Tata Motors Ltd
Q2FY26

Result update

19th Nov 2025

Tata Motors Ltd

A strong quarter marked by solid volume growth and a continued focus on profitable growth.

CMP	Target	Potential Upside	Market Cap (INR Bn)	Recommendation	Sector
INR 325	**INR 369**	**13.5%**	**1,198**	**ACCUMULATE**	**Auto**

Result highlights

Tata Motors' Commercial Vehicles (CV) business delivered a strong Q2 FY26 performance, supported by a 12% YoY rise in wholesales to 96.8K units and continued focus on profitable growth. Revenue increased 6.0% YoY to INR 185,850 mn, driven by higher volumes, better realizations, and refined pricing.

EBITDA margin expanded 122 bps to 11.0%, while EBIT margin rose 180 bps to 8.5%. PBT for the quarter stood at INR 14,930 mn. Mark-to-market losses on Tata Capital's newly listed investments (~INR 20,000 mn) impacted profitability, resulting in Net Income of INR (8,670) mn.

Strong operational discipline drove quarterly FCF of INR 22,000 mn, while H1 FY26 FCF of INR 4,170 mn marked the highest ever for the business. ROCE rose to 45% (vs 37% YoY) and net debt reduced to INR 6,000 mn.

Strategically, the Company completed the demerger and separate listing of the CV business as Tata Motors Ltd ("TMCV") on November 12, 2025. The proposed IVECO acquisition is progressing toward an April 2026 close. An additional INR 1,340 mn was invested in Freight Tiger, taking the total to INR 2,840 mn.

The Company launched multiple new products, passed on the GST reduction fully, and strengthened its EV lineup, billing 1,300 Ace Pro EVs in four months. Domestic VAHAN market share remained steady at 35.3%.

Management expects a strong H2 FY26 supported by festive demand, improving consumption, and momentum in construction, infrastructure, and mining. With a robust launch pipeline and sharper product portfolio, the Company aims to sustain double-digit EBITDA margins, strong cash flows, and high ROCE.

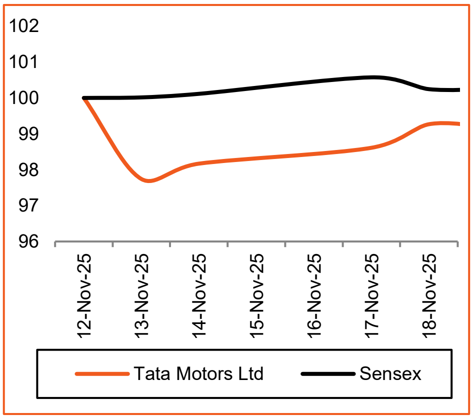
Outlook and Valuation

Tata Motors delivered strong volume growth in Q2 FY26. The outlook for H2 remains encouraging, supported by GST-driven improvement in consumption, higher fleet utilization, and stronger MHCV demand. Growth is expected to be fueled by the revival of mining, construction, and infrastructure activity, a robust pipeline of Model Year '26 launches, and a recovery in international markets as Sri Lanka reopens and demand improves across the Middle East and Africa. The company continues to target sustained double-digit EBITDA margins and healthy free cash flow generation.

Key risks include export volatility in markets such as Nepal due to political instability and potential moderation in tractor-trailer demand from Dedicated Freight Corridors. Nevertheless, the overall CV demand outlook stays positive, aided by rising ICV and MCV requirements for last-mile and regional logistics.

We have rolled forwarded our valuation to Sep'27 estimates and value the company at 12.5x Sep'27 EBITDA, arriving at a target price of INR 369 per share and maintaining an "**ACCUMULATE**" rating.

SHARE PRICE PERFORMANCE



MARKET DATA	
Shares outs (Mn)	3,681
Mkt Cap (INR Bn)	1,198
52 Week H/L (INR)	345/306

*Based on the previous closing
Note: All the market data is as of the previous closing

SHARE HOLDING PATTERN (%)

Particulars (%)	Nov-25
Promoters	42.6
FIIs	17.8
DIIs	16.0
Others	23.6
Total	100.0

6.3%

Revenue CAGR between FY26E-FY28E

9.1%

Adj. PAT CAGR between FY26E-FY28E

KEY FINANCIALS

Particulars (INR Mn)	9MFY25*	FY26E	FY27E	FY28E
Revenue	5,82,170	7,72,711	8,15,106	8,73,396
EBITDA	62,630	96,785	1,02,088	1,11,395
EBITDA Margin	10.76%	12.53%	12.52%	12.75%
Adj. PAT	36,030	60,581	65,101	72,064
Adj. EPS	9.4	15.8	17.0	18.8

Source: Company, DevenChoksey Research,
*Note- The 9M FY25 P&L corresponds to the operating period between June 23, 2024 to March 31, 2025.

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Tata Motors Ltd

Conference call highlights

Key Takeaways

- Fleet utilizations remained strong across HCV, ILCV/MCV, ICV/LCV and buses during Q2, with only tippers seeing temporary monsoon-led weakness that recovered by October. Freight rates stayed firm and improved further after the GST rate rationalization, aided by increased consumption and higher freight availability.
- The CV industry grew 8% YoY in Q2, while Tata Motors grew 12% YoY to 97,000 wholesales, outperforming in trucks and ILMCV and maintaining volumes in SCV. Standalone profitability improved sharply, with EBITDA rising to 12.2%, EBIT expanding by 200 bps YoY to 9.8%, and PBT reaching INR 17,000 mn, although the reported standalone revenue of INR 18.4 mn appears truncated and inconsistent with the scale of operations.
- Cash flows remained strong, with standalone FCF of INR 22,000 mn in Q2, H1 FCF of INR 4,170 mn, and cash PAT of INR 42,000 mn, while consolidated net cash stood at INR 12,000 mn. Exports increased 75% YoY to 7,600 units, led by Bangladesh, Nepal, Sri Lanka and improving demand in MEA and Africa.
- Digital traction strengthened meaningfully, with 885,000 connected vehicles, subscription renewal rates rising from 26% to 37%, and growing adoption of E-Dukaan and Fleetverse. The product cycle remained active with new launches and upcoming MY26 upgrades, and the company prepared for further tender participation in e-buses. Key risks included the INR 20,000 mn MTM loss on Tata Capital IPO that distorted consolidated profitability and continued macro and geopolitical volatility in export markets.

Corporate Actions, M&A & Investments

- The company completed the demerger effective 1 October 2025 and listed the CV business as Tata Motors Limited (TMCV) on both exchanges. The Iveco acquisition progressed through regulatory approvals, which management expects to close by February–March 2026, and the initial funding has been fully arranged through a bridge loan, with long-term refinancing to be evaluated between equity and debt.
- Additionally, the company invested INR 1,340 mn more into Freight Tiger, bringing the cumulative investment to INR 2,840 mn to strengthen digital freight and AI-driven logistics capabilities.

Operating Performance & Market Share

- In Q2, HCV volumes grew 5% YoY compared to the industry's 2% growth, ILMCV volumes grew 15% YoY versus the industry's 11%, SCV volumes grew in line with the industry's 11% rise, and buses and vans grew 9% YoY despite tender-mix effects.
- Market share in H1 stood at 35.3%, with trucks recovering strongly in the latter half of Q2, SCV shares remaining stable amid improved retails, and private bus share continuing to rise. Export volumes rose 75% YoY, returning to pre-Covid levels, with broad-based strength across SAARC and international markets.

Demand Environment & Outlook

- Management indicated that utilizations remained healthy across all customer segments and that freight rates strengthened after GST cuts due to higher consumption. GST rationalization provided a direct demand uplift for B2C LCV/SCV customers who do not claim input tax credit and reduced operating costs by 1–1.5% through lower GST on parts and tyres.
- A broader secondary impact from increased consumption supported medium and heavy commercial vehicle demand. The company expects single-digit to high single-digit growth across all segments in H2, supported by recovering tipper demand, improving mining and infrastructure activity and a positive start to Q3.

Pricing, Discounting & GST Mechanics

- The company immediately passed the full GST reduction to customers, resulting in an equivalent reduction in absolute discounts. However, discount percentage as a share of ESP did not structurally decline and varied only by segment-level demand and competitiveness.
- The shift between forward charge and reverse charge mechanisms has created temporary confusion, but management believes the market is moving toward a new equilibrium.

Electrification & Smart-City Mobility

- Electric bus uptime remained at 95% with cumulative operations exceeding 420 mn km. The company delivered 148 e-buses to BMTC and completed all earlier tender deliveries.
- Management confirmed participation in the PM E-DRIVE tender through a consortium structure, citing improved payment security and an asset-light model. The AcePro EV achieved more than 400 monthly retails and is gaining traction across FMCG, waste management and last-mile logistics with financing partners now onboard.

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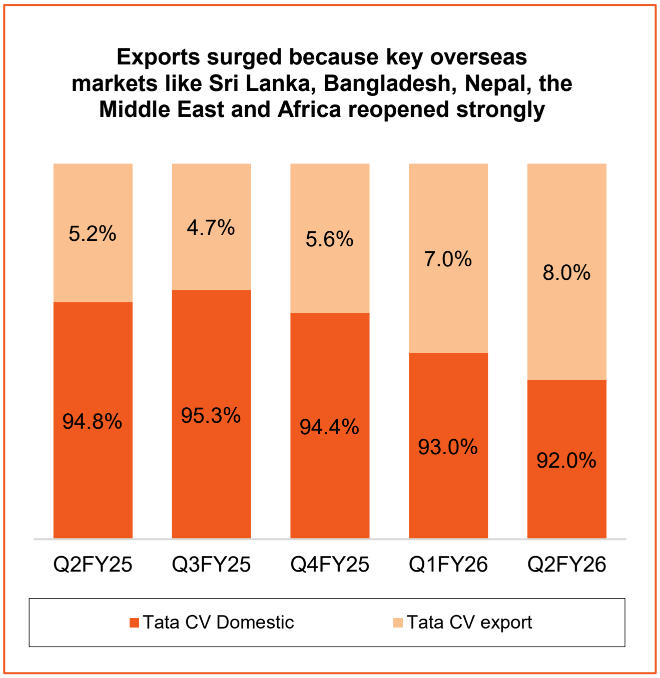
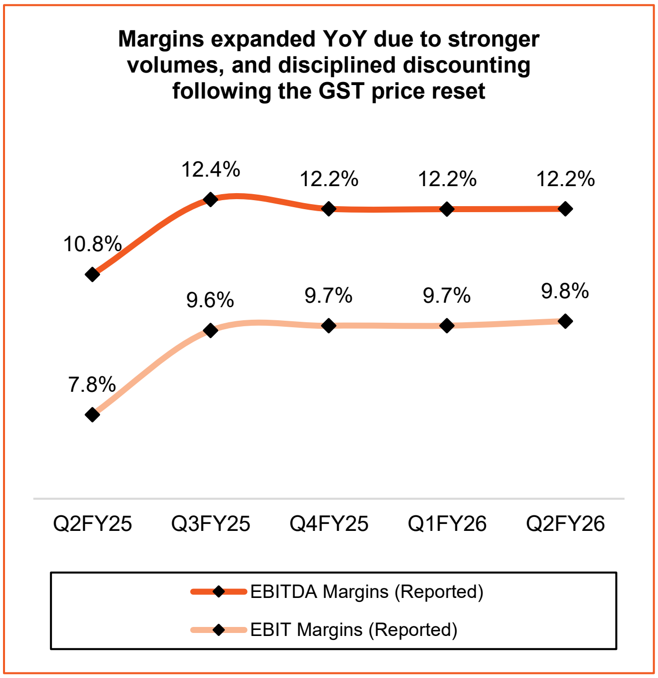
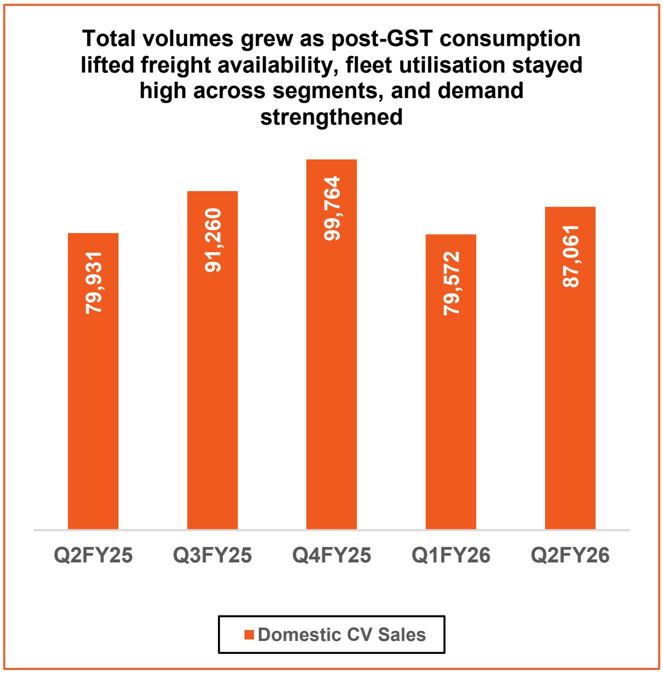
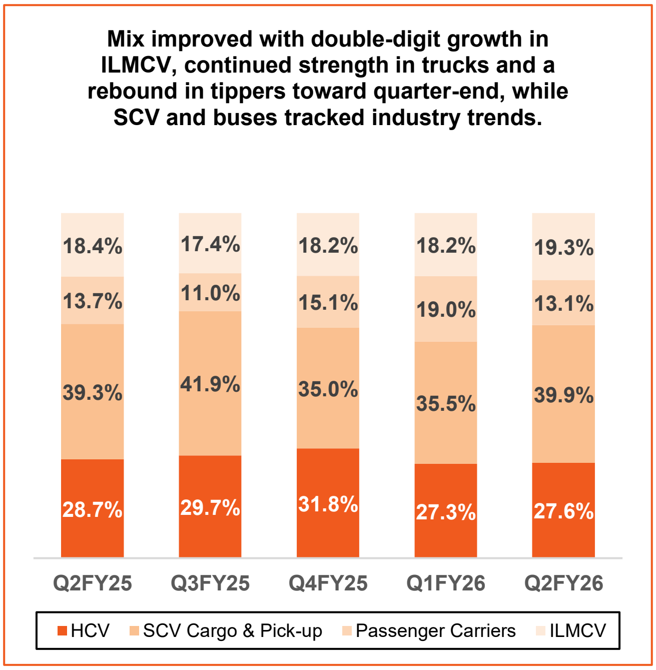
Story in charts









Source: Company, DevenChoksey Research

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Result Snapshot

Particulars (Mn)	Q2FY26	Q1FY26	Q2FY25	QoQ	YoY
No. Of. Vehicles Sold	**94,395**	**85,606**	**84,281**	**10.3%**	**12.0%**
Revenue from operations	**1,85,850**	**1,73,240**	**1,75,350**	**7.3%**	**6.0%**
Total Expenditure	**1,65,360**	**1,53,430**	**1,58,160**	**7.8%**	**4.6%**
Cost of materials consumed	1,04,160	1,08,080	88,910	(3.6%)	17.2%
Purchases of products for sale	18,050	18,020	21,220	0.2%	(14.9%)
Changes in inventories,WIP and sale	2,850	(12,420)	7,470	(122.9%)	(61.8%)
Employee costs	14,470	14,500	14,320	(0.2%)	1.0%
Other expenses	25,830	25,250	26,240	2.3%	(1.6%)
EBITDA (Excl OI)	**20,490**	**19,810**	**17,190**	**3.4%**	**19.2%**
EBITDA Margin (%)	***11.0%***	***11.4%***	***9.8%***	***(41 bps)***	***122 bps***
Depreciation	4,720	4,800	5,410	(1.7%)	(12.8%)
EBIT	**15,770**	**15,010**	**11,780**	**5.1%**	**33.9%**
Interest	2,560	2,540	4,080	0.8%	(37.3%)
Other income	1,720	3,020	2,200	(43.0%)	(21.8%)
EBT	**14,930**	**15,490**	**9,900**	**(3.6%)**	**50.8%**
Exceptional Items/ FX (gain) or loss	20,420	(850)	460	(2502.4%)	4,339.1%
Tax	3,060	2,770	4,660	10.5%	(34.3%)
Share of associates/ minority	(120)	400	200	(130.0%)	(160.0%)
PAT	**(8,670)**	**13,970**	**4,980**	**(162.1%)**	**(274.1%)**
PAT Margin (%)	***(4.7%)***	***8.1%***	***2.8%***	***(1,273 bps)***	***(751 bps)***
EPS	**(2.4)**	**3.8**	**1.4**	**(162.0%)**	**(274.1%)**
Adj. PAT	**11,750**	**13,120**	**5,440**	**(10.4%)**	**116.0%**
Adj. EPS	**3.2**	**3.6**	**1.5**	**(10.5%)**	**116.0%**

Source: Company, DevenChoksey Research

Tata Motors Ltd

KEY FINANCIALS

Exhibit 1: Profit & Loss Statement

INR Mn	9MFY25*	FY26E	FY27E	FY28E
Revenues	**5,82,170**	**7,72,711**	**8,15,106**	**8,73,396**
COGS	3,91,960	5,08,308	5,32,231	5,70,076
Gross profit	**1,90,210**	**2,64,402**	**2,82,875**	**3,03,321**
Employee cost	42,230	61,960	66,252	70,990
Other expenses	86,720	1,11,906	1,21,827	1,24,232
EBITDA	**62,630**	**96,785**	**1,02,088**	**1,11,395**
EBITDA Margin	10.8%	12.5%	12.5%	12.8%
D&A	16,900	18,864	17,873	19,073
EBIT	**45,730**	**77,921**	**84,215**	**92,322**
Interest expense	10,790	10,457	10,456	10,210
Other income	8,770	10,944	13,042	13,974
PBT	39,630	58,838	86,801	96,086
Tax	8,930	17,827	21,700	24,021
Share of profit of JV/associates	1,250	0	0	0
PAT	31,950	41,011	65,101	72,064
EPS (INR)	8.3	10.7	17.0	18.8
Adj. PAT	**36,030**	**60,581**	**65,101**	**72,064**
Adj. EPS (INR)	**9.4**	**15.8**	**17.0**	**18.8**

Exhibit 2: Balance Sheet

INR Mn	FY25	FY26E	FY27E	FY28E
Equity				
Equity Capital	7,360	7,360	7,360	7,360
Other Equity	97,970	1,38,981	2,04,082	2,76,146
Total Equity	**1,05,330**	**1,46,341**	**2,11,442**	**2,83,506**
Non-Current Liabilities				
Borrowings	45,400	43,130	40,974	38,925
Provisions	26,030	26,030	26,030	26,030
Other Current Liabilities	35,040	35,040	35,040	35,040
Total Non-Current Liabilities	**1,06,470**	**1,04,200**	**1,02,044**	**99,995**
Current Liabilities				
Borrowings	47,630	47,630	47,630	47,630
Provisions	22,160	22,160	22,160	22,160
Trade Paybles	1,15,640	1,49,966	1,57,024	1,68,189
Other current liabilities	71,280	71,623	71,977	72,341
Total Current Liabilities	**2,56,710**	**2,91,379**	**2,98,791**	**3,10,320**
Total Liabilities	**3,63,180**	**3,95,579**	**4,00,834**	**4,10,315**
Non-Current Assets				
PPE	1,08,860	1,13,177	1,19,758	1,26,886
Goodwill	7,990	7,990	7,990	7,990
Other current assets	1,11,960	1,11,960	1,11,960	1,11,960
Total Non-Current Assets	**2,28,810**	**2,33,127**	**2,39,708**	**2,46,836**
Current Assets				
Inventories	46,250	59,979	62,801	67,267
Trade Receivables	30,640	40,668	42,900	45,967
Other financial assets	1,42,200	1,42,200	1,42,200	1,42,200
Cash and Bank	10,330	55,666	1,14,387	1,81,270
Oher current assets	10,280	10,280	10,280	10,280
Total Current Assets	**2,39,700**	**3,08,793**	**3,72,568**	**4,46,985**
Total Assets	**4,68,510**	**5,41,920**	**6,12,275**	**6,93,821**

Exhibit 3: Cash Flow Statement

INR Mn	FY25	FY26E	FY27E	FY28E
CFFO	-	81,245	95,787	1,05,344
Capex	-	23,181	24,453	26,202
Dividend Paid	-	0	0	0
Change in Capital	**-**	**(2,257)**	**(2,157)**	**(2,049)**
Closing Cash	-	55,666	1,14,387	1,81,270
FCF	**-**	**58,063**	**71,334**	**79,142**

Exhibit 4: Key Ratios

Key Ratio	FY25	FY26E	FY27E	FY28E
Gross Margin (%)	32.9%	34.4%	34.9%	34.9%
EBITDA Margin%	10.8%	12.5%	12.5%	12.8%
ROE%	6.2%	32.6%	36.4%	29.1%
ROCE%	21.6%	31.1%	26.9%	24.1%
P/E	-	20.6x	19.1x	17.3x
EV/EBITDA	-	12.6x	11.3x	9.8x

Source: Company, DevenChoksey Research,
*Note- The 9M FY25 P&L corresponds to the operating period between June 23, 2024 to March 31, 2025.

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Tata Motors Ltd

Tata Motors Ltd.			
Date	CMP (INR)	TP (INR)	Recommendation
19-Nov-25	325	369	ACCUMULATE
22-Aug-25*	685	722	ACCUMULATE
15-May-25*	728	799	ACCUMULATE
31-Jan-25*	697	757	ACCUMULATE
11-Oct-24*	805	989	BUY
10-Aug-24*	1,068	1,156	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: The above table contains Pre-Demerger CMP and TPs for Tata Motors ltd

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