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Retail Equity Research

Tata Motors Ltd

BUY

Sector: Automobiles

20th February, 2026

Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	TMCV:IN	82,498	TMCV	544569	12 Months

Target	**Rs. 550**
CMP	**Rs. 475**
Return	**+16%**

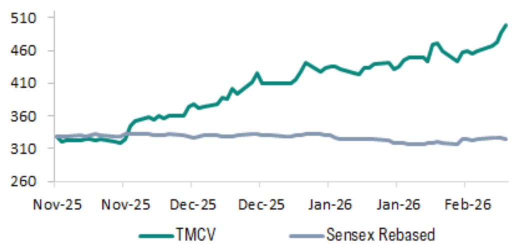
Data as of: 19-Feb-2026, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	181,944
52 Week High — Low (Rs.)	500 - 306
Enterprise Value (Rs. cr)	186,950
Outstanding Shares (cr)	368.2
Free Float (%)	56.8
Dividend Yield (%)	-
6m average volume (cr)	1.5
Beta	-
Face value (Rs.)	2.0

Shareholding (%)	**Q1FY26**	**Q2FY26**	**Q3FY26**
Promoters	-	-	42.6
FII's	-	-	18.3
MFs/Institutions	-	-	17.2
Public	-	-	19.9
Others	-	-	2.1
Total	-	-	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	**3 Month**	**6 Month**	**1 Year**
Absolute Return	46.2%	-	-
Absolute Sensex	-1.8%	3.5%	9.8%
Relative Return	47.0%	-	-

*over or under performance to benchmark index



Y.E March (cr)	**FY26E**	**FY27E**	**FY28E**
Sales	82,440	86,153	92,964
Growth (%)	-	*4.5*	*7.9*
EBITDA	9,937	10,881	12,262
EBITDA Margin (%)	*12.1*	*12.6*	*13.2*
PAT Adjusted	5,452	6,847	8,060
Growth (%)	-	*25.6*	*17.7*
Adjusted EPS	14.8	18.6	21.9
Growth (%)	-	*25.6*	*17.7*
P/E	33.0	26.3	22.3
P/B	13.4	8.9	6.3
EV/EBITDA	18.8	17.1	15.2
ROE (%)	*21.6*	*33.8*	*28.4*
D/E	0.6	0.4	0.3

New launches fuel expansion

Tata Motors Ltd (formerly TML Commercial Vehicles Ltd), a leading automobile manufacturer in India, designs, manufactures and sells commercial vehicles (CVs).

- In Q3FY26, revenue grew 16.1% YoY to Rs. 21,847cr, driven by higher volume, improved realisations, and strong domestic and export demand.
- CV revenue grew 16.5% YoY to Rs. 21,534cr, supported by higher wholesale across the HCV, ILMCV and SCV segments amid post-monsoon demand recovery.
- Total CV sales rose 21% YoY to 1,15,577 units, led by a rebound in construction and mining activity, festive demand, and infrastructure sector momentum.
- EBITDA grew 26.3% YoY to Rs. 2,585cr, with margin expanding 90bps YoY to 11.8%, driven by higher sales and a larger revenue base.
- The company recognised a one-time statutory impact from new labour codes, including gratuity of Rs. 508cr and absences of Rs. 95cr, due to revised wage definition requirements.
- Management expects exports to deliver strong double-digit growth next year, driven by robust demand and expansion into new international markets.

Outlook & Valuation

The company delivered strong double-digit performance, driven by resilient demand conditions and effective execution across key categories. Management highlighted stable demand visibility, supported by healthy channel orders, portfolio refreshes and focused market activations. Strategic priorities include new product launches, premiumisation, expansion into adjacent segments and deeper rural penetration. Continued focus on operational efficiencies, supply-chain optimisation and disciplined cost management is expected to support business stability amid competitive intensity. While margin pressures remain monitorable, execution-led initiatives are expected to aid medium-term performance. Given these factors, **we assign a BUY rating on the stock with a target price of Rs. 550 based on 25x FY28E adjusted EPS.**

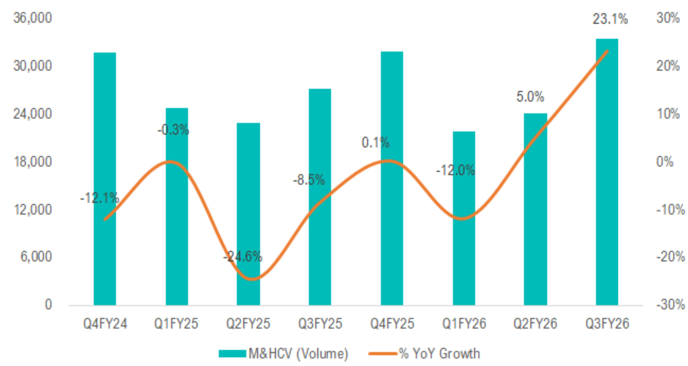
Quarterly Finance Consol.

Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	21,847	18,819	*16.1*	18,585	*17.6*	57,757	-	-
EBITDA	2,585	2,046	*26.3*	2,049	*26.2*	6,615	-	-
Margin (%)	*11.8*	*10.9*	*90bps*	*11.0*	*80bps*	*11.5*	-	-
EBIT	2,102	1,489	*41.2*	1,577	*33.3*	5,180	-	-
PBT	925	1,531	*-39.6*	-561	*n.m.*	2,039	-	-
Rep. PAT	705	1,355	*-48.0*	-867	*n.m.*	1,236	-	-
Adj PAT	1,715	1,373	*24.9*	661	*159.6*	3,781	-	-
Adj. EPS (Rs)	4.7	3.7	*24.9*	1.8	*159.5*	10.3	-	-

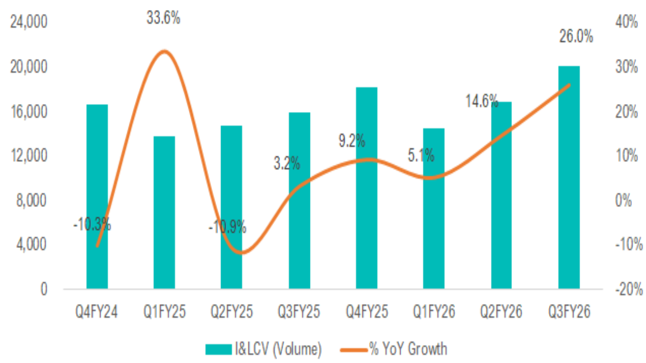
Key concall highlights

- The Iveco acquisition is progressing as planned, with regulatory approvals expected by end-March and deal closure targeted for Q1FY27, which would expand the company's global presence.
- In Q3FY26, the company won multiple government bus tenders, totalling ~6,000 units, with deliveries expected over the next 10-12 months, strengthening its public transport footprint.
- The company launched 17 next-generation trucks, including electric models in the range of 7-55 ton, built on an intelligent modular electric vehicle architecture for future scalability.
- For Q4FY26, management expects improved demand and sales momentum across all segments, with trucks continuing their strong growth and market momentum.
- It plans to bid for Convergence Energy Services Ltd's new tender for 6,300 electric buses, building on its earlier participation in the 10,000-unit tender opportunity.
- The company introduced Ace Pro and Ace Gold with Lean NOx Trap technology, driving SCV retail volumes to 45,000 units in Q3FY26, the highest since Q1FY24.

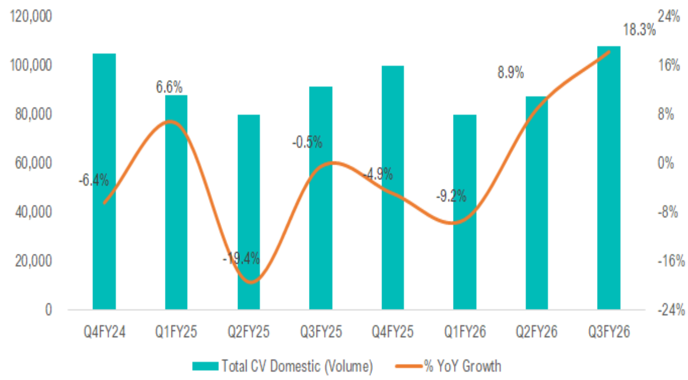
M&HCV (Volume)



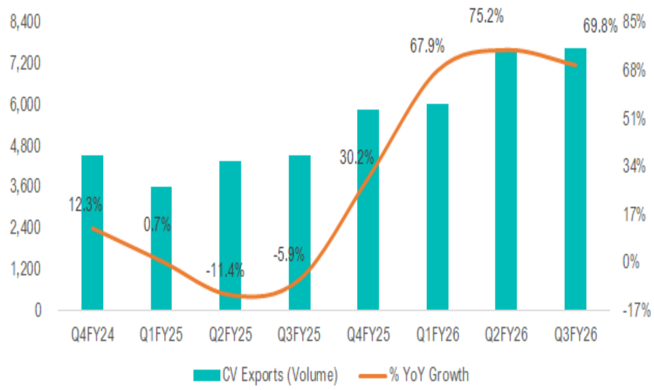
I&LCV (Volume)



Total CV Domestic (Volume)



CV Exports (Volume)



Change in Estimates

	Old estimates		New estimates			Change -%	
Year / Rs cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY28E**	**FY26E**	**FY27E**
Revenue	-	-	82,440	86,153	92,964	-	-
EBITDA	-	-	9,937	10,881	12,262	-	-
Margins (%)	-	-	12.1	12.6	13.2	-	-
Adj. PAT	-	-	5,452	6,847	8,060	-	-
EPS	-	-	14.8	18.6	21.9	-	-

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	9MFY25*	FY26E	FY27E	FY28E
Sales	**58,217**	**82,440**	**86,153**	**92,964**
% change	-	*41.6*	*4.5*	*7.9*
EBITDA	**6,263**	**9,937**	**10,881**	**12,262**
% change	-	*58.7*	*9.5*	*12.7*
Depreciation	1,690	1,694	1,969	2,024
EBIT	**4,573**	**8,243**	**8,912**	**10,238**
Interest	1,079	1,190	1,109	1,119
Other Income	594	-3,177	1,326	1,628
PBT	**4,088**	**3,876**	**9,129**	**10,747**
% change	-	*-5.2*	*135.5*	*17.7*
Tax	893	969	2,282	2,687
Tax Rate (%)	*21.8*	*25.0*	*25.0*	*25.0*
Reported PAT	**3,195**	**2,907**	**6,847**	**8,060**
PAT att. to common shareholders	-	-	-	-
Adj.*	317	2,546	-	-
Adj. PAT	**3,512**	**5,452**	**6,847**	**8,060**
% change	-	*55.3*	*25.6*	*17.7*
No. of shares (cr)	368.1	368.2	368.2	368.2
Adj EPS (Rs.)	**9.5**	**14.8**	**18.6**	**21.9**
% change	-	*55.2*	*25.6*	*17.7*
DPS (Rs.)	-	1.6	3.7	4.4

Balance Sheet

Y.E March (Rs. Cr)	9MFY25*	FY26E	FY27E	FY28E
Cash	2,266	1,558	2,473	2,943
Accts. Receivable	3,064	4,617	4,997	5,514
Inventories	4,625	7,738	7,909	8,200
Other Cur. Assets	14,015	6,371	8,936	12,175
Investments	2,246	8,843	10,916	13,525
Gross Fixed Assets	12,404	14,465	16,705	19,122
Net Fixed Assets	11,685	12,023	12,264	12,627
CWIP	719	748	778	809
Intangible Assets	3,135	3,639	3,821	4,012
Def. Tax -Net	-	-	-	-
Other Assets	5,096	5,446	6,320	7,346
Total Assets	**46,851**	**50,982**	**58,414**	**67,151**
Current Liabilities	21,055	22,126	22,435	22,830
Provisions	2,603	2,999	3,059	3,120
Debt Funds	9,156	8,534	8,673	8,814
Other Liabilities	3,504	3,883	3,961	4,040
Equity Capital	-	-	-	-
Res. & Surplus	10,533	13,440	20,287	28,347
Shareholder Funds	10,533	13,440	20,287	28,347
Minority Interest	-	-	-	-
Total Liabilities	**46,851**	**50,982**	**58,414**	**67,151**
BVPS	29	36	55	77

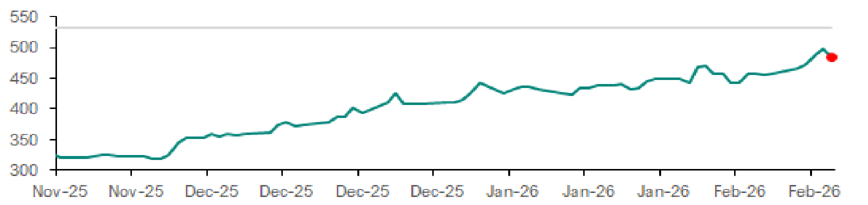
Cashflow

Y.E March	FY26E	FY27E	FY28E
Net inc. + Depn.	4,601	8,816	10,084
Non-cash adj.	5,562	-2,684	-2,803
Other adjustments	-	-	-
Changes in W.C	-2,865	182	-670
C.F. Operation	**7,298**	**6,314**	**6,611**
Capital exp.	-2,061	-2,240	-2,417
Change in inv.	-4,133	-2,187	-2,747
Other invest.CF	-		
C.F - Investment	**-6,194**	**-4,427**	**-5,164**
Issue of equity	-	-	-
Issue/repay debt	-622	139	141
Dividends paid	-	-	-
Other finance.CF	-1,190	-1,109	-1,119
C.F - Finance	**-1,812**	**-971**	**-978**
Chg. in cash	-708	916	470
Closing Cash	**1,558**	**2,473**	**2,943**

Ratio

Y.E March	9MFY25	FY26E	FY27E	FY28E
Profitab. & Return				
EBITDA margin (%)	-	12.1	12.6	13.2
EBIT margin (%)	-	10.0	10.3	11.0
Net profit mgn.(%)	-	3.5	7.9	8.7
ROE (%)	-	21.6	33.8	28.4
ROCE (%)	-	37.5	30.8	27.6
W.C & Liquidity				
Receivables (days)	-	20.4	21.2	21.6
Inventory (days)	-	50.7	49.6	47.8
Payables (days)	-	87.6	88.5	82.9
Current ratio (x)	-	0.7	0.9	1.0
Quick ratio (x)	-	0.2	0.3	0.3
Turnover &Leverage				
Gross asset T.O (x)	-	6.1	5.5	5.2
Total asset T.O (x)	-	1.7	1.6	1.5
Int. covge. ratio (x)	-	6.9	8.0	9.2
Adj. debt/equity (x)	-	0.6	0.4	0.3
Valuation				
EV/Sales (x)	-	2.3	2.2	2.0
EV/EBITDA (x)	-	18.8	17.1	15.2
P/E (x)	-	33.0	26.3	22.3
P/BV (x)	-	13.4	8.9	6.3

Recommendation Summary - last 3 years



Dates	Rating	Target
20-Feb-26	BUY	550

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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