DEVEN CHOKSEY RESEARCH

Tata Motors Passenger Vehicles Ltd Q2FY26

Result update

19th Nov 2025

Tata Motors Passenger Vehicles Ltd

A challenging quarter with JLR heavily impacted by the cyber incident while the domestic PV business delivered growth

CMP	Target	Potential Upside	Market Cap (INR Bn)	Recommendation	Sector
INR 371	INR 378	1.9%	1,366	HOLD	Auto

Result highlights

Tata Motors Passenger Vehicles reported a difficult Q2 FY26, mainly due to the severe cyber incident at JLR that disrupted production, volumes and profitability. Consolidated revenue declined 13.5% to INR 723,490 mn, while EBIT stood at INR (59,140) mn. PBT came at INR (51,390) mn, but reported Net Profit of INR 761,700 mn was boosted by a notional gain of INR 826,000 mn from discontinued operations. For H1 FY26, PBT fell to INR (16,900) mn.

JLR's Q2 FY26 revenue dropped 24.3% to GBP 4.9b, with EBIT margin at (8.6%). The cyber attack halted production, affected wholesales, and alongside US tariffs and the wind-down of legacy Jaguar models, led to a sharp decline in profitability. Free cash outflow was GBP 791m in Q2 and GBP 1.5b in H1. Liquidity remained strong at GBP 6.6b, supported by a new GBP 500m supplier financing solution and multiple new credit facilities. Operations have largely normalised, and JLR continues advancing its electrification and "Reimagine" transformation. FY26 EBIT margin guidance has been cut to 0–2%.

The domestic passenger vehicle (PV) business delivered healthy growth, supported by GST 2.0 and festive demand. Q2 FY26 revenue rose 15.6% to INR 135,290 mn, with EBITDA margin at 5.8% and EBIT margin at 0.2%. PV+EV volumes grew 10.8% YoY to 144.5K units. Tata maintained strong market positions, including 41.4% EV share, with Nexon, Punch, Harrier and Safari leading volumes. EV penetration reached 17% and CNG 28%. Profitability improved sequentially, with EV EBITDA margins rising sharply YoY.

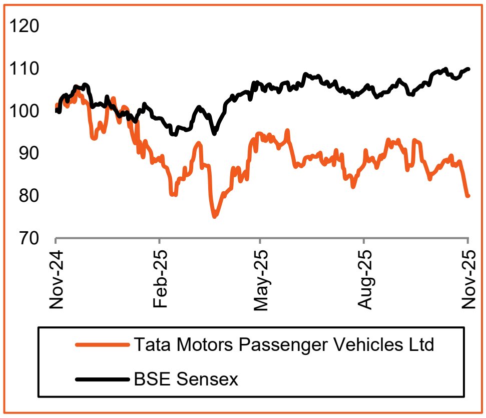
Outlook and Valuation

Tata Motors Passenger Vehicles' Q2 was a challenging quarter, overwhelmingly shaped by the operational shutdown at JLR following the cyber attack incident, which triggered a steep drop in volumes, sharp margin compression. While JLR has now restored production to normal levels, the near-term outlook remains cautious as the business works through weaker demand in key markets, elevated US tariffs, and the financial drag of lost wholesales, with FY26 EBIT guidance already trimmed to 0–2%. However, the medium-term trajectory is supported by progress on electrification, new model launches (Range Rover Electric and the new electric Jaguar), and structural cost actions under the Reimagine programme.

On the domestic side, the PV business enters H2 FY26 with strong tailwinds, healthy retail momentum post-GST 2.0, a robust booking pipeline, rising EV/CNG penetration, and multiple upcoming launches aimed at strengthening mix and profitability. Overall, we expect a recovery in H2 as JLR operations normalize and the domestic PV portfolio continues to benefit from demand resilience and improved product interventions.

We have roll-forwarded our valuation basis to Sep'27 estimates. We value Tata Motors Passenger Vehicles on a SOTP basis, implying a target price of INR 378 per share and revise our rating from "ACCUMULATE" to "**HOLD**" on the stock.

SHARE PRICE PERFORMANCE



MARKET DATA

Shares outs (Mn)	3,681
Mkt Cap (INR Bn)	1,366
52 Week H/L (INR)	493/350

*Based on the previous closing
Note: All the market data is as of the previous closing
52 Week H/L prices adjusted post demerger.

SHARE HOLDING PATTERN (%)

Particulars (%)	Sep-25	Jun-25	Mar-25
Promoters	42.6	42.6	42.6
FIIs	17.1	17.2	17.8
DIIs	17.0	16.9	16.9
Others	23.3	23.3	22.7
Total	100.0	100.0	100.0

3.1%
Revenue CAGR between FY25-FY27E

(6.5%)
Adj. PAT CAGR between FY25-FY27E

KEY FINANCIALS

Particulars (INR Mn)	FY25	FY26E	FY27E	FY28E
Revenue	36,60,940	36,74,452	38,89,017	41,98,823
EBITDA	4,70,430	3,20,471	4,87,870	5,55,838
EBITDA Margin	12.85%	8.72%	12.54%	13.24%
Adj. PAT	1,82,370	68,719	1,59,302	1,98,832
Adj. EPS	49.6	18.7	43.3	54.0

Source: Company, DevenChoksey Research

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Tata Motors Passenger Vehicles Ltd

Conference call highlights

Key Business Developments

- Tata Motors booked a notional profit of INR 830,000 mn on the CV demerger because the business was valued at INR 940,000 mn versus a book value of INR 110,000 mn. However, this entire INR 830,000 mn gain was offset by an equal deemed-dividend entry, resulting in no impact on cash flows, distributable reserves, or net worth.
- Geographic expansion: Tata PV entered South Africa as its first major international foray.
- JLR cyber incident recovery: systems restored, plants restarted from 8 Oct and now running near capacity.
- Technology/Facilities: Engineering capitalization suppressed due to CAD/system outage. Battery cell manufacturing in India targeted by end-next year, then Europe/UK.

Financial Performance and Key Metrics

- Group: Q2 PBT loss INR 5,500 mn. Exceptional items at INR 2,600 mn (cyber costs + voluntary redundancies).
- JLR: wholesales 66k units (-24% YoY), revenues -24%. Q2 PBT loss £485 mn (pre-exceptional). Free cash flow -£791 mn; H1 free cash -£1.5 bn. Exceptional charge ~£238 mn. Investments £828 mn; engineering capitalization rate down to 55% (vs 70% in Q1).
- India PV: Q2 volumes +10% YoY; PBT ≈ INR 200 mn (flat YoY). Revenue +15% YoY. ICE margins 6.4% (~200 bps YoY decline). EV profitability improving meaningfully.

Margin Dynamics

- Volume loss from cyber shutdown created severe negative operating leverage. VME (discounting) increased globally; China luxury tax impacted price realizations.
- US tariff burden reduced in Q2 vs Q1 but still substantially higher YoY. Reduced engineering capitalization increased expensed engineering. Warranty spends high despite improving fault metrics.

Industry & Regulatory Developments

- In India, the introduction of GST 2.0 significantly boosted passenger-vehicle demand as lower GST rates translated into price reductions of up to ~10% in certain segments, especially compact and sub-compact SUVs, prompting strong booking momentum and a revival in retail volumes.
- In China, a new luxury tax on vehicles priced above 900,000 RMB has structurally pressured margins for premium manufacturers, as many high-end models fall within this bracket and automakers have been forced to absorb part of the tax amid already weak demand, resulting in higher discounting and lower profitability.
- In the US, tariff rates on vehicles imported from the UK and EU, though reduced to 10–15% in Q2 from the peak 25% level earlier, remain significantly above historical norms. Compared to the original pre-tariff rate of around 2.5%, the current structure still represents a 300–500% increase, meaning JLR continues to face a materially higher cost burden despite the recent reduction.
- Nexperia's wafer shipments were disrupted due to Germany–China geopolitical friction, which may lead to chip shortages in coming months. JLR is securing alternative suppliers and strengthening its supply chain to avoid any production impact.

Subsidiaries and Segmental Insights

- Tata PV: Sept–Oct wholesales 60k+ each month; festive retails >100k (+33% YoY). EV volumes 24k; Nexon EV retains ~42% market share. Harrier EV run rate ~2,500/month; booking wait 16–18 weeks; PLI certification expected Q4.
- PLI: Q2 PLI recognized ~INR 125 mn; FY25 PLI cash of INR 3,250 mn received. Currently, only Tiago, Tigor Fleet, Punch EV qualify (30% of volumes). Nexon EV to qualify in Q3; Harrier EV in Q4.
- JLR: Brand-wise declines proportional (RR/Defender/Discovery -20–25%, Jaguar -35%).

Management Outlook

- Tata PV confident about strong H2 driven by GST impact, festive pipeline, and new launches (Sierra, Harrier/Safari petrol).
- JLR focused on production recovery, cost rationalization (500 managerial exits), supply-chain hardening, and margin recovery missions.

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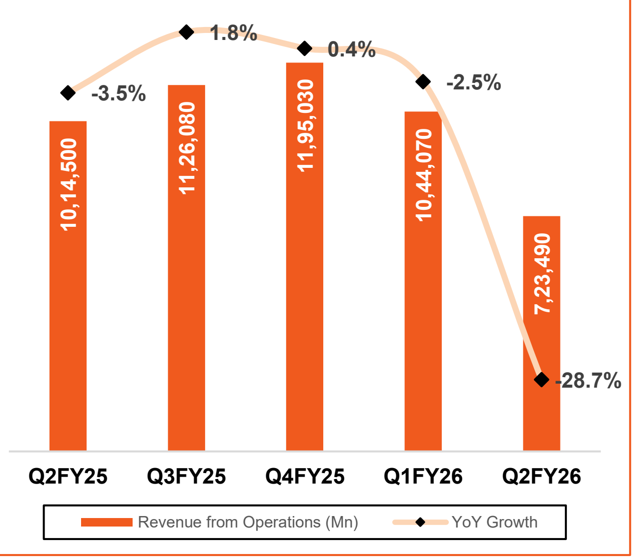
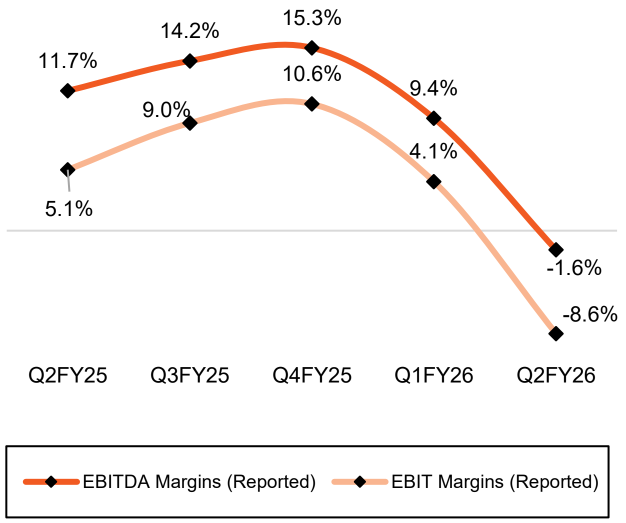
Story in charts

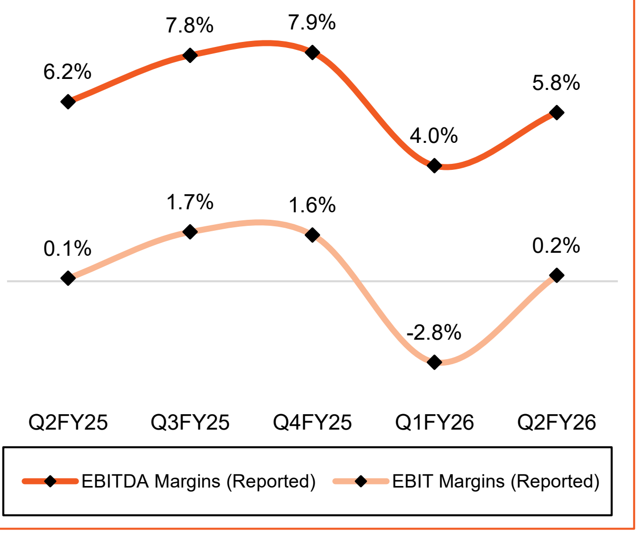
Revenue decline driven primarily by the sharp operational disruption at JLR.



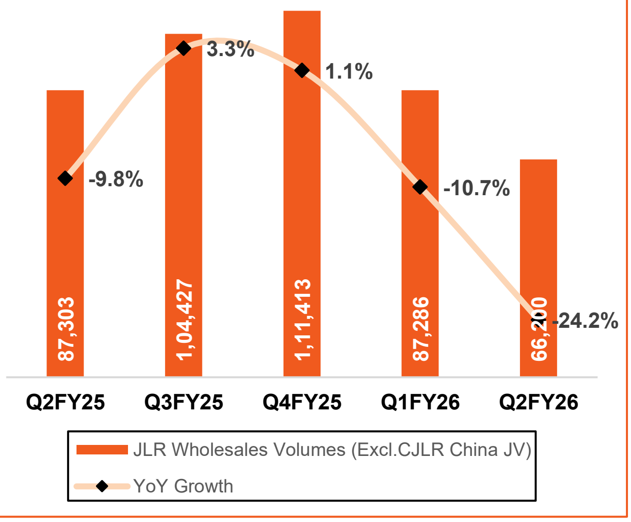
JLR's margins collapsed into loss territory, reflecting lower volumes, adverse mix, higher VME, and tariff-related pressures.



The domestic PV business delivered sequential margin improvement, supported by stronger volumes, GST-led demand, and a richer product mix.



JLR volumes fell steeply as the cyber incident halted production and delayed wholesales across key markets



Source: Company, DevenChoksey Research

Tata Motors Passenger Vehicles Ltd

Result Snapshot

Particulars (Mn)	Q2FY26	Q1FY26	Q2FY25	QoQ	YoY
No. Of. Vehicles Sold	**2,10,597**	**2,12,095**	**2,18,056**	**(0.7%)**	**(3.4%)**
Revenue from operations	**7,23,490**	**8,76,770**	**8,36,560**	**(17.5%)**	**(13.5%)**
Total Expenditure	**7,33,920**	**7,99,190**	**7,41,780**	**(8.2%)**	**(1.1%)**
Cost of materials consumed	3,63,000	5,39,940	4,41,200	(32.8%)	(17.7%)
Purchases of products for sale	36,780	37,800	64,550	(2.7%)	(43.0%)
Changes in inventories,WIP and sale	79,680	(20,390)	1,840	(490.8%)	4,230.4%
Employee costs	1,08,310	1,10,400	1,01,390	(1.9%)	6.8%
Other expenses	1,46,150	1,31,440	1,32,800	11.2%	10.1%
EBITDA (Excl OI)	**(10,430)**	**77,580**	**94,780**	**(113.4%)**	**(111.0%)**
EBITDA Margin (%)	***(1.4%)***	***8.8%***	***11.3%***	***(1,029 bps)***	***(1,277 bps)***
Depreciation	48,710	48,510	54,670	0.4%	(10.9%)
EBIT	**(59,140)**	**29,070**	**40,110**	**(303.4%)**	**(247.4%)**
Interest	6,860	6,920	10,940	(0.9%)	(37.3%)
Other income	14,610	12,260	13,630	19.2%	7.2%
EBT	**(51,390)**	**34,410**	**42,800**	**(249.3%)**	**(220.1%)**
Exceptional Items/ FX (gain) or loss	(7,96,470)	(17,630)	(9,320)	4,417.7%	8,445.8%
Tax	(17,020)	13,060	17,520	(230.3%)	(197.1%)
Share of associates/ minority	(400)	260	(140)	(253.8%)	185.7%
PAT	**7,61,700**	**39,240**	**34,460**	**1,841.1%**	**2,110.4%**
PAT Margin (%)	***105.3%***	***4.5%***	***4.1%***	***10,081 bps***	***10,116 bps***
EPS	**(17.5)**	**10.7**	**10.0**	**(264.3%)**	**(274.8%)**
Adj. PAT	**(34,770)**	**21,610**	**25,140**	**(260.9%)**	**(238.3%)**
Adj. EPS	**0.8**	**5.9**	**7.3**	**(86.4%)**	**(89.1%)**

Source: Company, DevenChoksey Research
Note: Reported Q2 FY26 PAT is inflated by a notional exceptional gain of INR 8,26,160 mn related to the accounting for demerged CV discontinued operations.

Tata Motors Passenger Vehicles Ltd

KEY FINANCIALS

Exhibit 1: Profit & Loss Statement

INR Mn	FY25	FY26E	FY27E	FY28E
Revenues	**36,60,940**	**36,74,452**	**38,89,017**	**41,98,823**
COGS	22,14,320	23,13,445	23,33,614	24,97,089
Gross profit	**14,46,620**	**13,61,008**	**15,55,403**	**17,01,734**
Employee cost	4,21,100	4,38,699	4,21,250	4,59,307
Other expenses	7,48,030	7,89,561	7,90,248	8,65,880
EBITDA	**4,70,430**	**3,20,471**	**4,87,870**	**5,55,838**
EBITDA Margin	12.8%	8.7%	12.5%	13.2%
D&A	2,11,020	2,36,176	2,57,561	2,80,195
EBIT	**2,59,410**	**84,295**	**2,30,309**	**2,75,643**
Interest expense	39,010	42,945	74,797	72,382
Other income	54,370	57,983	62,224	67,181
PBT	3,70,700	9,13,433	2,17,736	2,70,442
Tax	90,600	27,445	54,434	67,611
Share of profit of JV/associates	1,390	(3,170)	(4,000)	(4,000)
PAT	2,81,490	8,82,819	1,59,302	1,98,832
EPS (INR)	75.6	239.9	43.3	54.0
Adj. PAT	**1,82,370**	**68,719**	**1,59,302**	**1,98,832**
Adj. EPS (INR)	**49.6**	**18.7**	**43.3**	**54.0**

Exhibit 2: Balance Sheet

INR Mn	FY25*	FY26E	FY27E	FY28E
Equity				
Equity Capital	7,370	7,370	7,370	7,370
Other Equity	11,22,210	11,51,233	12,82,899	14,48,567
Total Equity	**11,29,580**	**11,58,603**	**12,90,269**	**14,55,937**
Non-Current Liabilities				
Borrowings	3,56,770	3,38,932	3,21,985	3,05,886
Provisions	1,83,320	1,83,320	1,83,320	1,83,320
Other Current Liabilities	2,45,480	2,45,480	2,45,480	2,45,480
Total Non-Current Liabilities	**7,85,570**	**7,67,732**	**7,50,785**	**7,34,686**
Current Liabilities				
Borrowings	1,89,180	1,89,180	1,89,180	1,89,180
Provisions	1,36,150	1,36,150	1,36,150	1,36,150
Trade Paybles	8,25,140	8,62,078	8,69,593	9,30,511
Other current liabilities	2,59,660	2,63,612	2,67,683	2,71,876
Total Current Liabilities	**14,10,130**	**14,51,020**	**14,62,606**	**15,27,716**
Total Liabilities	**21,95,700**	**22,18,751**	**22,13,391**	**22,62,402**
Non-Current Assets				
PPE	6,23,870	6,08,161	5,83,941	5,55,675
Goodwill	76,770	76,770	76,770	76,770
Other current assets	12,61,090	12,61,090	12,61,090	12,61,090
Total Non-Current Assets	**19,61,730**	**19,46,021**	**19,21,801**	**18,93,535**
Current Assets				
Inventories	4,26,440	4,18,321	4,21,969	4,51,528
Trade Receivables	1,01,840	1,02,216	1,08,185	1,16,803
Other financial assets	3,85,200	3,85,200	3,85,200	3,85,200
Cash and Bank	3,33,160	4,08,685	5,49,596	7,54,363
Oher current assets	1,16,910	1,16,910	1,16,910	1,16,910
Total Current Assets	**13,63,550**	**14,31,333**	**15,81,859**	**18,24,804**
Total Assets	**33,25,280**	**33,77,354**	**35,03,660**	**37,18,339**

Exhibit 3: Cash Flow Statement

INR Mn	FY25	FY26E	FY27E	FY28E
CFFO	-	12,10,571	4,93,631	5,78,341
Capex	-	2,20,467	2,33,341	2,51,929
Dividend Paid	-	(8,53,796)	(27,636)	(33,163)
Change in Capital	**-**	**(17,826)**	**(16,947)**	**(16,099)**
Closing Cash	-	4,08,685	5,49,596	7,54,363
FCF	**-**	**9,90,104**	**2,60,290**	**3,26,411**

Exhibit 4: Key Ratios

Key Ratio	FY25	FY26E	FY27E	FY28E
Gross Margin (%)	39.8%	37.3%	40.3%	40.8%
EBITDA Margin%	12.8%	8.7%	12.5%	13.2%
ROE%	27.0%	77.2%	13.0%	14.5%
ROCE%	13.5%	4.4%	11.3%	12.6%
P/E	13.6x	36.7x	15.8x	12.7x
EV/EBITDA	5.9x	8.5x	5.3x	4.2x

Source: Company, DevenChoksey Research,
Note: Reported FY26 PAT is inflated by a notional exceptional gain of INR 8,26,160 mn related to the accounting for demerged CV discontinued operations.
*FY25 Balance sheet has been adjusted for demerged CV business.

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Tata Motors Passenger Vehicles Ltd

Tata Motors Passenger Vehicles Ltd.			
Date	CMP (INR)	TP (INR)	Recommendation
19-Nov-25	371	378	HOLD
22-Aug-25	411	433	ACCUMULATE
15-May-25	440	483	ACCUMULATE
31-Jan-25	433	470	ACCUMULATE
11-Oct-24	562	690	BUY
10-Aug-24	645	698	ACCUMULATE

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

Note: Historical CMPs and target prices have been restated to ensure comparability following the demerger.

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