

Analysts give thumbs up to Maruti, but flash amber to Tata Motors

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Brokerages cheered Maruti Suzuki India (MSIL) while issuing cautious calls on Tata Motors following their Q3 performances. MSIL posted a 16 per cent jump in its consolidated net profit for the December 2024 quarter at ₹3,727 crore, driven by higher sales, while the decline in revenue from its passenger and commercial vehicle divisions dragged Tata Motors' profit by 22 per cent to ₹5,578 crore during the period under review.

Shares of Tata Motors closed as the major laggard among the Nifty 50 pack on Thursday, 7.4 per cent lower

at ₹696.85, after hitting a low of ₹683.20 in early trade. MSIL shares ended marginally higher on the NSE at ₹12,000.

NEW LAUNCHES

Analysts foresee MSIL to benefit from multiple launch tailwinds, along with EVs and export growth, while Tata Motors faces a weaker outlook across its segments, leading to divergent calls.

JM Financial has given the highest target price on MSIL at ₹15,100 from the ₹15,250 earlier. It expects a richer portfolio mix and higher operating leverage to support margins, going ahead.

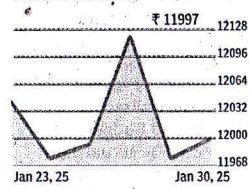
CNG and utility vehicles would drive the demand mo-

mentum in the near term while exports remain one of the key growth pillars, it said. The brokerage added that MSIL is well-positioned to cater to changing customer preferences with its technag-nostic approach.

Global brokerage Jefferies downgraded Tata Motors, assigning underperform rating at a target price of ₹660. Morgan Stanley assigned an overweight call on MSIL at a target price of ₹14,942, while maintaining 'Equal Weight' on Tata Motors at ₹853.

However, domestic brokerage Emkay Global has the highest target price on Tata Motors, unchanged at ₹950 with a Buy call. It expects commercial vehicles

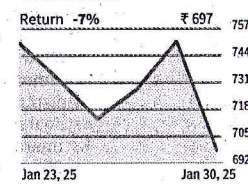
Maruti Suzuki



(CV) momentum to improve gradually, amid slower-than-expected pick-up in government infra/capex spends.

Nuvama Institutional Equities retained reduce rating on Tata Motors at a target price of ₹720 from ₹750 earlier, emphasising that the company posted a 15 per cent year-on-year dip in Q3, lagging estimates due to a

Tata Motors



realisation/ margin miss in JLR and the domestic CV division. It retained Buy on Maruti Suzuki at an unchanged target price of ₹13,900.

It stated that improving passenger vehicles penetration, new products and recovery in demand for hatchbacks are likely to support the automaker's sales

growth over FY24-31E.

"The launch of e-Vitara model and a gradual recovery in hatchback demand should catalyse volumes ahead," it added.

Motilal Oswal has reiterated Neutral call on Tata Motors at a target price of ₹755. It expects margin pressure to persist at Jaguar Land Rover over FY24-27E, given weak demand in key regions, rising cost pressure as it invests in demand generation, and EV ramp-up, which is likely to be margin-dilutive.

Goldman Sachs maintained a neutral call at a target price of ₹800.

In contrast, CLSA has an Outperform rating at a target price of ₹930, while UBS

has a Sell rating at a target price of ₹760.

Motilal Oswal has reiterated Buy on MSIL at a target price of ₹14,500, anticipating multiple launch tailwinds such as EVs, hybrid variants, and an SUV. Elara Capital reiterated Accumulate at an increased target price of ₹14,382 from ₹13,368 earlier.

JLR IMPACT

For Tata Motors, HDFC Securities emphasised that the JLR business continues to be impacted by a challenging global macro environment (especially in China).

The brokerage has maintained Reduce rating at a target price of ₹718.