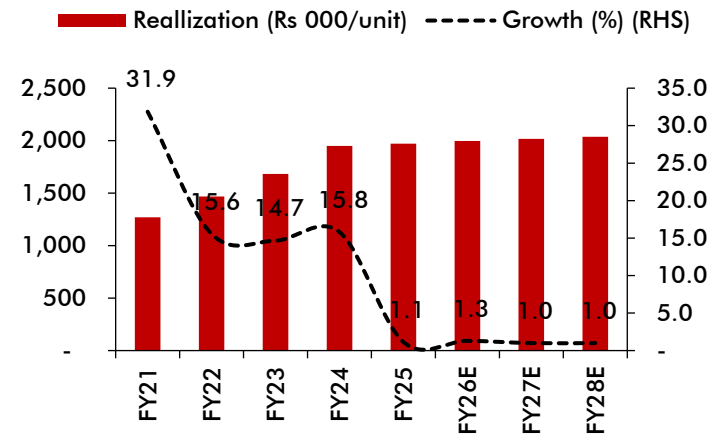
Source: Company, Ambit Capital research, CV segment only

Exhibit 110: Volumes expected to grow 4.7% over FY25-28E...



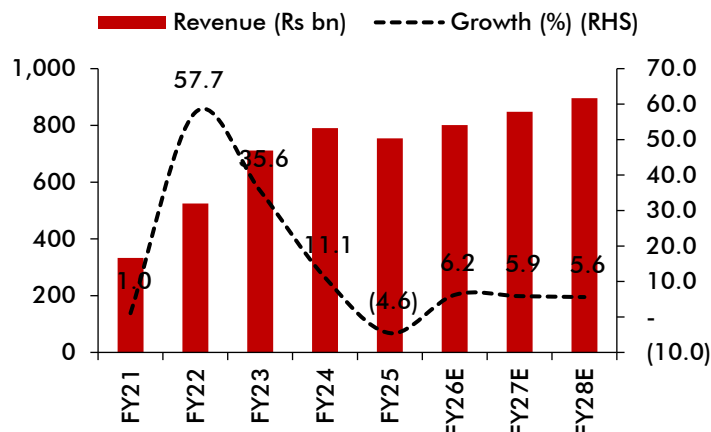
Source: Company, Ambit Capital research

Exhibit 111: ...coupled with 1.1% realization CAGR...



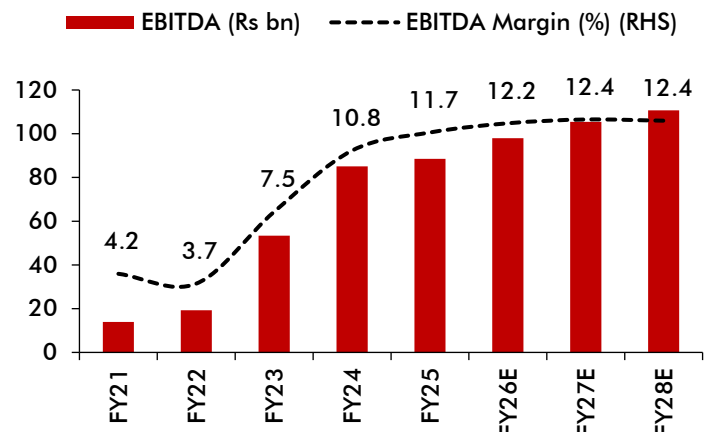
Source: Company, Ambit Capital research

Exhibit 112: ...leading to 5.9% revenue CAGR



Source: Company, Ambit Capital research

Exhibit 113: ~60bps margin improvement over FY25-28E, leading to 6.9% EBITDA CAGR



Source: Company, Ambit Capital research

Catalysts & Risks

Catalysts

- Higher consumption after GST cuts to drive a rebound in freight demand and demand recovery from 2HFY26 (4.7% CAGR, FY25-28E).
- Margin improvement (~60bps), with non-core revenues de-risking CV volatility.
- IVECO+TMCV expanding TAM with >₹2tn revenue scale. It will support revenue diversification and enable potential synergies up to 0.5% of combined revenue.

Risks

- Non-enforcement of the overloading ban would weaken new truck demand, which should rise on the back of freight demand caused by GST-fueled consumption.
- Raw-material inflation, rising risk of discounting to gain market share, and the lack of benefit from operating leverage will be hurdles to improving operating margins. Any significant near-term demand downturn could inflate discounts and hurt margins.
- Increased competition from peers in MHCV.
- Decline in public/private spending intensity and delay in off-road recovery.

Exhibit 114: Explanation for accounting flags

Field	Score	Comments
Accounting	AMBER	TMCV's CV segment has displayed high-quality earnings, as evidenced by an average CFO/EBITDA of > 1x over FY23-25. No material deviations in accounting have been observed that might have a meaningful impact on its financials. However, ambiguity about what constitutes a corporate segment, along with the absence of full FY25 financials, limits comfort. We await incremental data.
Predictability	AMBER	TMCV operates in a cyclical market and faces threats from government regulation, infrastructure spending, and macro factors, making long-term earnings less predictable.
Earnings Momentum	AMBER	CV Segment Rev/EBITDA/PAT has grown at a CAGR of 3%/29%/46% over FY23-25, driven by a 4ppt improvement in margins. The maturing CV cycle, cost optimizations and plateauing pricing discipline impact restrict margin gains.

Source: Company, Ambit Capital research

Experienced BoD and management

Tata Motors has long struggled to build a consistent PV brand, even as it remained a strong CV leader. However, management has demonstrated materially improved execution in recent years, reflected in sharper product strategy, tighter cost control, and a structured turnaround that returned JLR to profitability. Governance and financial discipline have strengthened as well, as evidenced by better disclosures, reduced automotive debt, and credit rating upgrades. The recent demerger further underscores a push toward a clearer strategic focus and accountability. In CVs, leadership under Girish Wagh has reinforced the franchise through network expansion and disciplined price–cost actions, helping the company defend share and lift profitability. While global uncertainties persist, Tata Motors’ improved execution, stronger financial footing, and higher-quality earnings provide confidence in its ability to navigate near-term volatility.

Exhibit 115: Board of directors and management profiles

Name	Designation	Description
Girish Wagh	MD & CEO	Mr. Girish Wagh joined Tata Motors in 1992 as a Graduate Engineer Trainee after completing his Engineering degree from Pune University and later obtained a post-graduate degree in Manufacturing Management from the S.P. Jain Institute of Management and Research. In July 2017, Mr. Wagh was appointed President and Head of Commercial Vehicle Business Unit–Tata Motors and a member of the Executive Committee. He was appointed as an Executive Director of the company with effect from 1 July 2021.
P.B Balaji	CEO, JLR	Mr. PB Balaji is the Chief Executive Officer (CEO) of Jaguar Land Rover Automotive Plc, UK. He has been associated with Tata Motors Group since November 2017, beginning his journey as Group Chief Financial Officer and a member of Tata Motors’ Executive Committee. A global finance leader with nearly three decades of experience spanning the FMCG and automotive industries, Mr. Balaji has held diverse leadership roles in India and internationally.
Ms. Varsha Purandare	Non-Executive, Independent Director	Varsha Purandare has a varied experience of 36 years in credit, forex, treasury, capital markets, investment banking, SSI and private equity businesses of State Bank of India (SBI) & SBI Capital Markets Ltd (SBICAPS) across geographies, domestic & globally. She also served various Boards & Committees of several businesses of SBI and other institutions. She was also the former MD & CEO of SBI Capital Market Limited.
Mr. Guenter Butschek	Non-Executive, Independent Director	Mr Guenter Butschek is a globally experienced (South Africa, China, India, South Korea, Europe) Chief Executive leading holistic industrial strategies and operational excellence in the aerospace and automotive industries. He was the CEO & MD of Tata Motors Limited (‘TML’) from February 15, 2016 to June 30, 2021, also serving on several TML affiliated company Boards as the Chairman or a Non-Executive Director.
Mr. Bharat Puri	Non-Executive, Independent Director	Mr. Bharat Puri is the Managing Director of Pidilite Industries Limited since April 2015, having first joined the Board of Pidilite Industries Limited as an Independent Director in 2008. He is a graduate in Commerce from Punjab University and holds a post-graduate diploma in Management (MBA) from IIM, Ahmedabad.
Mr. Al-Noor Ramji	Non-Executive, Independent Director	Mr. Al-Noor Ramji is an experienced Chief Information Officer (CIO), Board Advisor, and entrepreneur. He holds a B.Sc. in Electronics from the University of London, is a Chartered Financial Analyst (CFA)
Mr. Kosaraju Veerayya Chowdary	Non-Executive, Independent Director	Mr. K.V. Chowdary has a post-graduate degree in Mathematics from the Indian Institute of Technology Chennai and graduated from Loyola College, Chennai. He began his career in 1976 as a probationary officer in Andhra Bank before joining the Indian Revenue Service in 1978. Later, he held several executive positions before retiring as Chairman of the Central Board of Direct Taxes.
Mr. Natarajan Chandrasekaran	Non-Executive Director and Chairman	Mr. Natarajan Chandrasekaran is the Chairman of the Board of Tata Sons. He joined the Tata Sons Board in 2016 and became Chairman in 2017. Mr. Chandrasekaran chairs the Boards of several group operating companies, including Tata Steel, Tata Motors, Tata Power, Indian Hotels and TCS, where he was the Chief Executive from 2009-17.

Source: Company, Ambit Capital research

Tata Motors Commercial Vehicles (TMCV IN, BUY)

Valuation Methodology

We value TMCV on an SoTP basis: (a) the India CV business at $13.5\times$ EV/EBITDA, and (b) IVECO at $2.5\times$ EV/EBITDA on FY27E, (c) Listed subsidiaries at 20% discount, (d) other investments at 1x P/B leading to a target price of ₹430.

Risks

- Decline in public/private spending intensity & delay in off-road recovery.
- Increased competition from peers in MHCV, leading to market share loss.

Financials - Consolidated

Income statement

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	-	582,170	808,407	855,746	903,646
-growth (Rev)	-	-	38.9%	5.9%	5.6%
Gross profit	-	190,210	265,029	281,361	297,981
Gross profit growth	-	-	39.3%	6.2%	5.9%
EBITDA	-	62,630	91,741	99,856	105,676
-growth (EBITDA)	-	-	46.5%	8.8%	5.8%
Depreciation	-	16,900	19,607	21,952	23,109
EBIT	-	45,730	72,134	77,904	82,567
Other income	-	8,770	7,000	7,000	7,000
Finance costs	-	10,790	8,288	8,085	7,893
Share of profit/loss of associates and JVs	-	1,250	1,350	1,450	1,550
Profit before tax	-	40,880	71,916	78,268	83,224
Profit before tax (adjusted)	-	40,880	71,916	78,268	83,224
-growth (PBT)	-	-	75.9%	8.8%	6.3%
Tax	-	8,930	15,855	16,693	17,386
PAT	-	31,950	56,061	61,575	65,838
Profit after tax (adjusted)	-	34,428	56,061	61,575	65,838
Consolidated profit after tax	-	34,428	56,061	61,575	65,838
-growth (CPAT)	-	-	62.8%	9.8%	6.9%
EPS (basic) (₹)	-	9.4	15.2	16.7	17.9
EPS (diluted)	-	9.4	15.2	16.7	17.9

Source: Ambit Capital research, Company

Balance sheet

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Property, plant and equipment	-	136,640	151,783	163,331	175,222
Capital work in progress	-	18,750	16,000	17,500	17,500
Total fixed assets	-	155,390	167,783	180,831	192,722
Non-current investments	-	52,820	52,820	52,820	52,820
Other non-current assets	-	50,710	50,710	50,710	50,710
Total non-current assets	-	258,920	271,313	284,361	296,252
Inventories	-	46,250	70,874	75,024	79,224
Trade receivables	-	30,640	44,296	46,890	49,515
Cash and cash equivalents	-	22,660	63,585	103,974	149,951
Other current assets	-	110,040	156,144	165,288	174,540
Total current assets	-	209,590	334,900	391,177	453,230
Total assets	-	468,510	606,213	675,538	749,482
Share capital	-	7,360	7,360	7,360	7,360
Other equity	-	97,970	142,991	193,526	248,324
Total equity	-	105,330	150,351	200,886	255,684
Long-term borrowings	-	91,560	89,290	87,134	85,085
Deferred tax liabilities (net)	-	8,880	8,880	8,880	8,880
Other non-current liabilities	-	26,160	29,900	31,651	33,423
Total non-current liabilities	-	126,600	128,070	127,664	127,387
Trade payables	-	143,760	199,333	211,006	222,817
Other current liabilities	-	44,630	62,015	65,646	69,321
Short term provisions	-	48,190	66,444	70,335	74,272
Total current liabilities	-	236,580	327,793	346,988	366,410
Total liabilities	-	363,180	455,863	474,652	493,797
Total equity and liabilities	-	468,510	606,213	675,538	749,482

Source: Ambit Capital research, Company

Cash flow statement

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	-	-	71,916	78,268	83,224
Depreciation	-	-	19,607	21,952	23,109
Interest income	-	-	(7,000)	(7,000)	(7,000)
Interest expense	-	-	8,288	8,085	7,893
Working capital changes	-	-	6,828	3,307	3,346
Taxes	-	-	(15,855)	(16,693)	(17,386)
Cash flow from operations	-	-	83,783	87,920	93,187
(Net) capital expenditure	-	-	(32,000)	(35,000)	(35,000)
Interest/dividend Received	-	-	7,000	7,000	7,000
Cash flow from investments	-	-	(25,000)	(28,000)	(28,000)
Net long-term borrowings	-	-	(2,270)	(2,157)	(2,049)
Interest paid	-	-	(8,288)	(8,085)	(7,893)
Dividends paid	-	-	(11,040)	(11,040)	(11,040)
Cash flow from financing	-	-	(21,598)	(21,282)	(20,981)
Opening cash balance	-	-	10,330	47,515	86,153
Net change in cash	-	-	37,185	38,638	44,205
Closing cash balance	-	-	47,515	86,153	130,358

Source: Ambit Capital research, Company

Ratio analysis

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
EBITDA margin	-	10.8%	11.3%	11.7%	11.7%
EBIT margin	-	7.9%	8.9%	9.1%	9.1%
Net debt/equity	-	0.4	-	(0.2)	(0.4)
Cash conversion days	-	(39)	(35)	(35)	(35)
Inventory days	-	31	34	34	34
Receivable days	-	20	21	21	21
Payable days	-	90	90	90	90
pre-tax RoCE	-	26.5%	31.8%	28.6%	25.6%
post-tax RoIC	-	64.1%	49.4%	51.3%	51.8%
ROE (%)	-	32.7%	37.3%	30.7%	25.7%

Source: Ambit Capital research, Company

Valuation parameters

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
PE	-	38	24	22	20
P/B	-	12.6	8.8	6.6	5.2
EV/sales	-	2.3	1.6	1.5	1.4
EV/EBITDA	-	22	14.4	12.8	11.6
Dividend yield	0.0%	0.0%	0.8%	0.8%	0.8%
FCF yield	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Ambit Capital research, Company

Ashok Leyland (AL IN, BUY)

Valuation Methodology

We value AL using the DCF value methodology, wherein we have added: a) the NPV of free cash flows till FY35E with the terminal value of the standalone business, b) value of its stake in the unlisted NBFC subsidiary (HLFL), to arrive at our target price of ₹153. We have used a WACC of 12% and a terminal growth rate of 5%.

Risks

- M&HCV cycle recovery is further delayed.
- DFC impacting road freight demand.
- AL losing traction to peers in LCV segment.

Financials - Standalone

Income statement

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	383,670	387,527	411,291	424,798	451,362
-growth (Rev)	6.2%	1.0%	6.1%	3.3%	6.3%
Gross profit	104,550	111,300	119,274	123,191	130,669
Gross profit growth	26.0%	6.5%	7.2%	3.3%	6.1%
EBITDA	46,066	49,306	53,439	54,704	58,853
-growth (EBITDA)	57.2%	7.0%	8.4%	2.4%	7.6%
Depreciation	7,178	7,193	7,739	8,380	8,968
EBIT	38,888	42,112	45,700	46,324	49,886
-growth (EBIT)	76.9%	8.3%	8.5%	1.4%	7.7%
Other income	2,466	2,503	2,075	3,030	3,630
Finance costs	2,494	2,169	1,579	1,441	1,166
Profit before tax	37,922	43,483	45,796	47,913	52,349
Profit before tax (adjusted)	38,859	42,446	46,196	47,913	52,349
-growth (PBT)	91.8%	9.2%	8.8%	3.7%	9.3%
Tax	11,743	10,450	11,495	12,026	13,140
PAT	26,179	33,033	34,301	35,887	39,210
Profit after tax (adjusted)	26,826	32,245	34,600	35,887	39,210
-growth (PAT)	102%	20.2%	7.3%	3.7%	9.3%
EPS (basic) (₹)	4.6	5.5	5.9	6.1	6.7
EPS (diluted)	4.6	5.5	5.9	6.1	6.7

Source: Ambit Capital research, Company

Balance sheet

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Property, plant and equipment	55,019	53,956	55,963	56,582	56,615
Capital work in progress	2,015	4,246	4,500	4,500	4,500
Goodwill	4,499	4,499	4,499	4,499	4,499
Total fixed assets	61,533	62,701	64,962	65,581	65,614
Non-current investments	53,107	56,543	66,543	69,543	71,543
Total non-current assets	53,107	56,543	66,543	69,543	71,543
Inventories	31,907	29,573	30,424	31,423	34,625
Current investments	2,491	30,187	30,187	30,187	30,187
Trade receivables	35,699	28,873	33,805	34,915	37,098
Cash and cash equivalents	34,382	27,060	37,392	60,516	88,734
Other current assets	16,999	20,320	23,100	23,859	25,350
Total current assets	121,477	136,013	154,908	180,900	215,995
Total assets	236,118	255,256	286,412	316,024	353,151
Share capital	2,936	2,937	2,937	2,937	2,937
Other equity	85,167	112,251	136,275	161,883	190,815
Total equity	88,104	115,188	139,211	164,820	193,752
Long-term borrowings	22,545	14,354	14,354	11,854	9,354
Deferred tax liabilities (net)	5,563	5,479	7,769	10,164	12,782
Total non-current liabilities	28,108	19,833	22,123	22,019	22,136
Trade payables	63,052	73,047	77,751	80,304	85,326
Other current liabilities	43,106	31,849	33,805	34,915	37,098
Short term provisions	13,748	15,341	13,522	13,966	14,839
Total current liabilities	119,905	120,237	125,078	129,185	137,264
Total liabilities	148,014	140,070	147,201	151,204	159,400
Total equity and liabilities	236,118	255,258	286,412	316,024	353,151

Source: Ambit Capital research, Company

Cash flow statement

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	37,922	43,483	45,700	46,324	49,886
Depreciation	7,178	7,193	7,739	8,380	8,968
Interest income	(404)	(888)	2,075	3,030	3,630
Working capital changes	(15,229)	3,741	(3,722)	1,240	1,201
Taxes	(6,245)	(9,407)	(9,205)	(9,630)	(10,522)
Other Items	1,810	34,073	(400)	-	-
Cash flow from operations	25,031	78,194	42,187	49,344	53,163
(Net) capital expenditure	(4,815)	(9,243)	(10,000)	(9,000)	(9,000)
Acq./ (disp.) of Investments	13,836	(31,535)	(10,000)	(3,000)	(2,000)
Cash flow from investments	9,021	(40,779)	(20,000)	(12,000)	(11,000)
Net long-term borrowings	(9,096)	(8,353)	-	(2,500)	(2,500)
Issuance of equity	16.7	16.7	-	-	-
Interest paid	(2,461)	(1,491)	(1,579)	(1,441)	(1,166)
Dividends paid	(7,634)	(20,408)	(18,353)	(10,278)	(10,278)
Other items	(0.2)	(1.1)	-	-	-
Cash flow from financing	(19,175)	(30,236)	(19,932)	(14,219)	(13,944)
Opening cash balance	4,541	19,418	26,599	28,854	51,978
Net change in cash	14,878	7,180	2,255	23,124	28,218
Closing cash balance	19,418	26,598	28,854	51,978	80,196
Free cash flow to firm	20,217	68,951	32,187	40,344	44,163

Source: Ambit Capital research, Company

Ratio analysis

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
Gross margin	27.3%	28.7%	29.0%	29.0%	29.0%
EBITDA margin	12.0%	12.7%	13.0%	12.9%	13.0%
EBIT margin	10.1%	10.9%	11.1%	10.9%	11.1%
Net debt/equity	(0.2)	(0.4)	(0.4)	(0.5)	(0.6)
Net debt/EBITDA	(0.3)	(0.9)	(1.0)	(1.4)	(1.9)
Working capital turnover	84	(27)	(30)	(30)	(33)
Cash conversion days	4.3	(13.8)	(12.0)	(12.0)	(11.0)
Inventory days	30	28	27	27	28
Receivable days	34	27	30	30	30
Payable days	60	69	69	69	69
Gross block turnover	3.5	3.4	3.3	3.2	3.2
pre-tax CFO/EBITDA	67.9%	178%	96.2%	108%	108%
pre-tax RoCE	34.9%	35.5%	32.2%	28.4%	26.6%
post-tax RoIC	74.2%	155%	172%	155%	174%
ROE (%)	31.1%	31.7%	27.2%	23.6%	21.9%

Source: Ambit Capital research, Company

Valuation parameters

Year to March (₹ mn)	FY24	FY25	FY26E	FY27E	FY28E
PE	35	29	27	26	24
P/B	5.4	4.1	3.4	2.9	2.4
EV/sales	1.2	1.1	1.0	0.9	0.8
EV/EBITDA	9.9	8.7	7.8	7.2	6.2
Dividend yield	1.6%	4.3%	3.9%	2.2%	2.2%
FCF yield	4.3%	14.6%	6.8%	8.5%	9.3%

Source: Ambit Capital research, Company

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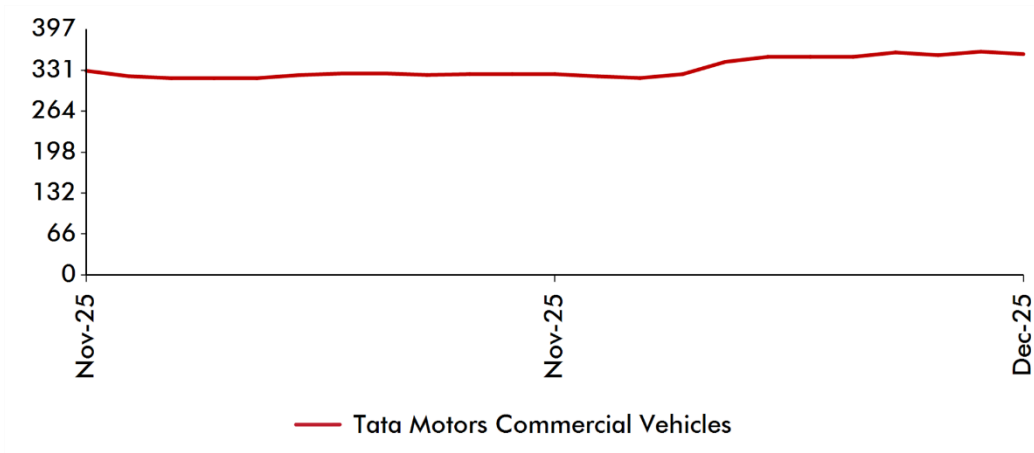
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Tata Motors Commercial Vehicles (TMCV IN, BUY)



Source: ICE, Ambit Capital research

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