

Tube Investments of India

Estimate changes	↔
TP change	↔
Rating change	↔

Bloomberg	TIINDIA IN
Equity Shares (m)	193
M.Cap.(INRb)/(USDb)	561.9 / 6.4
52-Week Range (INR)	4811 / 2400
1, 6, 12 Rel. Per (%)	0/-10/-28
12M Avg Val (INR M)	1081

Consol. Financials & Valuations (INR b)			
INR b	FY25	FY26E	FY27E
Sales	78.9	85.5	94.3
EBITDA	9.6	10.4	12.1
Adj. PAT	7.5	8.0	9.2
EPS (INR)	38.6	41.3	47.6
EPS Gr. (%)	1.7	7.0	15.3
BV/Sh. (INR)	269.3	305.6	347.2
Ratios			
RoE (%)	16.3	14.4	14.6
RoCE (%)	20.3	18.7	19.1
Payout (%)	5.2	12.1	12.6
Valuations			
P/E (x)	17.5	16.4	14.2
P/BV (x)	2.5	2.2	1.9
Div. Yield (%)	0.5	0.7	0.9
FCF Yield (%)	0.5	0.7	0.8

Shareholding pattern (%)			
As On	Jun-25	Mar-25	Jun-24
Promoter	44.1	44.1	45.1
DII	17.2	16.6	16.0
FII	26.3	26.9	27.4
Others	12.4	12.4	11.6

FII Includes depository receipts

CMP: INR2,904 **TP: INR3,515 (+21%)** **Buy**

Steady performance

Focusing on EVs, CDMO and Medical in TI2

- Tube Investments' (TIINDIA) 1QFY26 PAT of INR1.68b was ahead of our estimate of INR1.61b, primarily aided by higher other income even as EBITDA margin was in line with our estimate. Improved mobility division margin surprised positively.
- We expect standalone revenue to pick up in the coming quarters, led by supplies to a new Hyundai Pune plant that is likely to commercialize from Oct25, the ramp-up of a new CRSS plant, and the execution of a Railways order from 4QFY26. Adjusted for stakes in CG Power and Shanti Gears, standalone business is attractively valued at 16.4x/14.2x FY26E/FY27E EPS. Reiterate **BUY** with a TP of ~INR3,515 (premised on Jun'27E SOTP, based on 30x PER for the standalone business, valuing listed subsidiaries at 30% HoldCo discount).

Margins in line; PAT beat led by higher other income

- Revenue rose 2.4% YoY to INR20.1b (in line). Mobility/engineering/metal revenue grew 9.8%/~3%/2.3% YoY. The others segment's revenue, however, fell 4.3% YoY.
- Gross margin expanded 80bp YoY to 37.6%.
- EBITDA grew 3% YoY to INR2.5b and was in line with our estimate. EBITDA margin remained flat YoY at 12.3% (est. 12%).
- **Segmental EBIT performance:** Mobility margins expanded sharply by 260bp YoY to 3.5% due to improved volumes, led by seasonality. On the other hand, while the engineering business margin contracted 60bp YoY to 11.8%, margins for the metal formed division remained stable YoY at 10%.
- Other income was ahead of our estimate at INR234m (est. INR150m).
- As a result, PAT at INR1.68b came in ahead of our estimate of INR1.61b, marking a 9% YoY increase.
- RoIC (annualized) in 1Q stood at 39% vs. 47% YoY.
- Free cash flow stood at INR820m for the quarter.

Highlights from the management commentary

- **Engineering:** The new CRSS plant has commenced operations in 1Q and is expected to ramp up to full capacity in a year.
- **Metal Formed:** TIINDIA remains optimistic about demand pick-up in this segment as it is a supplier to Hyundai from its upcoming new Pune plant, which will commence operations from Oct'25. Further, in 4QFY25, TIINDIA won a new Railways order worth INR10b spread over seven years, which is expected to commence from 4QFY26.
- **EV segment:** The company focuses on cost reduction, localization and economies of scale to improve gross margins. It expects cost reduction through in-house battery pack assembly. Currently, the EV business is operating at low gross margins, with operational breakeven unlikely in FY26 (as guided earlier) due to slower-than-expected scale-up so far.
- **Update on e-3Ws:** To tackle increasing competition, TIINDIA plans to introduce a model refresh in 2QFY26, enter new battery sub-segments apart from the 10kWh segment it already operates in, and launch new variants in the cargo (L5N) and e-rickshaw (L3) segments. The entry into multiple 3W segments would also help to improve dealer viability.
- **Update on e-truck segment.** TIINDIA has so far launched a 6x4 55-ton heavy-duty truck with a 4x2 variant in the works. It expects to launch a truck in the tipper segment. With this, TIINDIA would have a presence in the three large markets in the truck segment. It plans to apply for PLI incentive for its e-trucks business in 2Q and is confident about its products meeting the eligibility norms.
- **Capex guidance for the standalone business for FY26 stands at INR3.5b**, which will be focused on the engineering and metal-formed products segments.
- **Future capital allocation:** Management has indicated that TIINDIA would continue to focus on ramping up its presence in these three key segments: TICMPL, TI and CDMO. For any other future growth avenues, TIINDIA would look to enter through partnerships.

Valuation and view

- TIINDIA offers diversified revenue streams, with healthy growth in the core business (~11% S/A PAT CAGR over FY25E-27E), growth in CG Power, and the optionality of new businesses incubated under the TI-2 strategy. Adjusted for stakes in CG Power and Shanti Gears, the standalone business is attractively valued at 16.4x/14.2x FY26E/FY27E EPS. **Reiterate BUY with a TP of ~INR3,515 (premised on Jun'27E SOTP, based on 30x PER for the standalone business, valuing listed subsidiaries at 30% HoldCo discount).**

Quarterly performance (S/A)

Y/E March									(INR M)			
	FY25				FY26E				FY25	FY26E	1QE	VAS. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Net Sales	19,603	20,648	19,102	19,573	20,066	21,503	21,103	22,814	78,925	85,486	20,604	-2.6
YoY Change (%)	10.1	4.8	0.6	-0.3	2.4	4.1	10.5	16.6	3.7	8.3	5.1	
EBITDA	2,400	2,460	2,431	2,280	2,474	2,579	2,567	2,749	9,606	10,368	2,463	0.4
Margins (%)	12.2	11.9	12.7	11.6	12.3	12.0	12.2	12.0	12.2	12.1	12.0	40bp
Depreciation	386	407	432	463	450	444	474	488	1,688	1,857	439	
Interest	72	69	54	52	37	48	55	60	247	200	60	
Other Income	137	261	175	1,502	234	200	250	1,447	2,075	2,132	150	
PBT before EO expense	2,079	2,245	2,120	3,267	2,221	2,287	2,288	3,648	9,745	10,443	2,114	5.1
Tax	534	567	512	664	540	549	550	815	2,277	2,454	508	
Tax Rate (%)	25.7	25.3	24.2	20.3	24.3	24.0	24.0	22.3	23.4	23.5	24.0	
Adj PAT	1,545	1,678	1,607	2,603	1,681	1,737	1,738	2,833	7,468	7,989	1,606	4.7
YoY Change (%)	4.6	-7.5	2.1	5.0	8.8	3.5	8.1	8.8	1.7	7.0	4.0	

E: MOFSL Estimates

Segmental Mix (INR m)

	FY25				FY26E				FY25	FY26E	1QE	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Mobility business	1,807	1,675	1,418	1,808	1,984	1,658	1,403	1,690	6,708	6,736	1,825	
Growth (%)	(3.2)	(5.1)	(3.8)	17.5	9.8	(1.0)	(1.0)	(6.5)	1.0	0.4	1.0	
PBIT margin (%)	0.9	(0.2)	(0.6)	2.4	3.5	(0.2)	(0.5)	1.0	0.7	1.1	0.5	
Contribution (%)	9.2	8.1	7.4	9.2	9.9	7.7	6.7	7.4	8.5	7.9	8.9	
Engineering business	12,652	13,231	12,118	12,287	12,982	13,893	13,451	14,124	49,997	54,449	13,158	
Growth (%)	10.8	3.8	(1.4)	(3.7)	2.6	5.0	11.0	15.0	1.0	8.9	4.0	
PBIT margin (%)	12.4	12.3	12.9	11.5	11.8	12.0	12.2	12.1	12.3	12.0	12.0	
Contribution (%)	64.5	64.1	63.4	62.8	64.7	64.6	63.7	61.9	63.3	63.7	63.9	
Metal formed business	3,576	4,044	3,997	4,031	3,658	4,286	4,396	4,873	15,938	17,214	3,862	
Growth (%)	4.6	1.2	2.0	4.5	2.3	6.0	10.0	20.9	4.9	8.0	8.0	
PBIT margin (%)	10.0	11.3	10.1	9.8	10.0	10.2	10.2	10.4	10.1	10.2	10.0	
Contribution (%)	18.2	19.6	20.9	20.6	18.2	19.9	20.8	21.4	20.2	20.1	18.7	
Other business	2,469	2,433	2,524	2,441	2,363	2,676	2,827	3,139	9,866	11,005	2,716	
Growth (%)	39.1	17.6	15.0	6.0	(4.3)	10.0	12.0	28.6	22.7	11.5	10.0	
PBIT margin (%)	6.1	3.6	4.5	5.2	7.2	4.5	4.5	4.2	4.8	5.0	4.5	
Contribution (%)	12.6	11.8	13.2	12.5	11.8	12.4	13.4	13.8	12.5	12.9	13.2	
Total Revenue (post inter segment)	19,603	20,648	19,102	19,573	20,066	21,503	21,103	22,814	78,925	85,486	20,604	
Growth (%)	10.1	4.8	0.6	(0.3)	2.4	4.1	10.5	16.6	3.7	8.3	5.1	

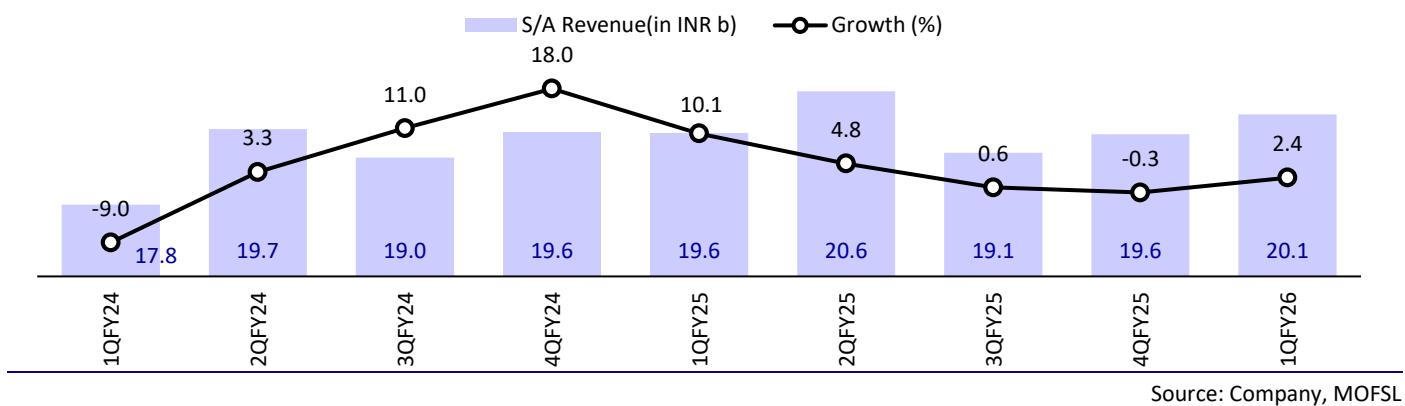
E:MOFSL Estimates


Highlights from the management commentary

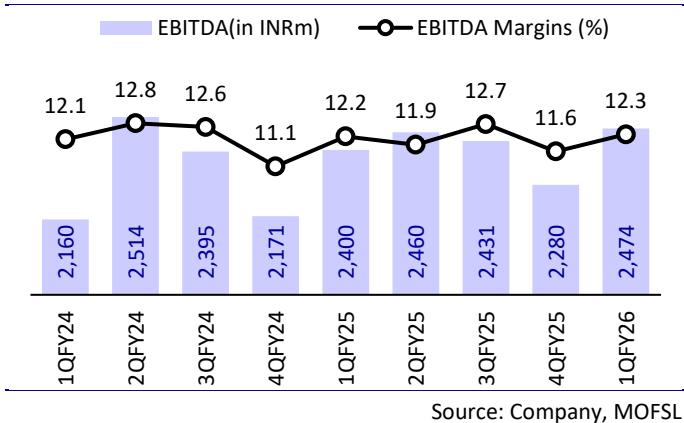
- Engineering:** The engineering segment margins declined 60bp YoY due to cost pass-through, which comes with a lag of 1-2 quarters. The new CRSS plant has commenced operations in 1Q and is expected to ramp up to full capacity in a year.
- Metal Formed:** TIINDIA remains optimistic about demand pick-up in this segment as it is a supplier to Hyundai from its upcoming new Pune plant, which will commence operations from Oct'25. Further, in 4Q, it won a new Railways order worth INR10b spread over seven years, which is expected to commence from 4QFY26.
- Mobility:** 1Q volumes were strong due to seasonal cyclical (school and office resumes). Mobility margins improved sharply YoY due to good pick-up in demand.
- EV segment:** As of 1QFY26, EV volumes stood at 45 units for big trucks (vs. 65 in 4Q), 1668 units for 3W (vs. 1,662 in 4Q), 44 units for SCV (vs. 4 in 4Q) and 34 units for tractors (vs. 2 units last quarter). TII focuses on cost reduction,

localization and economies of scale to improve gross margins. It expects cost reduction through in-house battery pack assembly. Currently, the EV business is operating at low gross margins, with the operational breakeven unlikely in FY26 (as guided earlier) due to slower-than-expected scale-up so far.

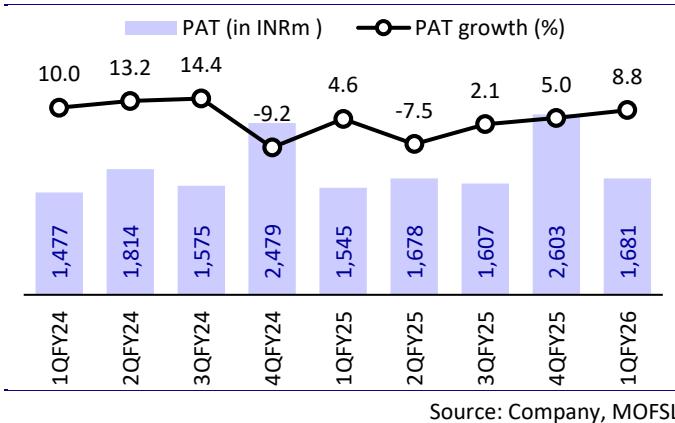
- **Update on e-3Ws:** To tackle increasing competition, TII plans to introduce a model refresh in 2QFY26, enter new battery sub-segments apart from the 10kWh segment it already operates in, and launch new variants in the cargo (L5N) and e-rickshaw (L3) segments. The government is likely to implement stringent safety regulations in the e-rick segment, which is likely to drive industry consolidation, and TII hopes to emerge as a beneficiary of this trend. Further, it would look to maintain its premium positioning even in the e-rick segment. Entry into multiple 3W segments would also help to improve dealer viability. Further, TII targets to expand from 95 currently to 125 dealerships in FY26, with partnerships with local financiers to help with credit availability, which will help boost volumes.
- **Update on e-truck segment.** TII has so far launched a 6x4 55-ton heavy-duty truck with a 4x2 variant in the works. It expects to launch a truck in the tipper segment. With this, TII would have a presence in the three large markets in the truck segment. It expects to have battery swapping technology available for this business, which is likely to help scale up this business. TII plans to apply for PLI incentive for its e-trucks in 2Q and is confident that its products will meet the eligibility norms.
- **Update on e-SCVs:** TII sold 44 electric SCVs in 1Q. It has received a very encouraging response for e-SCVs and expects to ramp up distribution network in the coming quarters for the same. Positioning to remain premium to drive performance differentiation.
- **Capex guidance for the standalone business for FY26 stands at INR3.5b**, which will be focused on the engineering and metal formed products segments.
- **Exports:** Export contribution currently stands at 15% of revenues. While 2Q orders are still on track, future visibility remains subdued given the uncertainty around US tariffs.
- **Future capital allocation:** Management has indicated that TII would continue to focus on ramping up its presence in these three key segments: TICMPL, TI and CDMO. For any other future growth avenues, TII would look to enter through partnerships.
- **TI Medical:** The company has got CE certification for most countries, while a few are pending. It is now fully booked for 2Q export orders. However, TII is yet to finalize a greenfield facility for the same.
- **CDMO business** has received environment clearance for a commercial facility. For the semi-commercial facility, it is conducting validation batches for the first DMF — likely to come out within next two quarters.

Exhibit 1: Trend in SA revenue and revenue growth


Source: Company, MOFSL

Exhibit 2: Trend in standalone EBITDA margin


Source: Company, MOFSL

Exhibit 3: Trend in PAT and PAT growth


Source: Company, MOFSL

Valuation and view

- TIINDIA offers a robust growth story, driven by reasonable growth and strong cash flows of the core business (TI-1). Cash flows will be used for systematically incubating future growth platforms (TI-2) and opportunistic acquisitions of stressed assets (TI-3) at attractive prices.
- The TI-2 business, based on the venture capital model, has seen the seeding of several businesses, such as optics lenses, e-3Ws, e-tractors, e-CVs, and CDMO. Further, it has acquired Lotus Surgical, which is in the domain of medical technology, a focus area for TIINDIA under TI-2. Additionally, it is looking to get into electronics manufacturing in India as a play on localization. These businesses offer huge potential, though it may take time for them to scale up. However, given the nascent stage of each of these businesses, we have not given any value to any of these businesses in our SoTP.
- For the standalone business, we estimate a 9% revenue CAGR over FY25-27 and an EBITDA CAGR of 12%, led by an EBITDA margin expansion of 60bp to 12.8% by FY27E, which would be driven by an improving mix, operating leverage, and 'Lean' project initiatives. As a result, we estimate a CAGR of 11% in PAT over FY25-27.
- **Valuation and view:** TIINDIA offers diversified revenue streams, with healthy growth in the core business (~11% S/A PAT CAGR over FY25E-27E), growth in CG Power, and the optionality of new businesses incubated under the TI-2 strategy. Adjusted for stakes in CG Power and Shanti Gears, the standalone business is attractively valued at 16.4x/14.2x FY26E/FY27E EPS. **Reiterate BUY with a TP of ~INR3,515 (premised on Jun'27E SOTP, based on 30x PER for the standalone business, valuing listed subsidiaries at 30% HoldCo discount).**

Exhibit 4: Our revised estimates (standalone)

(INR b)	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	85,486	85,486	0.0	94,266	94,266	0.0
EBITDA Margin (%)	12.1	12.3	-1.6	12.8	12.8	0.0
PAT	7,989	8,082	-1.2	9,209	9,120	1.0
EPS (Rs)	41.3	41.8	-1.2	47.6	47.1	1.0

Exhibit 5: TIINDIA – SoTP-based target price

SOTP (INR/Share)	PE @ 30x	FY25	FY26E	FY27E
Value of S/A Business @ 32x Core EPS	PE @ 30x	1,187	1,070	1,256
Value for e-3W business				
Value of listed subs post hold-co discount (15%)	30			
Shanthi gear	536.2	105	105	105
CG power	661.1	2,124	2,124	2,124
Fair value (INR/Share)	3,416	3,299	3,485	

Story in charts

Exhibit 6: Trend in standalone sales

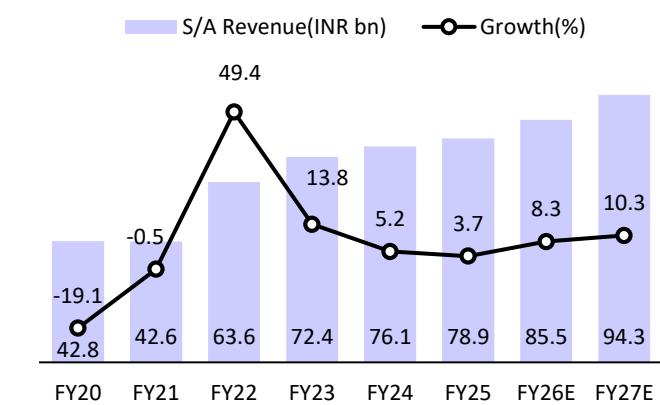


Exhibit 7: Trend in standalone EBITDA

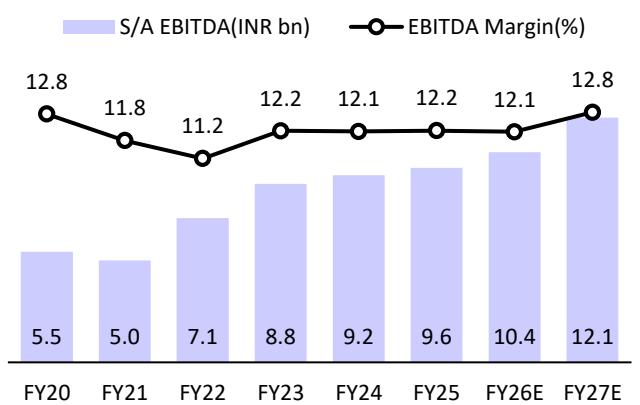


Exhibit 8: Trend in standalone PAT

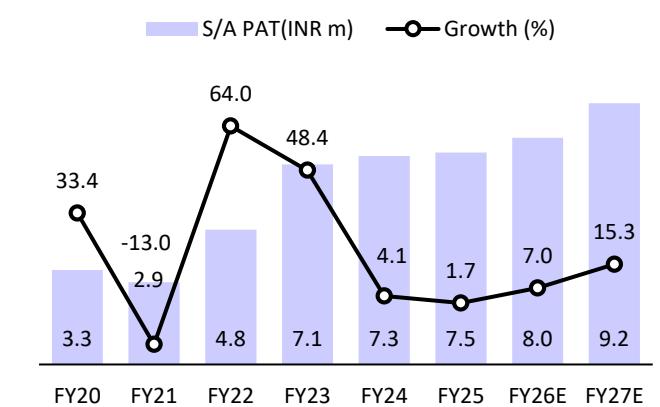


Exhibit 9: Trend in standalone capital efficiency

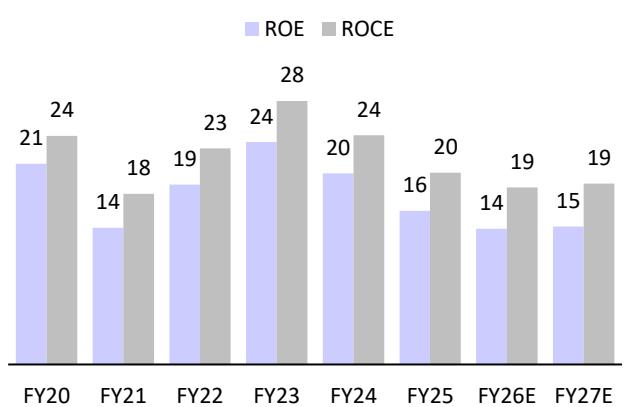


Exhibit 10: FCF dipped in FY24 mainly due to higher capex

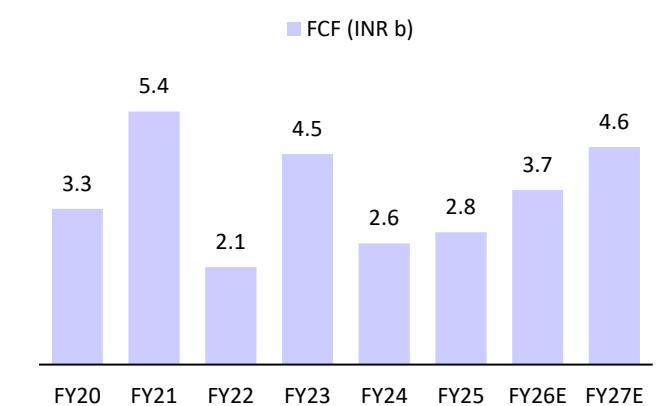
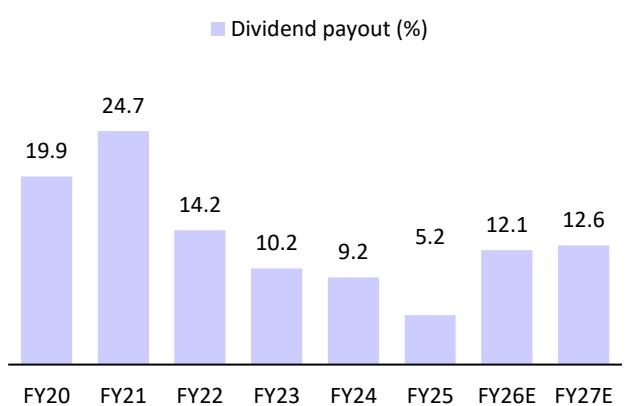


Exhibit 11: Trend in net debt



Financials and valuations

Standalone - Income Statement								
	(INR M)							
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Op. Revenues	42,761	42,558	63,593	72,360	76,105	78,925	85,486	94,266
Change (%)	-19.1	-0.5	49.4	13.8	5.2	3.7	8.3	10.3
EBITDA	5,454	5,029	7,113	8,803	9,239	9,606	10,368	12,082
Margin (%)	12.8	11.8	11.2	12.2	12.1	12.2	12.1	12.8
Depreciation	1,607	1,496	1,450	1,456	1,408	1,688	1,857	2,096
EBIT	3,847	3,532	5,662	7,347	7,832	7,918	8,511	9,987
Interest charges	288	191	118	216	295	247	200	175
Other Income	648	465	736	2,152	2,165	2,075	2,132	2,227
PBT bef. EO Exp.	4,207	3,807	6,280	9,283	9,701	9,745	10,443	12,038
EO Income/(Exp)	-29	-217	0	-527	0	5,499	0	0
PBT after EO Exp.	4,179	3,590	6,280	8,756	9,701	15,244	10,443	12,038
Current Tax	1,098	1,012	1,472	2,206	2,359	2,237	2,454	2,829
Deferred Tax	-224	-154	57	-103	-3	41	0	0
Tax Rate (%)	20.9	23.9	24.3	24.0	24.3	14.9	23.5	23.5
Reported PAT	3,305	2,732	4,752	6,652	7,345	12,967	7,989	9,209
Adjusted PAT	3,328	2,897	4,752	7,053	7,345	7,468	7,989	9,209
Change (%)	33.4	-13.0	64.0	48.4	4.1	1.7	7.0	15.3

Standalone - Balance Sheet

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	188	193	193	193	193	194	194	194
Total Reserves	16,938	22,739	26,820	32,732	39,511	51,913	58,934	66,983
Net Worth	17,125	22,931	27,013	32,925	39,704	52,106	59,128	67,176
Total Loans	1,659	2,581	3,481	4,732	5,132	1,534	934	334
Capital Employed	18,785	25,512	30,494	37,657	44,837	53,640	60,061	67,510
Gross Block	15,898	16,641	18,229	19,045	21,324	24,972	28,088	31,786
Less: Accum. Deprn.	5,330	6,718	8,044	9,146	10,239	11,752	13,609	15,704
Net Fixed Assets	10,568	9,924	10,185	9,900	11,086	13,220	14,479	16,082
Capital WIP	521	1,263	556	967	2,044	2,554	2,938	3,240
Total Investments	6,338	15,392	16,709	20,457	26,302	32,136	36,636	41,136
Curr. Assets, Loans&Adv.	10,296	12,715	16,224	17,615	18,178	17,852	19,200	21,519
Inventory	4,138	5,141	6,479	6,044	6,377	6,308	7,026	7,748
Account Receivables	4,392	6,055	7,612	6,882	9,318	9,579	10,539	11,622
Cash and Bank Balance	216	71	24	1,113	520	877	432	827
Loans and Advances	1,550	1,448	2,110	3,576	1,963	1,088	1,202	1,323
Curr. Liability & Prov.	8,938	13,808	13,180	11,282	12,773	12,123	13,192	14,467
Account Payables	6,310	11,458	11,408	9,307	10,980	9,710	10,539	11,622
Other Current Liabilities	2,123	1,925	1,399	1,437	1,141	1,633	1,874	2,066
Provisions	506	425	374	538	652	779	779	779
Net Current Assets	1,358	-1,093	3,044	6,334	5,405	5,730	6,008	7,052
Appl. of Funds	18,785	25,512	30,494	37,657	44,837	53,640	60,061	67,510

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)								
EPS	17.7	15.0	24.6	36.5	38.0	38.6	41.3	47.6
Cash EPS	26.3	22.8	32.2	44.1	45.3	47.3	50.9	58.4
BV/Share	91.1	118.9	140.0	170.5	205.3	269.3	305.6	347.2
DPS	4	4	4	4	4	4	5	6
Payout (%)	19.9	24.7	14.2	10.2	9.2	5.2	12.1	12.6
Valuation (x)								
P/E	38.2	45.0	27.5	18.5	17.8	17.5	16.4	14.2
Cash P/E	25.8	29.7	21.0	15.4	14.9	14.3	13.3	11.6
P/BV	7.4	5.7	4.8	4.0	3.3	2.5	2.2	1.9
EV/Sales	3.0	3.1	2.1	1.9	1.8	1.7	1.5	1.4
EV/EBITDA	23.6	26.4	18.8	15.2	14.7	13.7	12.7	10.8
Dividend Yield (%)	0.5	0.5	0.5	0.5	0.5	0.5	0.7	0.9
FCF per share	17.5	27.8	10.7	23.1	13.3	14.5	19.1	23.8
Return Ratios (%)								
RoIC	30.9	28.7	30.7	34.2	29.5	24.7	23.2	24.5
RoE	21.2	14.5	19.0	23.5	20.2	16.3	14.4	14.6
RoCE	24.2	18.0	22.8	27.9	24.2	20.3	18.7	19.1
Working Capital Ratios								
Fixed Asset Turnover (x)	2.7	2.6	3.5	3.8	3.6	3.2	3.0	3.0
Asset Turnover (x)	2.3	1.7	2.1	1.9	1.7	1.5	1.4	1.4
Inventory (Days)	35	44	37	30	31	29	30	30
Debtor (Days)	34	36	22	17	20	18	17	16
Creditor (Days)	54	98	65	47	53	45	45	45
Working Cap. Turnover (Days)	10	-10	17	26	23	22	24	24

Standalone - Cash Flow Statement

(INR M)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax								
4,179	3,807	6,280	8,756	9,701	15,244	10,443	12,038	
Depreciation	1,531	1,428	1,450	1,456	1,408	1,688	1,857	2,096
Interest & Finance Charges	0	0	-42	0	0	0	-2,132	-2,227
Direct Taxes Paid	-1,181	-943	-1,392	-2,108	-2,423	-2,328	-2,454	-2,829
(Inc)/Dec in WC	784	2,481	-2,799	-815	-1,501	-838	-723	-649
Others	-50	-131	-240	-1,041	-1,244	-6,734	200	175
CF from Operating	5,263	6,641	3,258	6,248	5,941	7,033	7,191	8,604
(Inc)/Dec in FA	-1,969	-1,287	-1,197	-1,797	-3,377	-4,231	-3,500	-4,000
Free Cash Flow	3,294	5,354	2,061	4,451	2,564	2,802	3,691	4,604
(Pur)/Sale of Investments	-840	-2,053	322	-15	780	623	-4,500	-4,500
Others	647	-6,708	-2,029	-3,719	-2,919	1,437	2,132	2,227
CF from Investments	-2,161	-10,049	-2,904	-5,530	-5,516	-2,170	-5,868	-6,273
Issue of Shares	4	3,472	33	47	117	73	0	0
Inc/(Dec) in Debt	-1,829	410	384	1,262	-107	-3,652	-600	-600
Interest Paid	-267	-161	-98	-211	-310	-251	-200	-175
Dividend Paid	-924	-389	-667	-672	-674	-677	-968	-1,161
Others	522	-72	-69	-38	-43	0	0	0
CF from Fin. Activity	-2,494	3,261	-417	388	-1,017	-4,506	-1,768	-1,936
Inc/Dec of Cash	608	-146	-62	1,105	-592	357	-444	394
Opening Balance	-392	216	70	7	1,113	520	877	432
Closing Balance	216	70	7	1,113	520	877	432	827

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NOTES

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UNDER REVIEW	Rating may undergo a change
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