

CMP: ₹ 335

Target: ₹ 370 (10%)

Target Period: 12 months

HOLD

April 9, 2026

Demand and margins uncertainty persists at JLR ...

About the stock: Tata Motors Passenger Vehicles (TMPV) is an auto OEM from the house of Tata's, operating in the domestic PV space and global markets (Jaguar Land Rover i.e., JLR – luxury PV segment).

- Sales Mix: India PV -17%; JLR -82%; EBITDA mix: India PV -10%; JLR -84%
- Retail Market Share – India PV (FY26): ~13% in overall PV space.

Investment Rationale

- **Strong domestic PV momentum supported by product cycle, EV leadership and improving mix:** Tata Motors' domestic passenger vehicle business is entering a structurally stronger growth phase supported by a robust product pipeline, improving market share, and leadership in India's fast-growing EV segment. The company delivered record quarterly volumes in Q4FY26 with a 37% YoY growth and improved its market share to end FY26 with 13% share, reflecting strong traction for key models such as Nexon and Punch. Recent launches of Sierra, refreshed Punch and petrol version of Harrier & Safari continue to see progressive growth in customer traction, across bookings, enquiries and deliveries. In addition, Tata Motors remains the dominant player in India's EV market with roughly mid-40% market share, supported by a diversified EV portfolio across price points and increasing consumer acceptance leading to highest ever EV volumes of ~27K, a 69% YoY growth in Q4'26. With EV penetration in its portfolio rising and continued expansion of charging infrastructure and value propositions such as lifetime battery warranties, Tata Motors is well positioned to benefit from India's long-term electrification trend.
- **JLR: not out of the woods yet – demand & margins will take time to recover:** While JLR's near-term performance has been impacted by the cyber incident, global macro pressures, and weakness in China's luxury auto market, the underlying brand strength and product strategy remain intact. The production disruption in Q3 resulted in temporary volume and profitability pressure; however, management indicated that production across key plants has already normalized and as a result Q4 volumes rose significantly with a 61% QoQ growth. Importantly, JLR is entering a significant product cycle over the next two years, including the launch of Range Rover Electric, new Jaguar models, and vehicles based on the next-generation EMA platform. In addition, core models such as Range Rover, Range Rover Sport, and Defender continue to command strong global demand and maintain high average selling prices, reinforcing the brand's premium positioning. Over the medium term, however, given the global geo-political tensions, supply chain issues and rise in key commodity costs we expect volumes & margin recovery to lag the ambitious capex cycle embarked by JLR thereby straining the B/S and limiting the upsides.

Rating and Target Price

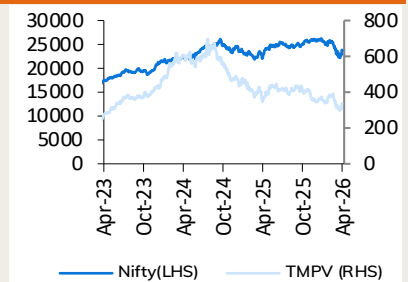
- Given uncertain demand & margin recovery at JLR despite robust volume growth at Indian operations as well as increasing leverage on B/S, we assign **HOLD** rating on the stock and value it at **₹ 370** on SOTP basis (10x/1.5x EV/EBITDA to India/JLR business FY28E)

TATA MOTORS**Particulars**

Particular	₹ crore
Market Capitalization	123,354
Total Debt (FY26E)	66,499
Cash and Invt (FY26E)	44,864
EV	144,989
52 week H/L (₹)	450 / 295
Equity capital (₹ crore)	736.0
Face value (₹)	2.0

Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	42.6	42.6	42.6	42.6
FII	17.8	17.2	17.1	17.9
DII	16.9	16.9	17.0	15.1
Other	22.7	23.3	23.3	24.5

Price Chart**Recent event & key risks**

- Successful completion of the demerger. We initiate coverage on demerged Tata Motors – PV with SoTP based target price of ₹ 370
- Key Risk: (i) higher than built in volume recovery at JLR (ii) lower than built in margins amid rise in key commodity prices.

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Key Financial Summary (Consolidated)

Key Financials (₹ crore)	FY25	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Sales	366,094	339,923	403,466	444,112	10.1%
EBITDA	57,277	29,715	45,141	57,303	0.0%
EBITDA Margins (%)	15.6	8.7	11.2	12.9	
Net Profit	19,075	(3,994)	7,897	13,637	-15.4%
EPS (₹)	51.8	(10.8)	21.4	37.0	
P/E	6.5	(30.9)	15.6	9.0	
RoNW (%)	15.5	(3.4)	6.3	9.9	
RoCE (%)	19.4	5.4	11.2	14.6	

Recent Quarterly Print, Assumptions & Target price calculation

Exhibit 1: Quarterly Variance Analysis

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Total Operating Income	70,108	94,472	-25.8	72,349	-3.1
Raw Material Expenses	43,823	56,933	-23.0	47,946	-8.6
Employee Expenses	11,381	10,484	8.6	10,831	5.1
Other expenses	18,564	21,656	-14.3	18,672	-0.6
Operating Profit (EBITDA)	4,181	13,005	-67.9	2,502	67.1
EBITDA Margin (%)	6.0	13.8	-780 bps	3.5	251 bps
Depreciation	4,969	4,863	2.2	4,871	2.0
Interest	682	843	-19.1	686	-0.6
Product develop. Exp.	3,240	2,588	25.2	3,539	-8.4
Tax	(1,250)	1,942	-164.4	(1,702)	-26.6
PAT	(3,486)	4,085	-185.3	(6,446)	-45.9
Adjusted PAT	(3,486)	5,406	-164.5	76,170	-104.6
EPS	(9.5)	11.1	-185.3	(17.5)	-45.9
Key Metrics					
JLR sales (mn GBP)	4,538	7,486	(39.4)	4,900	(7.4)
JLR margins (%)	0.7	14.2	-1350 bps	(1.6)	230 bps
JLR PAT (mn GBP)	(298.0)	375.0	(179.5)	(559.0)	47

Source: Company, ICICI Direct Research

Exhibit 2: Volume Assumptions

Units	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
JLR								
Total JLR Sales Volume	412,911	347,650	372,217	401,303	400,898	307,900	350,339	375,127
Growth (YoY, %)	-21%	-16%	7%	8%	0%	-23%	14%	7%
India								
PV	222,591	372,174	541,087	573,495	556,263	641,587	730,954	789,646
Growth (YoY, %)		67%	45%	6%	-3%	15%	14%	8%

Source: Company, ICICI Direct Research

Exhibit 3: SoTP based target price calculation

Particulars	Parameters	FY28E EBITDA (₹ crore)	EV/EBITDA Multiple (x)	Resultant EV (₹ crore)
Tata Motors India business (PV, Ex-Electric-PV)	FY28E EV/EBITDA	5,277	10.0	52,769
JLR	FY28E EV/EBITDA	47,306	1.5	70,960
India EV business (PV)	~15% stake sale @ ₹7,500 cr	20% HoldCo discount		34,000
Tata Technologies Stake Valuation	53.4% stake @ ₹ 22,800 crore	20% HoldCo discount		9,740
Other Investments	1.5x P/B on FY28E	7,957	1.0	7,957 ¹
Total Enterprise Value (EV)				175,426
Net Debt	FY28E			38,890
Resultant Equity Value (target market cap)				136,536
Target Price per share (₹/share)				370

Source: ICICI Direct Research

Key Charts

Exhibit 4: JLR Guidance

Reaffirming guidance for FY26

EBIT and cash flow guidance for FY26 remains unchanged

JLR

GUIDANCE

- FY26 EBIT in the range of 0% to 2%
- FY26 negative free cash flow of £2.2bn to £2.5bn
- Navigate demand environment by building the power of our brands
- Execute 'Enterprise Missions' transformation programme to deliver savings and cash flows



KEY FOCUS AREAS

Source: Company, ICICI Direct Research

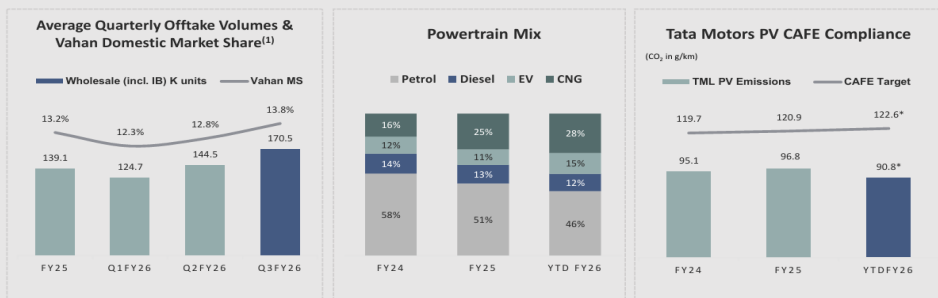
Exhibit 5: TMPV Market share

TMPV growth momentum continues; #2 player in Q3 FY26 basis Vahan MS

TATA MOTORS

Growth driven by GST 2.0 tailwinds & strong performance of our products; Alternate powertrains at 43% of mix

Tata Passenger Vehicles | India business



(1) Vahan registration market share is based on Vahan portal (powered by National Informatics Centre). The data excludes registrations done in Telangana state.

Source: Company, ICICI Direct Research

Exhibit 6: TMPV – Focus areas going forward

Focus Areas – Q4 FY26 & FY27

TATA MOTORS

Sustain industry-beating growth & consolidate market position leveraging new launches & strong demand pipeline

Tata Passenger and Electric Vehicles

New Product Launches to Drive Impact in Q4 & Beyond

- Launch of new nameplate, Sierra, which has been received positively with over 70k bookings on Day 1
- Sierra will drive volume growth & enhance our mix, as we address a white space in our portfolio & enter a new segment
- New Punch facelift will further reinvigorate the product, with fresher aesthetics & enhanced competitiveness
- Harrier & Safari petrol versions will open up new customer segments for us in the High SUV space, especially in key markets
- Re-entering fleet segment with petrol & CNG versions of Xpress will help add incremental volumes & create new opportunities

Key Focus Areas Going Forward

- Sustain growth trajectory by capitalizing on robust demand pipeline for existing products & leveraging lean inventories
- Drive further volume growth on the back of new product launches – with deliveries commencing in Q4
- Sustain EV growth momentum by strengthening portfolio & driving mainstreaming
- Ramp-up production for Sierra to cater to strong demand for the product
- Enhance profitability through operating leverage, enhanced mix and structural cost reduction

Source: Company, ICICI Direct Research

Exhibit 7: Business Outlook Across segments

Looking ahead

TATA MOTORS

Outlook

- Global demand continues to remain challenging.
- Domestic demand continues to remain strong post GST 2.0 and exciting pipeline of launches and innovations.
- Expect a sharp recovery in Q4 led by normalization of JLR volumes.

Key priorities

JLR	PV	EV
<ul style="list-style-type: none"> • Navigate demand environment by building the power of our brands. • Execute enterprise missions plan to deliver savings and cash flows 	<ul style="list-style-type: none"> • Unlocking the next level of growth through exciting products (Sierra, New Punch, Harrier & Safari petrol variants) • Expand addressable market through fleet segment. • Improve profitability through operating leverage, better product mix & structural cost reductions 	<ul style="list-style-type: none"> • Continue to step-up the volumes with strong demand across product portfolio & focused actions to drive growth in entry segment. • Introduce new product interventions to strengthen portfolio • Continue actions to drive EV mainstreaming incl. charging infrastructure

Source: Company, ICICI Direct Research

Financial Summary (Consolidated)

Exhibit 8: Profit and loss statement					₹ crore
(Year-end March)	FY25	FY26E	FY27E	FY28E	
Total operating Income	366,094	339,923	403,466	444,112	
Growth (%)	NA	-7.1	18.7	10.1	
Raw Material Expenses	221,432	215,585	257,515	280,103	
Employee Expenses	42,110	45,557	47,399	50,241	
Marketing Expenses	74,887	79,671	83,670	89,774	
Capitalised Expenses	-29,612	-30,603	-30,260	-33,308	
Total Operating Exp.	308,817	310,209	358,325	386,809	
EBITDA	57,277	29,715	45,141	57,303	
Growth (%)	NA	-48.1	51.9	26.9	
Product development Exp	10,318	12,546	13,503	14,996	
Depreciation	21,102	19,716	22,191	24,426	
Interest	3,901	3,225	4,290	4,830	
Other Income	5,437	5,650	5,933	6,229	
PBT	38,829	12,399	24,594	34,276	
Minority Interest	319	213	303	318	
Total Tax	9,060	(202)	3,327	5,784	
Reported PAT	19,075	(3,994)	7,897	13,637	
Growth (%)	NA	-120.9	-297.7	72.7	
EPS (₹)	51.8	(10.8)	21.4	37.0	

Source: Company, ICICI Direct Research

Exhibit 9: Cash flow statement					₹ crore
(Year-end March)	FY25	FY26E	FY27E	FY28E	
Profit after Tax	NA	(3,994)	7,897	13,637	
Add: Depreciation	NA	19,716	22,191	24,426	
(Inc)/dec in Current Assets	NA	16,137	-14,180	-9,089	
Inc/(dec) in CL and Provisions	NA	-25,099	21,687	13,872	
Others	NA	3,225	4,290	4,830	
CF from operating activities	NA	9,985	41,884	47,677	
(Inc)/dec in Investments	NA	8,000	750	-750	
(Inc)/dec in Fixed Assets	NA	-30,000	-50,000	-50,000	
Others	NA	-4,929	2,945	1,884	
CF from investing activities	NA	(26,929)	(46,305)	(48,866)	
Issue/(Buy back) of Equity	NA	0	0	0	
Inc/(dec) in loan funds	NA	4,000	10,000	8,000	
Dividend paid & dividend tax	NA	0	0	0	
Inc/(dec) in Sec. premium	NA	0	0	0	
Others (incl finance costs)	NA	-3,225	-5,026	-6,119	
CF from financing activities	NA	775	4,974	1,881	
Net Cash flow	NA	-16,169	553	692	
Opening Cash	NA	40,834	24,665	25,218	
Closing Cash	40,834	24,665	25,218	25,910	

Source: Company, ICICI Direct Research

Exhibit 10: Balance Sheet					₹ crore
(Year-end March)	FY25	FY26E	FY27E	FY28E	
Liabilities					
Equity Capital	736	736	736	736	
Reserve and Surplus	115,408	111,414	118,575	130,923	
Others	6,610	6,610	6,610	6,610	
Total Shareholders funds	122,754	118,760	125,921	138,269	
Total Debt	62,499	66,499	76,499	84,499	
Deferred Tax Liability	1,669	1,550	1,839	2,025	
Long term provisions	20,935	19,438	23,072	25,396	
Minority Interest / Others	26,383	24,497	29,076	32,005	
Total Liabilities	234,240	230,744	256,408	282,195	
Assets					
Gross Block	423,823	438,823	498,823	558,823	
Less: Acc Depreciation	309,021	328,737	350,927	375,353	
Net Block	114,802	110,086	147,896	183,470	
Capital WIP	65,806	80,806	70,806	60,806	
Total Fixed Assets	180,608	190,892	218,702	244,276	
Investments	35,656	27,656	26,906	27,656	
Inventory	47,269	37,252	44,215	48,670	
Debtors	13,248	9,313	11,054	12,167	
Loans and Advances	72	67	79	87	
Cash	40,834	24,665	25,218	25,910	
Total Current Assets	133,126	100,820	115,553	125,334	
Creditors	94,078	74,504	88,431	97,340	
Provisions	15,831	12,537	14,881	16,380	
Total Current Liabilities	144,402	119,303	140,990	154,862	
Net Current Assets	(11,276)	(18,484)	(25,437)	(29,528)	
Deferred Tax Asset	7,176	10,062	11,943	13,146	
Application of Funds	234,240	230,744	256,408	282,195	

Source: Company, ICICI Direct Research

Exhibit 11: Key ratios				
(Year-end March)	FY25	FY26E	FY27E	FY28E
Per share data (₹)				
EPS	51.8	-10.8	21.4	37.0
Cash EPS	109.1	42.7	81.7	103.4
BV	333.4	322.5	342.0	375.5
DPS	6.0	0.0	2.0	3.5
Cash Per Share	184.8	121.8	120.6	123.9
Operating Ratios				
EBITDA Margin (%)	15.6	8.7	11.2	12.9
PBT / Net sales (%)	9.9	2.9	5.7	7.4
PAT Margin (%)	5.2	-1.2	2.0	3.1
Inventory days	47.1	40.0	40.0	40.0
Debtor days	13.2	10.0	10.0	10.0
Creditor days	93.8	80.0	80.0	80.0
Return Ratios (%)				
RoE	15.5	-3.4	6.3	9.9
RoCE	19.4	5.4	11.2	14.6
RoIC	68.1	16.4	25.8	27.8
Valuation Ratios (x)				
P/E	6.5	-30.9	15.6	9.0
EV / EBITDA	2.1	4.9	3.4	2.8
EV / Net Sales	0.3	0.4	0.4	0.4
Market Cap / Sales	0.3	0.4	0.3	0.3
Price to Book Value	1.0	1.0	1.0	0.9
Solvency Ratios				
Debt/EBITDA	1.1	2.2	1.7	1.5
Debt / Equity	0.5	0.6	0.6	0.6
Current Ratio	0.7	0.7	0.7	0.7
Quick Ratio	0.3	0.3	0.3	0.3

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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