

Tata Motors PV (TMPV) - SELL

Company Update

|                                      |                           |
|--------------------------------------|---------------------------|
| Current Market Price (CMP)<br>Rs.361 | Fair Value (FV)<br>Rs.310 |
|--------------------------------------|---------------------------|

Rationale:

- JLR Analyst Meet: Muted FY27E guidance; multiple headwinds persist.
- Revenue guidance is GBP2,600 cr in FY27 (versus GBP2,300 cr in FY26).
- FY27 EBIT margin guidance is 4% (versus 0.8% in FY26).
- Breakeven FCF in FY27 (versus negative FCF of GBP220 cr in FY26).
- FY27 Investment spends to be GBP370 cr (versus GBP360 cr in FY26).
- Company expects to drive growth through differentiated brands, hyper North America focus and customer personalization.
- While the worst is behind for JLR, there remain multiple challenges in FY27E; the Middle East tensions, commodity headwinds, China and electrification.
- We maintain our FV at Rs310 (unchanged) based on the SoTP methodology.

 Positives:

- Company reaffirmed its commitment to the Reimagine strategy to drive growth through desirability (House of Brands), with North America as the key focus market.
- Over the next two years, the focus would be on reducing the breakeven to 300k units, with savings of GBP170 cr.

 Negatives:

- In FY26, the company revenues declined (-21% yoy), with an EBIT margin of 0.7% and FCF of negative GBP220 cr.
- We have cut Tata Motors’ consolidated EBITDA estimates for FY27E by 4% on lower EBITDA margin assumptions for JLR.

(FCF: Free Cash Flow; EBIT: Earnings Before Interest and Tax; SoTP: Sum-of-the-Parts; EBITDA: Earnings Before Interest, Tax, Depreciation and Tax; GBP: Great Britain Pound; JLR: Jaguar Land Rover)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: [shrikant.chouhan@kotak.com](mailto:shrikant.chouhan@kotak.com)). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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Definitions of ratings

- BUY

– We expect the stock to deliver more than 15% returns over the next 12 months
- ADD

– We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE

– We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL

– We expect the stock to deliver < -5% returns over the next 12 months
- NR

– **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- SUBSCRIBE

– We advise investor to subscribe to the IPO.
- RS

– **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
- NA

– **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM

– **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE

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