

Tata Motors Passenger Vehicles | REDUCE

Weak quarter; pain to persist

In 2QFY26, JLR EBIT margin came in at -8.6% (-1,370 bps YoY, -1,260 bps QoQ), impacted by production loss due to cyberattack, tariff-related expenses (£74 mn), unfavourable forex (£237 mn), and higher warranty costs. Management highlighted that geopolitical tensions, tariff uncertainty, and supply chain risks persist. Reflecting these challenges and the cyberattack impact, JLR lowered its FY26 guidance, now expecting EBIT in the range of 0%–2% (earlier 5%–7%) and negative free cash flow of £2.2–£2.5 bn (earlier near zero). The India PV business posted an EBITDA margin of 3.9% (-230 bps YoY, +50 bps QoQ), impacted by adverse realisations and higher raw material costs. On the domestic EV front, the company maintained a strong position with 42% market share over the last 3 months. PV-EV margins improved to 4.2% from 0.2% in 1QFY26, aided by PLI benefits (INR 1.25bn), operating leverage, and a favourable mix. EV profitability is expected to improve further with product interventions and PLI benefits. The outlook for the domestic business in 2HFY26 remains strong, with double-digit industry growth expected and overall FY26 growth likely in the 5% range. ICE profitability is expected to remain muted in 3Q but should improve in 4Q with the Sierra launch, price increases, better mix, and cost-reduction initiatives. We initiate coverage with REDUCE rating and a SOTP-based (JLR at 7.5x EV/EBIT and standalone at 10x EV/EBITDA) TP of INR365.

- **JLR – cyberattack pushes it into the red:** JLR reported revenue of £4.9 bn (-24.3% YoY, -25.5% QoQ), primarily due to a production halt caused by the cyberattack and the planned wind-down of legacy Jaguar models ahead of new launches. Wholesale volumes (ex-CJLR) declined 24.2% YoY (-24.2% QoQ) to ~66.2k units. EBIT turned negative, with EBIT margin at -8.6% (-1,370 bps YoY, -1,260 bps QoQ), impacted by production loss, tariff-related expenses (£74 mn), unfavorable forex (£237 mn), and higher warranty costs. Free cash flow was negative at £791 mn in 2Q due to the production halt.
- **JLR – challenging outlook:** JLR highlighted that sales in the EU remain uncertain, while the UK continues to be stable. Demand in the US remains weak due to tariff-related issues, and in China, the reduction in the luxury tax threshold (from RMB 1.3 mn to RMB 0.9 mn) has further dampened demand, with JLR expected to absorb the cost impact in the near term. Management indicated that variable marketing expenses (VME) will remain elevated. On tariffs, some improvement is expected in 3Q (majority part of 2Q had lower tariffs). Overall, geopolitical tensions, tariff uncertainty, and supply chain risks persist. Reflecting these challenges and the impact of the cyberattack, JLR has lowered its margin guidance, now expecting FY26 EBIT in the range of 0% - 2% (earlier 5% - 7%) and negative free cash flow of £2.2 - £2.5 bn (earlier near zero).
- **India business:** Standalone revenue stood at INR 129bn (-7.5% YoY, +17.4% QoQ). EBITDA margin stood at 3.9% (-230bps YoY, +50bps QoQ).
- **India PV segment gets flip post GST rationalisation:** Overall Volumes grew 10% YoY in 2Q, with market share at 12.8%, which further increased to 13.7–14% during the festive season. The PV-ICE segment reported an EBITDA margin of 6.4% (-210 bps YoY, +150 bps QoQ), with the contraction driven by negative operating leverage and commodity-linked cost inflation. The outlook for 2H remains strong, with double-digit industry growth expected and overall FY26 growth likely in the 5% range. ICE profitability is expected to remain muted in 3Q but should improve in 4Q with the Sierra launch, price increases, better mix, and cost-reduction initiatives. TTMT plans a price hike in 4Q to offset commodity inflation, which will also lead to lower discounts from January 2026 onward.



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Recommendation and Price Target

Current Reco.	REDUCE
Previous Reco.	NA
Current Price Target (12M)	365
Upside/(Downside)	-6.7%
Previous Price Target	NA
Change	NA

Key Data – TMPV IN

Current Market Price	INR391
Market cap (bn)	INR1,440.5/US\$16.2
Free Float	56%
Shares in issue (mn)	3,685.0
Diluted share (mn)	3,685.0
3-mon avg daily val (mn)	INR8,171.2/US\$92.1
52-week range	498/324
Sensex/Nifty	84,563/25,910
INR/US\$	88.7

Price Performance

%	1M	6M	12M
Absolute	-1.4	-11.6	-16.5
Relative*	-2.1	-13.9	-23.4

* To the BSE Sensex

Financial Summary

	(INR mn)			
Y/E March	FY25A	FY26E	FY27E	FY28E
Net Sales	36,60,940	32,81,362	35,07,140	37,90,974
Sales Growth (%)	0.0	-10.4	6.9	8.1
EBITDA	4,79,930	2,61,170	3,85,072	4,76,002
EBITDA Margin (%)	13.1	8.0	11.0	12.6
Adjusted Net Profit	1,95,900	49,304	98,517	1,46,272
Diluted EPS (INR)	53.2	13.4	26.7	39.7
Diluted EPS Growth (%)	0.0	-74.9	99.8	48.5
ROIC (%)	31.2	1.0	6.8	8.8
ROE (%)	33.7	4.2	8.0	11.0
P/E (x)	7.3	29.2	14.6	9.9
P/B (x)	1.2	1.2	1.1	1.0
EV/EBITDA (x)	3.2	6.2	4.5	3.8
Dividend Yield (%)	1.5	1.5	1.5	1.5

Source: Company data, JM Financial. Note: Valuations as of 14/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

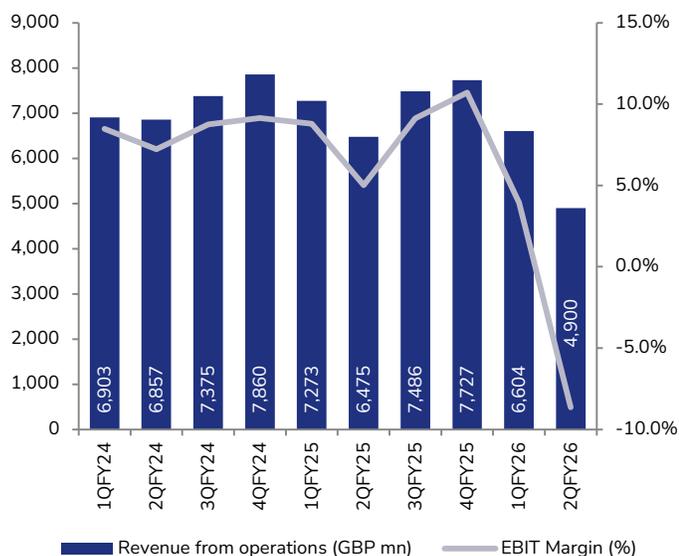
- Indian EV business:** EV penetration for the company reached 17% in 2Q (vs. 13% in 1Q), and along with CNG vehicles, accounted for approximately 45% of domestic volumes. The company maintained a strong position in the EV market with a 42% share over the last three months. In terms of profitability, the PV-EV business saw EBITDA margin improve to 4.2% from 0.2% in 1QFY26, aided by PLI benefits of INR 1.25bn, operating leverage, and a favourable mix. EV profitability is expected to improve further with product interventions and PLI benefits. Tiago, Tigor, and Punch (~30% of volumes) already have PLI certification, while Nexon (~25% of volumes) and Harrier (run rate of 2.5k units per month with a waiting period of 16–18 weeks) will start accruing benefits in 3Q and 4Q respectively. Curvv, manufactured through a JV, does not qualify under the PLI scheme.

Exhibit 1. Quarterly financial performance - consolidated

TMPV (INR mn)	Q2FY26	Q2FY25	% YoY	Q1FY26	% QoQ
Sales	723,490	836,560	-13.5	876,770	-17.5
RM	479,460	507,590	-5.5	557,350	-14.0
As a % of sales	66.3	60.7	9.2	63.6	4.3
Employee Exp	108,310	101,390	6.8	110,400	-1.9
As a % of sales	15.0	12.1	23.5	12.6	18.9
Other Costs	149,700	129,090	16.0	127,400	17.5
As a % of sales	20.7	15.4	34.1	14.5	42.4
Expenditure	737,470	738,070	-0.1	795,150	-7.3
EBITDA	-13,980	98,490	-114.2	81,620	-117.1
EBITDA Margin	-1.9%	11.8%	-1371bps	9.3%	-1124bps
Other Income / FVTPL	14,550	14,280	1.9	12,260	18.7
Interest	6,860	10,940	-37.3	6,920	-0.9
Depreciation	48,710	54,670	-10.9	48,510	0.4
Exceptional items	26,080	-310	-8,512.9	470	5,448.9
Share of equity investees	380	610	-37.7	1,050	-63.8
PBT	-80,700	48,080	-267.8	39,030	-306.8
Tax	-17,020	17,520	-197.1	13,060	-230.3
Tax rate (%)	21.1%	36.4%	NA	33.5%	NA
PAT (Adjusted)	-37,600	30,250	-224.3	26,440	-242.2

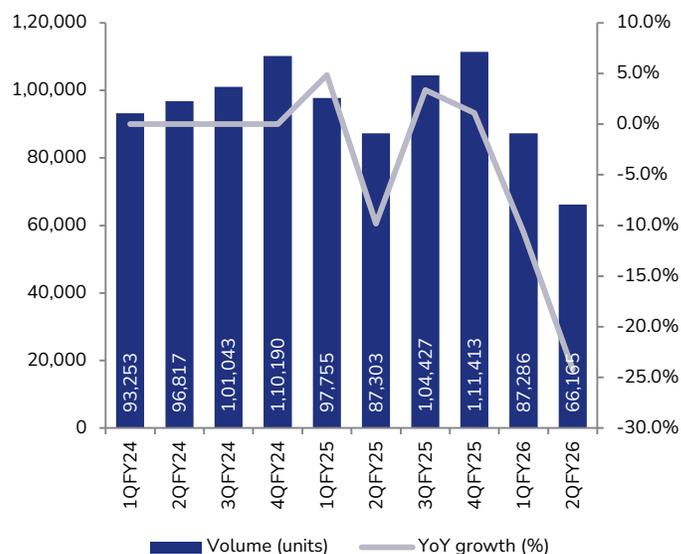
Source: JM Financial, Company

Exhibit 2. JLR revenue and EBIT margin



Source: Company, JM Financial

Exhibit 3. JLR wholesales trend



Source: Company, JM Financial

Our Estimates

Exhibit 4. Standalone - key assumptions			(INR mn)
	FY25A	FY26E	FY27E
Revenue	493,580	526,443	572,350
YoY growth (%)		6.7%	8.7%
Volume	556,263	585,975	627,658
YoY growth (%)		5.3%	7.1%
ASP	887,314	898,406	911,882
YoY growth (%)		1.3%	1.5%
EBITDA	30,390	19,241	25,763
EBITDA Margin (%)	6.2%	3.7%	4.5%

Source: Company, JM Financial

Exhibit 5. JLR - key assumptions			(GBP mn)
	FY25A	FY26E	FY27E
Revenue	28,961	23,982	25,549
YoY growth (%)		-17.2%	6.5%
Volume	400,898	323,881	339,941
YoY growth (%)		-19.2%	5.0%
ASP	72,240	74,046	75,157
YoY growth (%)		2.5%	1.5%
EBIT	2,474	175	1,027
EBIT Margin (%)	8.5%	0.7%	4.0%

Source: Company, JM Financial

Exhibit 6. CJLR - key assumptions			(GBP mn)
	FY25A	FY26E	FY27E
Revenue	1,105	938	1,020
YoY growth (%)		-15.1%	8.7%
Volume	34,156	29,133	30,590
YoY growth (%)		-14.7%	5.0%
ASP	32,352	32,203	33,330
YoY growth (%)		-0.5%	3.5%
EBIT	-21	-81	-59
EBIT Margin (%)	-1.9%	-8.7%	-5.8%

Source: Company, JM Financial

Exhibit 7. TMPV fair value @ INR 365/share – SOTP					
	Parameter	Multiple (x)	EBITDA, Sales (INR bn)	Total value (INR bn)	Value / Share (INR)
JLR	EV/EBIT	7.5	143	1,072	291
CJLR (50% share)	EV/Sales	0.5	60	30	8
Total JLR EV				1,102	299
Less: JLR net debt				(208)	-56
JLR equity value				894	243
Domestic business PV	EV/EBITDA	10	29	294	80
Less: Domestic business net debt				47	13
Domestic business equity value				341	92
Tata Technologies stake at 25% hold co. discount				110	30
TTMT fair value				1,345	365

Source: JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)			
Y/E March	FY25A	FY26E	FY27E	FY28E	
Net Sales	36,60,940	32,81,362	35,07,140	37,90,974	
Sales Growth	0.0%	-10.4%	6.9%	8.1%	
Other Operating Income	0	0	0	0	
Total Revenue	36,60,940	32,81,362	35,07,140	37,90,974	
Cost of Goods Sold/Op. Exp	22,14,320	19,35,159	20,11,601	21,88,214	
Personnel Cost	4,21,100	4,74,455	4,89,655	5,05,984	
Other Expenses	5,45,590	6,10,577	6,20,812	6,20,773	
EBITDA	4,79,930	2,61,170	3,85,072	4,76,002	
EBITDA Margin	13.1%	8.0%	11.0%	12.6%	
EBITDA Growth	0.0%	-45.6%	47.4%	23.6%	
Deprn. & Amort.	2,11,020	2,44,273	2,60,594	2,90,775	
EBIT	2,68,910	16,898	1,24,478	1,85,228	
Other Income	54,370	1,01,611	67,280	68,625	
Finance Cost	39,010	51,539	60,653	60,464	
PBT before Excep. & Forex	2,84,270	66,970	1,31,105	1,93,390	
Excep. & Forex Inc./Loss(-)	-1,120	0	0	0	
PBT	2,83,150	66,970	1,31,105	1,93,390	
Taxes	90,600	15,699	31,652	47,101	
Extraordinary Inc./Loss(-)	0	0	0	0	
Assoc. Profit/Min. Int.(-)	1,390	-1,966	-936	-17	
Reported Net Profit	1,93,940	49,304	98,517	1,46,272	
Adjusted Net Profit	1,95,900	49,304	98,517	1,46,272	
Net Margin	5.4%	1.5%	2.8%	3.9%	
Diluted Share Cap. (mn)	3,680.0	3,685.0	3,685.0	3,685.0	
Diluted EPS (INR)	53.2	13.4	26.7	39.7	
Diluted EPS Growth	0.0%	-74.9%	99.8%	48.5%	
Total Dividend + Tax	22,080	22,110	22,110	22,110	
Dividend Per Share (INR)	6.0	6.0	6.0	6.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)		
Y/E March	FY26E	FY27E	FY28E	
Profit before Tax	66,970	1,31,105	1,93,390	
Depn. & Amort.	2,44,273	2,60,594	2,90,775	
Net Interest Exp. / Inc. (-)	-50,072	-6,627	-8,162	
Inc (-) / Dec in WCap.	-42,833	-52,848	-48,385	
Others	-1,966	-936	-17	
Taxes Paid	-15,699	-31,652	-47,101	
Operating Cash Flow	2,00,671	2,99,636	3,80,500	
Capex	-2,95,000	-4,00,000	-4,00,000	
Free Cash Flow	-94,329	-1,00,364	-19,500	
Inc (-) / Dec in Investments	84,622	-20,166	-21,320	
Others	1,01,611	67,280	68,625	
Investing Cash Flow	-1,08,767	-3,52,887	-3,52,694	
Inc / Dec (-) in Capital	10	0	0	
Dividend + Tax thereon	-22,110	-22,110	-22,110	
Inc / Dec (-) in Loans	-42,500	-12,500	-12,500	
Others	-49,564	-56,566	-56,295	
Financing Cash Flow	-1,14,164	-91,176	-90,905	
Inc / Dec (-) in Cash	-22,259	-1,44,427	-63,100	
Opening Cash Balance	3,43,490	3,21,231	1,76,804	
Closing Cash Balance	3,21,231	1,76,804	1,13,704	

Source: Company, JM Financial

Balance Sheet		(INR mn)			
Y/E March	FY25A	FY26E	FY27E	FY28E	
Shareholders' Fund	11,61,440	11,88,644	12,65,051	13,89,213	
Share Capital	7,360	7,370	7,370	7,370	
Reserves & Surplus	11,54,080	11,81,274	12,57,681	13,81,843	
Preference Share Capital	0	0	0	0	
Minority Interest	66,100	66,100	66,100	66,100	
Total Loans	7,15,400	6,72,900	6,60,400	6,47,900	
Def. Tax Liab. / Assets (-)	16,690	29,690	29,690	29,690	
Total - Equity & Liab.	19,59,630	19,57,334	20,21,241	21,32,903	
Net Fixed Assets	18,06,080	18,56,807	19,96,213	21,05,438	
Gross Fixed Assets	38,12,477	39,32,477	43,32,477	47,32,477	
Intangible Assets	0	0	0	0	
Less: Depn. & Amort.	26,64,457	29,08,730	31,69,324	34,60,098	
Capital WIP	6,58,060	8,33,060	8,33,060	8,33,060	
Investments	3,61,700	2,67,040	2,68,431	2,69,851	
Current Assets	16,18,640	14,25,257	13,35,937	13,53,536	
Inventories	4,72,690	4,13,098	4,29,416	4,67,117	
Sundry Debtors	1,32,480	80,910	96,086	1,14,249	
Cash & Bank Balances	4,08,340	3,66,081	2,21,654	1,58,554	
Loans & Advances	1,710	1,198	1,218	1,239	
Other Current Assets	6,03,420	5,63,970	5,87,563	6,12,377	
Current Liab. & Prov.	18,26,790	15,91,770	15,79,340	15,95,922	
Current Liabilities	13,70,440	11,27,988	11,06,283	11,13,403	
Provisions & Others	4,56,350	4,63,782	4,73,057	4,82,518	
Net Current Assets	-2,08,150	-1,66,513	-2,43,404	-2,42,386	
Total - Assets	19,59,630	19,57,334	20,21,241	21,32,903	

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY25A	FY26E	FY27E	FY28E	
Net Margin	5.4%	1.5%	2.8%	3.9%	
Asset Turnover (x)	1.0	0.9	1.0	1.0	
Leverage Factor (x)	3.3	3.1	2.9	2.8	
RoE	16.9%	4.2%	8.0%	11.0%	

Key Ratios					
Y/E March	FY25A	FY26E	FY27E	FY28E	
BV/Share (INR)	315.6	322.6	343.3	377.0	
ROIC	31.2%	1.0%	6.8%	8.8%	
ROE	33.7%	4.2%	8.0%	11.0%	
Net Debt/Equity (x)	0.0	0.1	0.2	0.2	
P/E (x)	7.3	29.2	14.6	9.9	
P/B (x)	1.2	1.2	1.1	1.0	
EV/EBITDA (x)	3.2	6.2	4.5	3.8	
EV/Sales (x)	0.4	0.5	0.5	0.5	
Debtor days	13	9	10	11	
Inventory days	47	46	45	45	
Creditor days	112	90	84	79	

Source: Company, JM Financial

APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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