

# Retail Equity Research

# Tata Motors Limited

Sector: Automobiles

1<sup>st</sup> September, 2025

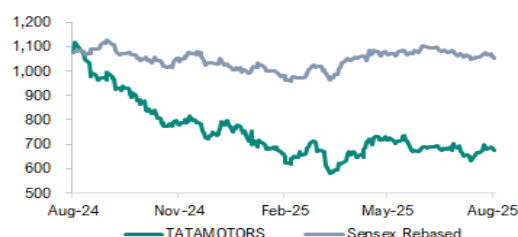
# HOLD

Key Changes		Target		Rating		Earnings		Target	Rs. 734
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame			CMP	Rs. 669
Large Cap	TTMT:IN	79,810	TATAMOTORS	500570	12 Months			Return	+10%

Data as of: 29-August-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)			246,216
52 Week High — Low (Rs.)			1,115 - 543
Enterprise Value (Rs. cr)			286,370
Outstanding Shares (cr)			368.1
Free Float (%)			56.8
Dividend Yield (%)			0.9
6m average volume (cr)			1.4
Beta			1.3
Face value (Rs. )			2.0
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	42.6	42.6	42.6
Fill's	18.7	17.8	17.2
MFs/Institutions	16.8	17.1	17.2
Public	20.8	21.3	21.8
Others	1.2	1.2	1.3
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-7.7%	7.8%	-40.3%
Absolute Sensex	-2.2%	9.0%	-2.8%
Relative Return	-5.4%	-1.3%	-37.4%

\*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	439,695	464,470	502,727
Growth (%)	1.3	5.6	8.2
EBITDA	55,216	51,592	59,658
EBITDA Margin (%)	12.6	11.1	11.9
PAT Adjusted	28,380	20,015	24,075
Growth (%)	-14.0	-29.5	20.3
Adjusted EPS	77.1	54.4	65.4
Growth (%)	-22.3	-29.5	20.3
P/E	8.7	12.3	10.2
P/B	2.1	1.8	1.6
EV/EBITDA	5.2	5.6	4.8
ROE (%)	24.0	14.9	15.4
D/E	0.6	0.5	0.4

## Demerger to unlock fresh potential

**Tata Motors, a leading automobile manufacturer in India, designs, manufactures and sells commercial vehicles (CVs) and passenger vehicles (PVs).**

- In Q1FY26, Tata Motors' revenue decreased 2.5% YoY to Rs. 104,407cr, primarily due to a decline in volume across all businesses.
- The JLR division's revenue was down 1.2% YoY to Rs. 75,952cr, driven by a 11.3% YoY decrease in volume of Range Rover and Jaguar wholesale by 71.6% YoY, as the 27.5% US trade tariff imposed on UK/EU-produced vehicles and the planned wind-down of legacy Jaguar models ahead of new launches.
- The CV segment's revenue declined 4.7% YoY to Rs. 17,009cr as the total volume decreased 6.1% YoY to 85,606 units, hit by muted demand in the HCV and SCVPU segments.
- Tata PV segment's revenue slipped 8.2% YoY to Rs. 10,877cr, as volume declined 10.0% YoY, with 124,809 units sold, mainly due to softer industry demand.
- EBITDA fell 35.1% YoY to Rs. 9,724cr; EBITDA margin narrowed 470bps YoY to 9.4%, led by lower gross margin, and higher employee and other expenses.
- The management expects gradual domestic demand recovery in CVs, double-digit EBITDA growth, PV festive launches and EV volumes above 8K monthly through high-impact launches despite the challenging global environment.

## Outlook & Valuation

The company logged a muted performance owing to softer demand across certain segments and tariff headwinds, supported by selective product launches, portfolio upgrades and brand initiatives. Its strategic priorities include premiumisation, cost efficiency, supply chain resilience and customer engagement. The upcoming demerger of its CV and PV businesses is likely to unlock operational focus and long-term value, alongside benefit from the Iveco acquisition. Additionally, JLR's UK-US and EU-US trade deal lowering tariff is expected to strengthen competitiveness and market access. Therefore, **we retain our HOLD rating on the stock with a revised target price of Rs. 734 based on SOTP valuation.**

## Quarterly Finance Consol.

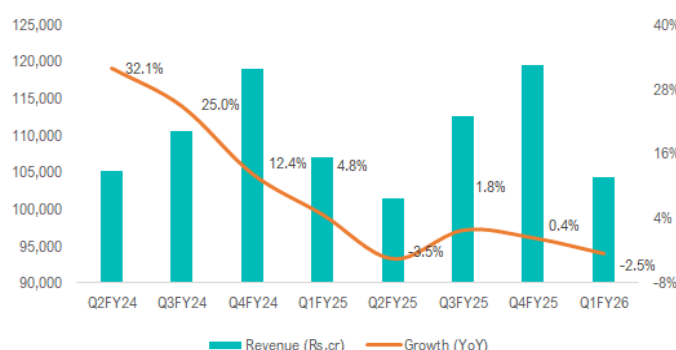
Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	104,407	107,102	-2.5	119,503	-12.6
EBITDA	9,724	14,972	-35.1	16,644	-41.6
Margin (%)	9.3	14.0	-470bps	13.9	-460bps
EBIT	4,404	8,407	-47.6	11,349	-61.2
PBT	5,561	8,894	-37.5	11,504	-51.7
Rep. PAT	4,003	5,716	-30.0	8,556	-53.2
Adj PAT	3,980	10,471	-62.0	9,036	-56.0
Adj. EPS (Rs)	10.8	31.5	-65.7	24.5	-56.0



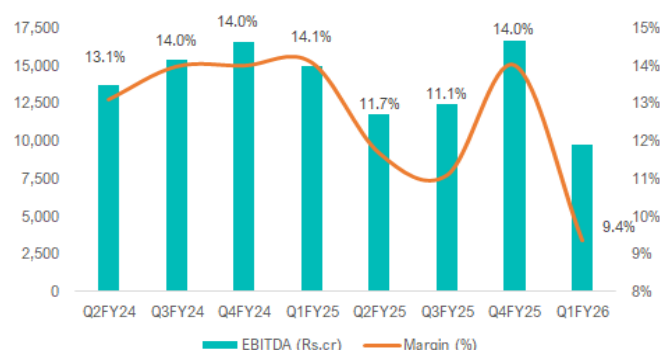
## Key concall highlights

- Tata Motors is planning a demerger of its CV and PV businesses; the final hearing by NCLT has concluded and an order has been reserved. The effective date for the demerger is October 1, 2025.
- The company acquired 100% stake in Iveco group N.V. ( excluding defence ), expanding into the industrial vehicle, power-train and financial services segments, with synergies expected in product development and technology.
- The funding €3.8 billion is secured through a bridge financing facility committed by Morgan Stanley & MUFG. The facility is expected to be syndicated and then termed out with a mix of equity and long term debt over 12 months.
- JLR signed a UK-US trade deal that would reduce tariff on UK-produced vehicle exports to the US from 27.5% to 10%, effective 30 June 2025, aiming to enhance competitiveness and market access.
- The management expects JLR's EBIT margin at 5-7% in FY26, targeting gradual YoY improvement into FY27-FY28.
- The company projects £1.4 billion annual enterprise mission gains, offsetting tariff, forex, and China risk.
- JLR's product plan includes the phased wind-down of legacy Jaguar models to align with the electrification and modernisation strategy focusing on higher margin and a sustainable future model portfolio.
- Tata Motors launched Harrier.ev, introducing a bold new SUV line-up, enhancing its EV portfolio with advanced design, performance and features aimed at active premium EV customers in the domestic and export markets.

### Revenue



### EBITDA



## SOTP (Sum-of-the-part) Valuation

Minority Interest	Basis	Multiple	Year	Value (Rs Cr)	Value/share (Rs)
TML (Standalone)	EV/EBITDA	5.1X	FY27E	42,585	116
Jaguar and Land Rover	EV/EBITDA	5.2X	FY27E	251,934	684
Others	EV/EBITDA	1.6X	FY27E	3,821	10
<b>Enterprise Value</b>				<b>298,341</b>	<b>810</b>
Net Debt				-21,665	-59
Minority Interest				-6,610	-18
<b>Equity Value</b>				<b>270,066</b>	<b>734</b>

## Change in Estimates

	Old estimates		New estimates		Change -%	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	493,339	-	464,470	502,727	-5.9	-
EBITDA	70,418	-	51,592	59,658	-26.7	-
Margins (%)	14.30	-	11.1	11.9	-320bps	-
Adj. PAT	26,734	-	20,015	24,075	-25.1	-
EPS	72.6	-	54.4	65.4	-25.1	-



## Consolidated Financials

### Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales</b>	<b>345,967</b>	<b>434,016</b>	<b>439,695</b>	<b>464,470</b>	<b>502,727</b>
% change	24.2	25.5	1.3	5.6	8.2
<b>EBITDA</b>	<b>31,816</b>	<b>57,855</b>	<b>55,216</b>	<b>51,592</b>	<b>59,658</b>
% change	35.3	82.0	-0.4	-12.9	22.6
Depreciation	24,860	27,270	23,256	26,188	28,390
<b>EBIT</b>	<b>6,955</b>	<b>30,585</b>	<b>31,960</b>	<b>25,403</b>	<b>31,268</b>
Interest	10,225	7,594	5,083	4,925	4,811
Other Income	6,664	5,438	6,903	6,677	6,298
<b>PBT</b>	<b>3,394</b>	<b>28,429</b>	<b>33,780</b>	<b>27,155</b>	<b>32,755</b>
% change	-148.0	737.6	18.8	-19.6	20.6
Tax	704	-4,024	10,502	6,789	8,189
Tax Rate (%)	20.7	-14.2	31.1	25.0	25.0
<b>Reported PAT</b>	<b>2,690</b>	<b>32,453</b>	<b>23,278</b>	<b>20,366</b>	<b>24,566</b>
PAT att. to common shareholder-	2,414	31,399	27,830	19,959	24,075
Adj.*	-1,591	939	550	56	-
<b>Adj. PAT</b>	<b>824</b>	<b>32,338</b>	<b>28,380</b>	<b>20,015</b>	<b>24,075</b>
% change	-107.6	3825.7	-12.2	-29.5	20.3
No. of shares (cr)	332.1	332.4	368.1	368.1	368.1
<b>Adj EPS (Rs.)</b>	<b>2.5</b>	<b>97.3</b>	<b>77.1</b>	<b>54.4</b>	<b>65.4</b>
% change	-107.6	3822.8	-20.8	-29.5	20.3
DPS (Rs.)	2.0	6.0	6.0	6.0	6.0

### Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	27,275	59,315	51,086	46,147	52,465
Non-cash adj.	9,664	3,310	5,013	4,361	4,670
Other adjustments					
Changes in W.C	-1,551	5,290	7,003	1,705	37
<b>C.F. Operation</b>	<b>35,388</b>	<b>67,915</b>	<b>63,102</b>	<b>52,213</b>	<b>57,172</b>
Capital exp.	-18,945	-31,183	-37,068	-38,709	-43,261
Change in inv.	1,099	5,766	-13,121	-7,000	-9,044
Other invest.CF	1,042	2,589	2,595	-	-
<b>C.F - Investment</b>	<b>-16,804</b>	<b>-22,828</b>	<b>-47,594</b>	<b>-45,708</b>	<b>-52,305</b>
Issue of equity	3,917	3,811	158	157	155
Issue/repay debt	-20,387	-28,502	-8,245	-617	-597
Dividends paid	-141	-1,059	-2,492	-2,209	-2,209
Other finance.CF	-9,632	-11,256	-8,207	-4,925	-4,811
<b>C.F - Finance</b>	<b>-26,243</b>	<b>-37,006</b>	<b>-18,786</b>	<b>-7,594</b>	<b>-7,461</b>
Chg. in cash	-7,659	8,081	-3,278	-1,089	-2,594
Closing Cash	37,016	45,807	40,834	39,745	37,151

### Balance Sheet

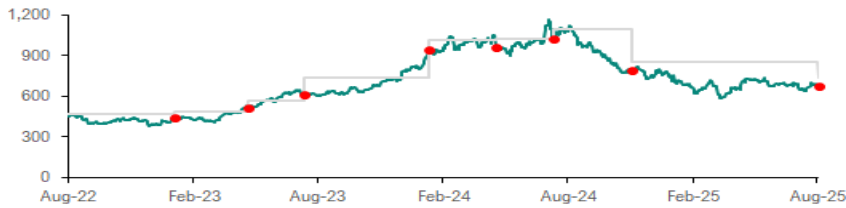
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	37,016	45,807	40,834	39,745	37,151
Accts. Receivable	15,738	16,952	13,248	14,166	15,484
Inventories	40,755	47,788	47,269	47,362	50,975
Other Cur. Assets	58,020	57,845	58,974	69,978	84,799
Investments	7,541	8,718	8,457	9,013	9,603
Gross Fixed As-sets	207,347	238,530	275,598	314,306	357,567
Net Fixed Assets	84,442	81,184	81,012	85,581	90,189
CWIP	5,220	10,937	17,624	14,099	11,279
Intangible Assets	56,692	64,862	82,867	94,343	107,426
Def. Tax -Net	5,185	13,099	7,176	7,535	7,912
Other Assets	25,473	23,471	21,181	22,854	24,673
<b>Total Assets</b>	<b>336,081</b>	<b>370,664</b>	<b>378,642</b>	<b>404,677</b>	<b>439,490</b>
Current Liabilities	118,063	137,265	144,402	151,554	162,691
Provisions	13,197	16,537	20,935	21,354	21,994
Debt Funds	141,551	110,391	73,506	72,889	72,292
Other Liabilities	10,671	13,377	17,045	17,812	18,932
Equity Capital	766	767	736	736	736
Res. & Surplus	44,556	84,152	115,408	133,315	155,336
Shareholder Funds	45,322	84,918	116,144	134,051	156,072
Minority Interest	7,278	8,176	6,610	7,017	7,509
<b>Total Liabilities</b>	<b>336,081</b>	<b>370,664</b>	<b>378,642</b>	<b>404,677</b>	<b>439,490</b>
BVPS	136	255	315	364	424

### Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	9.2	13.3	12.6	11.1	11.9
EBIT margin (%)	2.0	7.0	7.3	5.5	6.2
Net profit mgn.(%)	0.8	7.5	5.3	4.4	4.9
ROE (%)	5.3	37.7	24.0	14.9	15.4
ROCE (%)	3.6	15.0	16.3	11.9	13.3
<b>W.C &amp; Liquidity</b>					
Receivables (days)	16.6	14.3	11.0	11.1	11.2
Inventory (days)	82.2	77.0	63.3	63.6	63.8
Payables (days)	145.4	141.9	125.9	130.0	127.4
Current ratio (x)	1.0	1.0	1.0	1.0	1.0
Quick ratio (x)	0.5	0.4	0.5	0.5	0.5
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	1.7	1.9	1.7	1.6	1.5
Total asset T.O (x)	1.0	1.2	1.2	1.2	1.2
Int. covge. ratio (x)	0.7	4.0	6.3	5.2	6.5
Adj. debt/equity (x)	2.7	1.2	0.6	0.5	0.4
<b>Valuation</b>					
EV/Sales (x)	0.7	0.9	0.7	0.6	0.6
EV/EBITDA (x)	7.9	7.0	5.2	5.6	4.8
P/E (x)	169.6	10.0	8.7	12.3	10.2
P/BV (x)	3.1	3.9	2.1	1.8	1.6



## Recommendation Summary - (last 3 years)



Dates	Rating	Target
30-Jan-23	HOLD	483
17-May-23	HOLD	564
08-Aug-23	BUY	737
06-Feb-24	HOLD	1,012
14-May-24	HOLD	1,023
07-Aug-24	HOLD	1,098
29-Nov-24	HOLD	855
01-Sep-25	HOLD	734

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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