

Tata Motors Group
Q3 FY25 earnings call transcript

MANAGEMENT: MR. PB BALAJI – GROUP CFO, TATA MOTORS LIMITED

MR. GIRISH WAGH – EXECUTIVE DIRECTOR, TATA MOTORS LIMITED

MR. SHAILESH CHANDRA – MD TMPVL AND TPEML

Mr. G.V. RAMANAN, VICE PRESIDENT FINANCE, TATA MOTORS LIMITED

Mr. DHIMAN GUPTA, VICE PRESIDENT, FINANCE, TMPVL and TPEML

MR. ADRIAN MARDELL – CEO, JAGUAR LAND ROVER

MR. RICHARD MOLYNEUX –CFO, JAGUAR LAND ROVER

Presentation

Anish Gurav

Good day, and welcome to Tata Motors Q3 FY25 Earnings Call. Today with us are Mr. P. B. Balaji, Group CFO, Tata Motors; Mr. Girish Wagh, Executive Director, Tata Motors; Mr. Shailesh Chandra, MD, Tata Motors Passenger Vehicles Limited and Tata Passenger Electric Mobility Limited; Mr. G. V. Ramanan, Vice President, Finance, Tata Motors Limited; Mr. Dhiman Gupta, Vice President Finance Tata Motors Passenger Vehicles Limited and Tata Passenger Electric Mobility Limited; Mr. Adrian Mardell, CEO, Jaguar Land Rover; Mr. Richard Molyneux, CFO, Jaguar Land Rover, and we also have our colleagues from the Investor Relations Team.

Today, we plan to walk you through the results presentation followed by Q&A. As a reminder, all participants will be in listen-only mode and we will be taking questions via the Teams platform. The same is already open for you to submit the questions. You are requested to mention your name and the name of organization while submitting the questions.

I now hand over to Balaji Sir to take over. Over to you, Sir.

P.B. Balaji

Thanks, Anish. Welcome, everybody. Standard Safe Harbor statement. I'll just draw your attention to the reported EBIT number definition that is out there where aligning with the TTL accounting treatment on the particular transaction with BMW that was there. So, just draw your attention on the EBIT. Any clarifications, feel free to reach out to the Investor Relations team. Next slide, please.

An intensive quarter that was there and most importantly, quite an exciting Auto Expo that happened here in India and people who were there witnessed a fair amount of action on both the CV side and the PV side. Substantial amount of alternate powertrains, particularly on the Heavies that were put

out and a lot of intelligent solutions, ADAS components that were also demoed on the CV side. And as far as the PV side, the standout was the launch of the all new Tata Sierra, as well as the Harrier EV that was there. And, of course, we showcased the concept, the next concept car on Avinya as well. So, a lot of action there, good excitement and the product offensive continues from our side. And of course, on the JLR side, who would have missed the Jaguar launch? And I'm sure Richard and Adrian are going to talk about it in the coming slides as well. Also on the Range Rover Electric, it's now getting closer and closer to the launch and a very, very exciting launch coming up on that front. Next slide, please.

On the numbers side, as far as the year is concerned, we are looking at a strong performance for the full year. Therefore, this quarter was an important one to deliver as far as our internal plans are concerned and overall, happy that we managed to deliver on the internal plan that we had guided you towards. Revenue was up 2.7% as well as EBIT, up 60 bps, and profit before tax and exceptional items broadly flat vis-a-vis last year, sequential improvement on these numbers and free cash flow was Rs. 4,700 crores, resulting in a net debt closing at Rs. 19,200 crores. And on a year-on-year basis, the PBT is now a very strong Rs. 22,300 crores, up almost Rs. 3,000 crores over last year. Next slide, please.

Source of growth, coming in from volume, mix and of course a lot of translation also in that, thanks to the recent rupee depreciation that we had as well as pound versus the dollar as well. And, overall, PBT improvement, JLR contributed handsomely to those numbers and EBIT going from 8.3% to 8.9% this quarter. Net automotive debt is Rs. 19,000 crores of which the domestic Indian business is back to net cash at Rs. 700 crores and JLR the remaining Rs. 12,300 crores, and Tata Motors Holdings Singapore. This debt reduction is obviously also translating into a sharp drop as far as the automotive financing cost, interest cost is concerned both on a gross and net basis. And this is reassuring in terms of the more levers coming into play as far as the overall PBT is concerned. Next slide, please.

On the corporate actions, before I hand it over to the businesses, the demerger is progressing well. We are expecting the NOC from the Stock Exchange and SEBI any time now, all filed and done. Operational activities are in an advanced stage and progressing as per plan. And, therefore, we are expecting to have the appointed date as July 1st. If all goes well in terms of just dates from the honorable NCLT and effective date is likely to be more like October this year. Tata Motors Finance, the creditors meeting completed. Final orders awaited from NCLT, and we do expect closure for this by end of this financial year. And, on production-linked incentives, PLI, which has been an area of a lot of questions and interest in the last meeting, happy to say that we have received the eligibility certificate, and on that basis, we also whatever we claimed for last year of Rs. 142 crores has been fully received as cash and this came in the beginning of the year. It also gives us now the reason to also accrue for the past. And, therefore, wherever the DVA criteria has been met and techno-commercial audit completed, we have accrued that. On that basis, we recorded Rs. 142 crores received and Rs. 209 crores for the accrual. And you also see on the slide, the contribution of that in the individual CV and PV.

Let me now hand this over to Richard to take you through the JLR performance. Richard, over to you.

Richard Molyneux

Let's stop on this chart. This stunning car was certainly one of the highlights of the quarter. Okay. So let's move to the numbers. Next chart. So the summary for JLR is that Q3 was a solid robust quarter delivered in what's a very challenging market environment. At GBP7.5 billion, revenue is the highest Q3 revenue we have ever achieved off a wholesale volume of 104,000. EBIT at 9% is the highest Q3

EBIT percent in a decade. PBT also remained strong, and we did deliver positive cash flow. It's also relevant, however, to the year-to-date numbers in the bottom row of the chart, as Q2 was impacted by a quality hold, and this did benefit Q3. So looking at the bottom half of the chart, wholesales within 1% of last year, and revenue marginally up. EBIT is down 0.5 point, but PBT up. Cash flow is materially lower, and I'll talk about that specifically on a later chart. Next chart.

So I won't go through this chart in detail, as per usual. All the points that are mentioned on it I'll cover in the following charts. That's for your reference. So next chart.

And this looks at wholesale performance. The narrative here is best also shown in the year-to-date numbers below. The wholesales, 290,000 units virtually flat last year, but Jag volumes, as we progressively end the existing range, did fall by 16,000. Discovery was flat, so the compensating gains are in the higher margin Range Rover brand in particular. The same story is for the quarter in the top half of the page. Jaguar down, Discovery flat, Defender and Range Rover up, and that really helps our mix as we drive our business forward.

The next chart looks exactly the same, but on a regional basis. I won't say performance was solid for most regions, but there are two that stands out. Firstly, China in Q3 did see noticeably lower sales as we acted to normalize retailer stock positions and stabilize our retailer network in a very tough market. Even with that year-to-date on wholesales, we're only 4.5% down in China on our import vehicles. However, secondly, I'd like to call out the strong offsetting performance in the U.S. There have been some homologation and timing benefits in Q3, but year-to-date we're up 25% in the U.S. as our brands continue to really resonate with U.S. clients. Next page.

So this page takes our profit before tax in the same quarter last year, GBP627 million, to the profit before tax this quarter of GBP 523 million. From the left, the volume and mix was strongly positive. We sold 3,400 more cars, but more importantly, 70% of the cars we sold in the quarter were Range Rover, Range Rover Sport, and Defender, versus only 62% in the prior year. That mix effect more than offset the adverse effect from lower China sales. You'd also note that in this quarter that we took a charge of GBP 30 million reflecting increasing price expectations of U.S. emissions credits as BEV sales penetrations in the U.S. slows, impacting the availability of those credits. In the next column, VME was up versus last year at 4.2% versus 1.7%. We are not immune to the market conditions, but the real focus on building brand equity does provide some shield, and the VME on Range Rover, Range Rover Sport and Defender is below that average. In the next column, we do have the goal of offsetting VME changes with cost savings, which, as you can see in the middle column, was not the case this quarter. We did have material cost and manufacturing savings of GBP37 million, but we know we need to do more to drive those levels up. The bigger adverse within contribution costs was a significant warranty charge in the quarter. About half of this variance was either mix, that's more cars sold in the U.S., where warranty costs are high, annual inflation adjustments or other one-offs. The balance, however, reflects the fact that although quality is improving and the number of repairs is falling, the type of repairs and the cost to fix them is rising. And from an accounting perspective, this has to be reflected in the provision forecast. Bringing down the cost of quality and further improving our levels of quality are significant areas of management focus. Offsetting this in the next column within structural costs is lower D&A, as we've ceased car manufacture at CB and extended the life of our ICE portfolio. Operational FX was negative, though offset by a very effective hedge portfolio, but the weakness in sterling in the quarter did impact our balance sheet reveals, as you can see there. So, bottom line, some really strong points in the quarter, but some obvious care points that we're well aware of and very actively tackling. Next chart.

This chart, which walks PBT to cash flow, also shows a generally positive picture. Cash profit after tax remained very strong. Second best Q3 ever for JLR and only 6% below the record of GBP1.24 billion last year. So even though investment was higher and more of that on next page and working capital neutral, free cash flow was GBP 157 million and GBP 131 million year-to-date. This is down on our bumper year last year, and you can see why in the data rows below the graph. Firstly, cash profit after tax was cumulatively GBP 250 million lower, which is essentially the effect of higher VME. Investment was GBP 560 million, higher as our main products launches now approach, and there was GBP 440 million of working capital timing differences that will reverse back out in Q4. Net of those timing differences free cash flow would have been considerably higher. Next chart.

So this looks at investment, and investment did peak just over a GBP1 billion in Q3. That is largely around timing of the very significant number of prototype builds we have going on at the moment for our EMA architecture, our MLA architecture, and our JEA architecture, but also supplier milestone payments. Cumulatively, year-to-date, we've spent GBP 2.9 billion, and I expect Q4 return to at or below H1 levels. We've got capitalization rates in the quarter were 67%, which is fairly much in line with H1. Next chart.

So looking to the future, as we look forward, we see a market that is as challenging as it is unpredictable. China will remain a theme, less for us about the impact of their BEVs on our global markets, but more in terms of how, when, if the domestic market and the retailer environment can improve. Tariffs and a progressive breakdown of global free trade are a concern, as is the disconnect between consumer demand for BEVs and government emission regulations. We're not standing still on any of these. I'll talk more about China in a minute, and we are in very close discussions with, for example, the U.K. government on the other points. But it is also down to us to respond on the cost side, to improve our resilience through driving material cost, cost of quality, and our structural base down, and we're very well aware of this.

So if I move to the next chart, I turn to breakeven on the left-hand side. We worked very hard to get it down, and we will work equally hard to keep it down. And this, despite an investment peak this year and next, you can see our main focal points on the right-hand side, keep driving brand profitability and top-end offerings. We are, for example, we're in a situation, we've just launched the Defender OCTA. We already have six months order cover. We're increasing further our rigor on capital allocation and stopping projects that aren't meeting hurdle rates. We will drive material cost, cost of quality, and our footprint down, and our focus on after sales profit will be very strong after a year, particularly badly hit by warehouse consolidation issues. And, we will focus on bringing up working capital in all areas of our business. These things are necessary for us to succeed in the world we will face, and we are committed to do them. Next page.

So, two very specific updates as promised. Jaguar next, but first China. China was only 9% of our wholesale mix in Q3, down from 15% last year. And this is due to a market that's the premium ICE segments in which we operate, that have been down markedly as you can see on the left hand side in the graphics. This along with high discounting, dealer insolvencies and credit availability have all had an effect. On balance, our 6% year-to-date retail decline on imported cars doesn't look that bad, but our locally produced cars operating in more competitive BEV impacted segments suffered more, down 27% as you can see. We focused on responding with speed, with impact. We are supporting retailers by focusing marketing and sales effort on the higher margin Range Rover. We had Range Rover retails up 33% in the quarter and we're also reducing day's supply to lessen discount pressure.

Our existing local Jaguars are coming towards the end of their production and our exciting Freelander launch in 2026. There'll be new energy vehicles with a China cost base and an amazing market

potential. Next chart.

Jaguar, I doubt you would have missed the brand relaunch. It was always our intent to be bold and disruptive and get people talking about Jaguar again. Being noticed, not forgotten. And remember new Jaguar is very different. Repositioned a luxury, for exuberance, for sportiness, where it always was successful. You can see the launch numbers below. Almost 1 billion opportunities to see, 15,000 press articles and already 26,000 customers with expressions of interest. We know that the customer base of the new cars needs to evolve, to be wealthier, be younger. And you can see bottom right, this is exactly what we've achieved. New Jaguar in the dark color is much more focused on the 18 to 44 year-old profile and 56% of those that search new Jag online are higher income households. So we've taken the first step. We've broken the inertia and cut through. Now, it's down to the cars. I actually drove it yesterday around our test track. Not only does it look amazing, with 1,000 PS, it's incredible to drive. I got out buzzing and remember I work in finance. Next chart.

Back to the numbers. Looking ahead, please focus on the headline. We are holding full year guidance for EBIT margin and net cash positive. It does mean we need a stellar Q4, but seasonality is always strong for us in Q4. So with the following wind and no surprises, we can do it. That means cash generation of GBP1.143 billion versus the GBP892 million last year. And it means Q4 EBIT of over 10% versus 9.2% last year. It's tough but it's possible and what a successful year that would make it.

That's where I wanted to end. I'll be around obviously for any questions after we conclude the rest of the presentations. Thank you.

P.B. Balaji

Thanks, Richard. Let me now hand it over to Girish and Ramanan to take you through the CV section.

Ramanan GV

Thank you, Balaji. So on the Vahan market share if you look at our YTD performance, trucks and passengers continue to perform better and are trending higher than FY 24 from a market share perspective. However, there has been a drop in the SCV market share versus FY24 and actions are underway to improve competitiveness. Can we go to the next page please?

On the overall financials, Q3 revenue of Rs.18.4K Crores was 8.4% lower year-on-year. But despite lower revenue, there is improvement in margin which is led by cost saving and further accretive is PLI benefit on this. On a Y-o-Y basis, EBITDA and EBIT improved by 130 bps and 100 bps, respectively. On a YTD basis too, which you see at the bottom end of the chart, the trend was similar. Overall, the ROCE remains robust at 38.1%. To the next page, please.

This kind of shows the EBIT walk. So as we shared in the earlier page, we delivered a higher EBIT margin despite lower volume. The variable cost saving provided a strong offset to the volume impact that we had, the dip that we had. And PLI approvals as Balaji had shared in the beginning was secured in the quarter and accrued and were further EBIT accretive for us. So overall, it helped deliver an EBIT of 9.6%, which is an improvement of 100 bps over the same period quarter last year.

I will now request Girish to kind of provide the business update.

Girish Wagh

Go next. Right. So I think after a double-digit decline in Q2 on a Y-o-Y basis, I think the industry if I may say kind of rebounded in terms of volumes and volumes remained flat on a Y-o-Y basis. But amongst the segments, it is the buses and vans segment which continues to do very well. It grew 11% on a Y-o-Y basis, Small commercial vehicles grew 3%, ILMCV remained flat, the heavy commercial vehicles declined by 9%. However, the decline was much higher in Q2, so on a qoq basis, there was a growth in heavy commercial vehicles.

The utilization has started growing in all the segments on a quarter-on-quarter basis, especially towards the end of November, there has been a good growth in utilization. Freight rates have also improved, as you can see in the graphs, which is in line with seasonal trends. The diesel consumption, which had dropped by almost 15% on a Y-o-Y basis, improved in Q3 to a 5% growth on a Y-o-Y basis that is a very good sign indicating higher utilization. Transporter profitability has improved marginally, of course, with improved utilization levels. Our internal metric, which is Customer Sentiment Index, has also improved, although marginally, but after a good monsoon has improved and we have seen a good improvement happening, especially in tippers. Commodity prices remained range-bound in Q3.

Going ahead. Highlights for Tata Motors commercial vehicles, so I think our volumes remained flat or declined by 1% Y-o-Y, which is after a 19% decline in second quarter. As I said, heavy commercial vehicles, intermediate, light, medium and passenger carriers continue to perform better on a YTD basis and therefore growing market shares.

The passenger carriers grew by 30%, ILMCV by 3% and even medium commercial vehicles grew in double digits. For us, the digital contribution to retail is now at a healthy above 20%, so, 24% in Q3, which is 20% higher than the previous year. We continue to launch new products, more than 50 during the quarter as also followed by a significant showcase happening during Bharat Mobility Global Expo. As Ramanan mentioned, cost reductions as well as the PLI approvals, PLI amount help us improve the margins. On electric mobility, we delivered more than 200 buses in Q3 and now have more than 3,500 buses operating. In ACE, we have now delivered more than 7,200 vehicles. On a Y-o-Y basis in Q3, the ACE EV volumes have grown by 26%. On a YTD, Y-o-Y basis, the ACE EV volumes have grown by almost 40%. We continue to work with corporate customers apart from government as well as retail customers, but we added 10 corporate customers in Q3. We have now total 70 of them and we are helping them on their decarbonization journey. Within the organization, our sustainability targets are on track and very happy to note that one of our plants at Lucknow actually received the Zero Waste to Landfill Certification, which is a critical component of the circularity initiative. In Smart City Mobility Solutions, we surpassed a very important milestone, which is more than 260 million kilometers were covered with more than 95% uptime. The deployment under CESL tender is now towards the end, we should be completing it now and more than 2,400 buses are deployed. Based on the performance of these buses, BMTC asked for additional 148 buses, for which we have already signed the contract. And these buses are consistently delivering above the contractual performance, although operating in heat as well as very cold weather of Srinagar.

Coming to digital business, so Fleet Edge now has more than 760,000 active vehicles on platform, which also translates into more than 300,000 customers and a large share of that are active and engaged users. More than 81% users are active on a monthly basis and almost 61% on a weekly basis. Fleet Edge subscription continues to grow at a very healthy rate as we keep on adding more and more value adds. Our machine learning based fuel efficiency solution, the Mileage Sarathi continues to deliver more than 5% improvement in real-life operating conditions. And we are extending the

presence of this across multiple segments. E-Dukaan, our digital space for selling spares, now has 36,000 registered buyers. And they are selling more than 30,000 stock keeping units. An artificial intelligence based image search is now live on E-Dukaan, which is leading to significant convenience to the customer. Our online vehicle sales platform, which is Fleet Verse, achieved more than 11,000 platform assisted retails in Q3, so this also continues to grow quarter-over-quarter.

Coming to Bharat Mobility Global Expo, so Balaji has already given a glimpse of what we showcased there. To add to that, we have also unveiled the new theme, brand theme or brand position of Tata Motors Commercial Vehicles, which is Better Always. And, this is in line with the changing demographics of customers, other stakeholders and their expectations of the company. And with this repositioning, we are now endeavoring to deliver better in every moment with an objective to help customers be more successful. In terms of products and offerings, we had six battery electric vehicles, many of which are close to commercial launch. We also demonstrated the first hydrogen internal combustion engine truck, which will now take part in hydrogen pilot as a part of government's hydrogen mission plan. We also demonstrated the range of alternate fuel options, so biofuel, flex-fuel, CNG, LNG. We also showcased two new generation architectures, modular architectures and also two very high-end special applications, especially in heavy commercial vehicles. In terms of the solutions, we also had showcase of Fleet Edge, Fleet Care, E-Dukaan, Smart City Mobility, as also Re.Wi.Re, which attracted lot of attention during the entire expo. That's it.

I think that's the last one. I think going ahead, for the last quarter, a very important one for the commercial vehicle industry, and as you know, the Q4 is generally seasonally strong quarter. I also spoke about some of the green shoots in terms of utilization, customer sentiment, diesel consumption, etc. So we are looking forward to this quarter in terms of improved Y-o-Y performance as we have seen moving from Q2 to Q3. I think, our focus will be to continue to drive the value selling agenda in trucks and buses and thereby delivering more value propositions for customers. Within SCV pickup, our focus is on increasing penetration in pickups to the front-end transformation as also leveraging some of the newly launched vehicles. We will continue to grow in the downstream business in terms of service and spare penetration. In international market, we will continue to maintain shares and improve channel health. And of course, we will continue our execution of net zero and circularity initiatives. So that's all from commercial vehicles. Balaji, back to you.

P.B. Balaji

Yes, thanks, Girish. Let me now hand it over to the PV team, Dhiman and Shailesh. Dhiman, over to you.

Dhiman Gupta

Thank you, Balaji. Yes. This quarter saw the highest ever retails in the industry on the back of a strong festive period in the month of October and a traditionally strong December before the calendar year-end. We were able to draw strong retails during this period on the back of marketing campaigns around the new launches of Nexon CNG and Curvv, as well as a festive period offers. We were able to improve our market shares by 0.7% in this period on a quarter-on-quarter basis. The strong retails in this period also ensured that we were able to exit the year and reduce the dealer inventory to less than 25 days.

Our SUV portfolio continues to grow strongly on the back of Nexon CNG and Curvv, but we have seen negative, i.e. adverse salience on our hatches and sedans, which has meant that our market share

has remained muted. Our multiple powertrain strategy continues to augur well. CNG penetration has now increased to 24% with Nexon CNG being the latest addition to the portfolio. Diesel and EV penetration remains stable. Next slide, please.

In terms of EV offtakes, our offtakes in the personal segments remain strong with a growth of 15% on a year-on-year basis. Overall, EV offtakes growth is lower at 6%. That's largely because of the decline that we have seen in the fleet segment once the FAME II incentives fell off in Q4 last fiscal. Despite the very strong competition that we have seen in the last few quarters, the new launches from competition, we have still been able to manage our market share at greater than 53% because of the wide portfolio that we have maintained at different price points ranging from Rs. 8 lakh to Rs. 22 lakhs. Next slide, please.

In terms of financials, as I mentioned, this quarter we had very strong retails, but at the same time we balanced our offtakes to ensure that we exit the year with a lower inventory, which had been a problem in previous quarters. Our offtakes, still our offtakes for the quarter was up by 10,000 and it meant that our quarter-on-quarter revenue and revenues have gone up from Rs. 11,700 crores to Rs. 12,400 crores. EBITDA margins for PV and EV put together came in at 7.8%. This obviously reflects about 150 bps impact for the PLI approval that we took in Q3 FY 25. Without the PLI, EBITDA margins would have been flat.

In terms of profitability walk on a year-on-year basis, PBT in Q3 FY24 was at Rs. 408 crores. We have seen an adverse realizations in this period, partly because of high discounting in the industry and ICE side to clear out inventory. We've also passed on significant localization benefits and battery price reductions to the consumers for mainstreaming of EVs. Nearly all of it, if you see the amount of Rs.300 crore that reflects the structural cost reductions that we've taken on the ICE side as well as the localization and battery savings kind of offsetting a large part of it. We continue to invest in our existing and future products and which is why the D&A and PDE has gone - the Rs. 171 crores increase is largely because of the increase of D&A and PDE on a year-on-year basis. But, the PLI approval that we now see coming in will help sustain the investments going forward. Overall, Rs. 100 crore decline in profitability.

On the ICE segment, our EBITDA margins declined by about 1% from 8.5% to 7.3%. Largely it's an impact of adverse realizations, and on the EV side, our reported EBITDA margin was at 10%. Impact of PLI was about 8.3%. So without PLI, our EBITDA margins would still have been positive at 1.7%.

Structurally, you see a steady improvement in profitability on the EV side and without PDE, our EBITDA margin was 1.7%. And this quarter on a like-for-like basis, without PLI, it would have been about 5%. So, a steady improvement in overall profitability on the back of battery cost savings and the structural interventions we keep taking in our portfolio. Next slide, please.

Yes, thank you, Dhiman. So giving an update of Q3. Starting with the industry, I think the demand in quarter three because of festivities and the December, year-end demand was very strong and we saw industry witnessing a recovery to the extent of 8% in terms of registration year-on-year. As far as segments are concerned, SUVs grew by 16% year-on-year and the salience increased from 50% to 54%, but this came at the cost of double-digit de-growth in hatches and sedans. In quarter three, as Dhiman also mentioned that industry saw a channel inventory reduction ahead of the New Year. However, this has come at higher levels of discount in the industry.

As far as EV segment is concerned, we saw an increase in registrations by 23% year-on-year. This has come on the back of new products supporting the growth. As far as Tata Motors is concerned, for us

Calendar Year 24 was the fourth consecutive year of highest ever volumes at 562,000 units. Punch for the first time was the number one model in the industry in the year 2024, a product which we launched in 2021. And also, we remain strong number one in this financial year also so far. As far as, we also achieved in quarter three the highest ever registrations and with moderation in wholesale, we were able to bring down the channel inventory below 25 days. Despite all the competition heating up in the EV segment, we maintained our market leadership with highest ever personal segment registrations in quarter three, although fleet was challenged. Next slide please.

Talking about Bharat Mobility Global Expo 2025, we participated this month at Bharat Mandapam and we were honored to be visited by Honorable Prime Minister and other senior dignitaries. The theme of our stall was journey to a boundless future on three pillars, which was boundless exploration given the praise of SUVs, boundless protection, giving more exposure to the people who came to see the Expo increasing their awareness on safety and what goes behind making safe cars. And also, you know the sustainability, future facing sustainability. So, we showcased Harrier EV, which was received with significant interest. Also, we showcased the Sierra ICE, which became one of the biggest attractions of the show. Also we showcased the new generation luxury Avinya X concept, which was also a crowd favorite. And the newly launched model year 2025, Tiago and Tiago.ev, which comes with significant technology enhancements, were also on display.

In addition, we also showcased our multi powertrain capabilities, first time showcasing the Punch flex-fuel concept, which is capable of running on ethanol. We also had an interactive EV zone, which was not about only showing products, but the strong ecosystem that we have been developing, including charging and battery recycling. Also, we revealed a new premium line for our SUV portfolio, which was Stealth, where power and sophistication converge in perfect harmony. Overall, we received about 5 lakh visitors across the exhibition days, who had a significant opportunity to view our products and interact with our teams. This really shows that we continue to invest very strongly, both on the ICE side and the EV side. Next slide please.

So, going forward in Q4, a key focus is going to remain in terms of driving growth by capitalizing on the low-channel inventories and healthier dealer network, also leveraging the new refreshes, the Tiago 2025 and Tigor 2025. And also, we came with re-variented Nexon, significantly bringing down the number of variants and positioning each variant very strongly from a competitiveness perspective. We also identified some key micro-markets, we will focus on driving demand and increasing our market penetration there. And, we are taking structural actions in terms of driving EV penetration, including the Tata.ev charging network.

So, back to you, Balaji.

P.B. Balaji

Thanks, Shailesh. Quickly, wrapping up the rest of the numbers, from a cash perspective, overall CV and PV going strong. This quarter, on a YTD basis, we delivered about Rs. 2,500 crores of cash and we should be now positioned to drive this further in the coming quarter. Apologies, quarter three, we delivered Rs. 2,500 crores of cash and this is something that is likely to increase even further in the coming quarter because of the seasonal impact that will always be there. And most importantly, all the significant step-up in Capex, completely getting funded by the cash profits. Next slide, please.

Investments continue at pace, we are on track for delivering the numbers, about Rs. 6,000 crores have been spent so far. So, we are in line with the Rs. 8,000-odd crores that we indicated we will be

spending this year. Next slide.

Looking ahead, we do expect the underlying domestic demand to improve gradually on account of infra spends, slew of exciting product launches that Shailesh talked about and stable interest rates. And JLR wholesales are likely to improve further in Q4, backed by retail growth. However, we do remain watchful on the overall demand situation, particularly in China. And the business has taken through the priorities in detail.

Let me now stop here and hand it over for the questions that will be there. With this, let me move into the question queue that is already built up, quite a nice set of queue, very probing questions out there.

Questions and Answers section

P.B. Balaji

Let me first start with JLR, the most liked question is sitting there. Do use the like button to push it, that way I will also know that we are answering all your relevant questions out there.

Question coming your way, Richard. For a JLR FY25 revenue and ROCE target, this is from Raghu, Nuwama, ROCE targets have been cut. Can you indicate the reasons, please? Can you also talk of demand expectation for FY26? Would you expect challenges in the key regions? And how much would the inventory levels at dealers be at this point in time? And, other point that is picked up is obviously depreciation has reduced significantly and you alluded to that in your discussions. Will it continue at these levels?

Richard Molyneux

Okay. Let me try and take those progressively. So revenue and ROCE targets have been cut a little bit. This is the effect of what happened in China during the course of the year, impacting our volume in China, and hence our revenue. When you take revenue down, then the EBIT impact and the ROCE targets are a natural flow through. So it's driven by the same thing, the move in the China market that I don't think anybody anticipated when we set our target set for FY25 a year or so ago.

Can you talk to demand expectations for FY26?

I think Balaji said it. I think in many regions of the world, it is okay. In China, it is not. And we need some time, I think, as the rest of the industry to work out whether what's going on in China is cyclical and it will rebound, whether it will not rebound or whether it will go further down from here. I think the jury's out on that. It would be too easy to say it will just rebound. So we are being cautious in China. And links into your other point, we are very focused on making sure that dealer inventory levels in China are kept at reasonable levels because that is what drives retailer margin and retailer margin is key to make sure that the retailer network stays healthy. And that is an important point for us. So maintaining inventory levels at dealers, I think, is also more important in China than it is in some other parts of the world.

Depreciation has been reducing significantly. It will stay relatively flat at these new levels next year. We have already taken the moves in terms of moving out our end production of ICE vehicles that we would expect. So we don't have any more moves planned at this time. So I expect D&A will be pretty much at these levels, until we start to launch the BEV vehicles, which will be Range Rover BEV first in November next year. That will start then impacting the D&A charge primarily as of Q4 next

financial year. So for the next three quarters, it will stay roughly there.

P.B. Balaji

Thank you. Thanks, Richard. Shailesh, this is coming your way, in terms of India PVs, this is from Kapil Singh. We are hoping for some market share gains with the Curvv launch, any thoughts and what kind of volume growth are you expecting next year, both for the industry and for Tata Motors?

Shailesh Chandra

Okay. Thanks, Kapil, for the question. I think Curvv last time also I had mentioned that we were not able to fully leverage this launch because of the ramp-up issues, as well as inability to launch all the variants because of some delays on the supply chain side.

I think ramp-up issue this month has been taken care of, as far as engines are now concerned. Whereas the new variants, especially the automatic variants have got delayed, but should be launched in this quarter itself, at least one of them. So, that should give the full potential of this product to unleash itself.

Having said that, there is also an issue of awareness about the new body style. And typically when you launch a new body style, it grows over a period of time. It needs to be seen on the roads for people to fully understand the unique styling of this product. And we have gone through this journey in Nexon, as well as Punch, being completely new whitespace products. And we have seen Nexon going from 4,000 to 16,000 since the time of launch, as well as Punch growing from 7,000 odd numbers in 2021 to 16,000, 17,000 or so. So we are very confident that as more and more Curvv's are seen on the road, and some of the marketing campaigns that we are going to run, it is going to really see huge traction and should start adding to the market share for the company.

P.B. Balaji

Thank you. And of course, growth rates that you expect for the industry and Tata Motors?

Shailesh Chandra

Yes. So far in this financial year, at least we have seen that industry has been more flattish. Nine months, we have seen just 2% growth and that is the kind of growth that we are going to see in FY 25. There has been a lot of volatility in the demand that we have seen from a retail perspective month after month. So one month it goes sharply up and then it goes down. And that's the trend that we have been seeing. It has to do more with the larger macro economy. And hopefully, if there is enough stimulus in the budget and the macroeconomic indicators start turning good, then the industry should come back to 6% to 7% growth rate in FY26, but we have to really watch out the next one quarter, how it pans out and really what government announces more from a consumption-led growth perspective. So, we have to see that.

P.B. Balaji

Got it. Thank you. Dhiman, maybe I'll just pass this question on to you. PV, EV, this is from Binay, Morgan Stanley. PV, EV India margins, adjusting for PLI incentives, we have seen a sharp quarter-on-quarter margin improvement, what's driven that? And what are the sustainable EV margin we should be thinking of? And linked to that is also a question on PLI, where PLI incentive as a percentage of EV sales looks low, how to think about this number going ahead.

Dhiman Gupta

Yes. So, Balaji, as I mentioned in my slides, even without PLI, this is the first time our EBITDA has turned positive, and it's about 1.7% without taking any benefit of PLI. Structurally, our margins have been improving because of better mix of Curvv and some deep localization benefits that have been doing, improvements of battery packs. And some of those interventions we will keep doing in the near term, but a lot of those benefits will also get passed on to the customers for mainstreaming of EVs. The way we would look at it that without PLI, we would be breakeven at an EBITDA level, and PLI helps fund some of the capex investments we are doing, as well as some of the market development activities that we need to do.

P.B. Balaji

Yes, that probably addresses the question that's later coming through from Kapil saying that how should we be looking at EV margins, including PLI, as you may be factoring it in your pricing, or more could be passed on.

Kapil, to answer that question slightly differently, if you recollect, when we did the whole TPG deal, we talked about investments of almost \$2 billion in the EV business. About \$1 billion of it came from TPG, and I always maintain that close to about \$800 million would come from the PLI benefits. So, PLI was an important part of the investment plan that we are putting through behind EVs. And, therefore, this money that's coming in, just reconfirms that the intervention that is there, now that the \$1 billion has already come in, this also means the rest of the funding is also coming through PLI as we execute our plans for the coming years. So, that augurs well in terms of the continued investment that we see on EVs from our side.

Let me now move to JLR. I think this is from Nishit Jalan. I'm sure there's a question that's been expected by a lot of people saying that in light of the subdued demand and pricing environment, how do you plan to achieve your EBIT margin target of 10% in FY26? What will be the key drivers?

Nishit, before I pass it to Richard, just a clarification. Right now, we have confirmed the guidance for the current year. We always update our guidance only by end of the year as part of the Investor Day. So, until such time, the current guidance stays. Having said that, how we are thinking about the margin improvement from here on, I think that's obviously an extremely relevant question, which Richard, I'll invite you to comment on.

Richard Molyneux

Yes, sure. So, from EBIT margin, I mean, you'll have worked out that Q4, we need to be over 10% in order to be able to hit our full year EBIT guidance. So, Q4, we should be at that type of level. We will have the depreciation and amortization benefits going through next year, and in the back end of next year, we'll have the benefit of Range Rover BEV sales.

We know that we need to take some action to make sure that we cap the market effect of VME and that we recover our warranty spend and drive still further material costs. So, we know we have an

awful lot to do, but if you think where we will be in Q4, I think the walk through to a strong next year is much easier to understand.

P.B. Balaji

Thank you, Richard. The next, again, I'm sure, equally popular question coming up, Shailesh, at your end. For India, this is from Raghu, Nuwama again. For India PV, there are a lot of new EVs being launched. This should expand the size of the EV market. How do you see the growth prospects for Tata Motors amidst rising competition?

Shailesh Chandra

Yes, Balaji. So, part of the answer is there that as the market, as more competition products are going to come and more choices for the consumers, there's going to be expansion of the industry as well as three things will happen. One, that there will be greater awareness and excitement among the consumers. There will be joint effort by all the players now towards building the ecosystem, it should, which is one of the key barriers behind adoption of EVs. And third, that it will give confidence to the customers that EV is the future because last one year there had been a lot of negativity around this. So, one, that market is definitely going to benefit from an industry growth perspective. As far as Tata Motors is concerned, I think the biggest advantage that we have, which is not fully unleashed because of the lack of expansion of the market, is the widest portfolio, as Dhiman was mentioning, from Rs. 8 lakh price point to Rs. 22 lakh and none of them overlapping with each other. And that's a unique advantage and you are able to take the best advantage of that as the market expands. So, we believe that as the market expands, we will be the biggest beneficiary. Second, I believe that all the intensity of competition that you're going to see and you would have seen that all are going to be above Rs. 18 lakh price point. So, there's a lot of crowding going to happen in greater than Rs. 18 lakh price point, but we will have a unique advantage of cars which are priced less than Rs. 12 lakh, which are basically city cars, primarily city EVs. This is not where competition intensity is increasing and therefore, we will fully leverage this opportunity to get into even Tier 2, Tier 3 cities, including rural because there is a high propensity of customers going for EVs here and where a lot of the new competition attention is going to be in the Tier 1 cities by the way. The other thing which I feel is to our advantage is multiple customers, our EVs are proven vehicles in the Indian market, in very tough environmental conditions in which they operate. And our 2 lakh EVs have covered more than 5 billion kilometers. You will not believe that 10,000 EV customers have already done more than 1 lakh kilometers, and tens of thousands of customers have done more than 50,000 kilometers. So these are proven EVs and that will definitely work to our advantage. And finally, I would say that the ecosystem, which we have created on the charging infra side, the entire 18,000 chargers that you see is a work of Tata Power collaboration as well as collaboration with all the charge point operators, and we are going to really continue to work on this to ensure that there is a unique benefit to our customers on those charging infra. At the same time, it will help in addressing the biggest barrier to EV adoption.

So net-net, I would say that having got the first mover advantage, there are lot of positives on our side. There can be a bit of hiccup because initially for each and every launch there will be temporary excitement around those products also. These products will fill the channel for display vehicles and test drive vehicles and so on. So, there will be initial jump in the volumes for these vehicles. So there can be a bit of hiccup in the market share, but eventually, on the other side, when things stabilize, we should continue to do well as far as market share is concerned.

P.B. Balaji

Thank you, Shailesh. Just to give a little bit, just to add to what Shailesh said. I think the question on market share in EVs is probably less relevant at this stage. Penetration of EVs in the overall scale of the game is again, how do you upgrade customers from ICE into EVs, which I think with the advent of this level of intensity of action from every player is only going to improve and therefore that should augur well for us in the long run. Just to add to what Shailesh has said.

Richard, this is coming your way, this is from Kapil Singh. Given the current quarter's performance on VME and warranty, what is the outlook on VME and warranty from here on, how should we look at it?

Richard Molyneux

VME, I think the industry is not showing any signs of becoming less competitive at the moment. So I think there probably is for a couple of quarters a little bit more room to the north on that. On the flip side, I would expect warranty to have peaked at the level that it is this quarter and therefore to start coming down as some of the actions that we start to take in that space come true.

So I think there is more say downside risk on VME, but it's not of great significance and we're not talking about going back to the type of levels that were around pre-COVID, but it could rise a little bit from the 4.2% that we saw this quarter. Warranty I think will go the other way.

P.B. Balaji

Thanks, Richard. Just staying with you for a minute. Next question from Nishit Jalan. You already answered the pricing VME question. So ASPs, can you comment on that? ASPs have declined sequentially and also year-on-year despite stronger product mix. Is it purely due to China mix or are there other factors in here?

Richard Molyneux

I don't think the moves here are that significant. So if you look at stat-rev by volume, Q2 was £74,000, Q3 £72,000. If you actually look at year to date, we are marginally up on year to date last year. So the moves in ASP aren't that material. You have mentioned probably the most significant aspect of that which is China price mix. There's also a little bit of FX in that and a little bit of the increase in VME. Those are the type of things. But the moves, they are not material. If you look at to that year to date level, we are actually marginally up on where we were last year.

P.B. Balaji

Sorry to put you on a spot. Continuing with you, just comment on emission cost as well. That's the next question from Jinesh Gandhi. You've covered the rest of his questions on the cost drivers. He's got a few more but let's talk emission and I'll cover the others.

Richard Molyneux

Where's the question on emission?

P.B. Balaji

How to think about emission cost and warranty cost in FY26 and beyond. Just comment on emission. You've covered warranty already.

Richard Molyneux

So emissions costs, the most relevant markets for us for emissions cost are the U.S. and the U.K. You'll note that the U.K. government has already issued a consultation on the future of the ZEV mandate and so we're very closely working with them on that. And the U.S. may well I guess change as the new administration takes hold. So those are the two that are most important to us.

I think it would be fair to say that if the regulations do not in some shape, size or form in those two markets change, that emissions cost for us next year will rise. However, I think at some stage this sort of rock and a hard place situation that we've got between consumer demands for BEV not accelerating and government emissions regulations being required for them to increase. Sometime that's got to come to fruition and the OEMs are going to avoid being stuck in the middle of that which is currently where we sit. So we're in close discussions with the U.K. government, we're keeping an eye on the U.S. government. Those are the two markets for emissions costs that are important to us. If nothing happens then our costs will rise next year.

P.B. Balaji

Okay. Thank you. Again, some exciting stuff on the timelines for the Range Rover Electric deliveries and also about the cars that are coming, the EVs that are coming post the RR Electric. Is there anything you can share with us?

Richard Molyneux

Yes. So I think Adrian covered this in the last call. So Range Rover Electric, very end of this calendar year, that will be followed by the first BEV of our EMA architecture in mid-2026 and the Jaguar that you saw the photo of will be the very late summer, I think is what we said in terms of 2026. So they're all coming this year or next.

P.B. Balaji

Thank you. Moving Girish on to you, this is from Pramod, InCred. SCV segment is noticing increased product assault by competition, especially lower tonnage. How do you plan to address it and limit market share impact?

Girish Wagh

Right. So in the SCV segment, as I said we look at two ends of the segment. The lower end we call it a small commercial vehicle and the upper end is more pickups. Now within the small commercial vehicles, post BSVI, this segment has actually contracted having lost some ground to three wheelers on the lower end due to initial pricing and then losing to the pickups on the above, upper end due to inferior total cost of ownership. And this is essentially due to the significant price increase which happened in small commercial vehicles during the BSVI transition in view of the technology involved.

I think our approach to this has been to have our own product offensive and you would have seen in the Bharat Mobility Global Expo, in fact we introduced a completely new category of small commercial vehicle that is Ace Pro, which will actually get into the earlier proposition of these vehicles which was there in the BSIV era. We will also come up with the products with multi-fuel options, so CNG, petrol as well as electric. I think so that multi-fuel approach will also help to address more number of customers. Now, talking about pickups, I think Intra is our new range of pickups where the range has been widened significantly. And we have seen that there is a significant customer acceptance for this product. So I think now we are into the process of more accelerating the communication piece to increase the consideration and also looking at quite a few actions on the network side, growing rural, which in fact are all upsides for us. I think that's what is our strategy on the small commercial vehicle and pickups.

P.B. Balaji

Thank you, Girish. Dhiman, let me hand this over to you from Kapil Singh on PLI. What should, on the eligible EV products revenue, what is the percentage of revenue you are getting as PLI?

Dhiman Gupta

So, right now we have Tiago and Tigor AAT registered and TCA has also received, basis which we have done the accruals. Punch is next in pipeline for which AAT is coming and we expect TCA to be done this quarter. And of course, we have Nexon EV pipeline in future but all our products are DVA compliant at 50%. It's difficult to give an output in terms of when we will be taking it because there are so many milestones. So, we are refraining from giving an outlook, but for all the vehicles which are AAT registered, we will be getting 13% of revenues as PLI, net of any vendor claims who are supplying to us AAT registered products. For this year at least, we haven't seen any vendor claims, so we are booking the entire 13%.

P.B. Balaji

Yes, and the 13% goes up to 18% progressively as the revenues start increasing.

Okay, so Richard, this is over to you in terms of Europe demand from Pramod once again. Do you see early sign of premium demand recovery in Europe? When do you expect it to reflect it in premium car demand recovery? He is referring to the premium goods demand, luxury goods I presume. And for the new Jag, what is the addressable market volume value that you are looking at? And how should we look at the new Jag addressable market?

Richard Molyneux

Okay. So in terms of premium goods in Europe, I can't really comment. What I will say, it's probably been a little bit surprising. There have been some green shoots in premium automotive demand in Europe in recent weeks. So, I mean, it's not been a particularly easy market, over the last couple of years, but there are some green shoots that things might be turning around. To Jaguar, we really are not focused on market share. A, I think it would be quite difficult to define what its market is; and B, market share is not something that drives us. We will make sure that we have share of wallet. We do not have massive volume expectations. This is not something that's going to sell hundreds of thousands of cars. We will target specific groups in specific countries and go after them. So I would be surprised if you will ever see a Jaguar market share number or comment from our side. It is simply not something we consider relevant.

P.B. Balaji

Thank you, Richard. Let me take you to Shailesh. This is from Nishit Jalan. How do you see the overall EV charging network expansion in India? Is the lack of this the main reason for lower EV demand given that the pricing is not as high for EVs as versus ICE, the differential is not great. Will government subsidies for setting up the charging infra help expedite the network expansion? What is your sense?

Shailesh Chandra

I think charging network expansion in India is, there are three parties who are really working on this. One is the OEMs themselves. The other are the oil marketing companies who have subsidy from the government already for the last two years, I would say, to build a charging infra of nearly 22,000. And the third are the smaller startups like charge point operators and all. I would believe that number one, which is the OEM themselves will work on the charging infra at least to some extent, but that would not be the predominant one. It will be only to create that critical mass for getting attention to their respective brands. But, I think oil marketing companies are going to play a big role. And, I would say, now the charge point operators and the new entrepreneurs would want to get into this space given a significant activity, launch activity that we are seeing across the OEMs. So, one, because of natural demand growing and market expanding, there will be greater interest because of the market forces itself. But on top of that, you have the Prime Minister E- DRIVE Rs. 2,000 crore of subsidy. And we have to see really how this subsidy flows and how the government is going to really plan in terms of the locations and where these charging points will be really installed and how it will be incentivized. We are in discussion with NITI Aayog, as SIAM also. At the same time from Tata Motors we have a lot of data from our telematics and 5 billion kilometers that our cars have covered.

So, we are giving inputs to the government to at least first address the highways where we see there will be high utilization because already we know the highways where the cars are moving, EVs are moving more. So I think with combination of all this, charging infra growth should really accelerate from here. But as you have rightly said, this is the single biggest barrier to adoption of EVs.

P.B. Balaji

Thank you. Girish, this is on the CV demand for India, India's CV, considering replacement demand, some improvement in infra spending and favorable base, how do you see the domestic M&HCV industry outlook for the coming year?

Girish Wagh

Okay. So before I get into coming year, let me first talk about how this year has behaved. I think we started the first quarter on a very strong note with a Y-o-Y growth. But quarter two did show a

significant decline. The decline reduced in quarter three, but still on a YTD basis in nine months, the heavy commercial vehicle industry has actually declined by 13%.

But if I look at the data at the end of Q3, the utilizations have started going up. The consumer sentiment index has also marginally moved up. We see that the year-on-year pipeline is also better. And, therefore, I would say that to begin with the Q4 volumes are going to be key. With these kind of indications, we expect Q4 volumes to be flat, which in itself should be good. And if we end Q4 as flat on the back of the declines in Q2 and Q3, we will actually set a good base for next year.

I think looking into the next year, yes, we do expect government spending on infra and actual progress of infra projects to pick up, which should help the heavy commercial vehicle industry. In addition to this, we also keep a track of the nine end-use sectors like steel, cement, mining, power, e-commerce, trade, etc. Early indications are that these sectors should do well. So, all these, as of now, point towards a good Q4. And as I said, if the Q4 ends being flat on a Y-o-Y basis, I think it should set us a good base getting into the next year. Balaji.

P.B. Balaji

Thanks, Girish. Richard, coming your way, this is from Sonal Gupta, HSBC MF, you answered the rest of this questions but there is one thing on North America which I want to pick up with you. What's driven the 48% year-on-year growth in North America retail for Land Rover in Q3? Is there some pre-tariff imposition surge?

Richard Molyneux

No, certainly not deliberately. If you look at year-to-date, the U.S. market is 25% up for us, or our sales in the U.S. are 25% up for us. There was some switch between Q2 and Q3, but that was more due to homologation timing of certain derivatives than any deliberate attempt on tariffs.

So the reality with over a three-quarter period, a 25% rise in wholesales, is that we're performing pretty well in the U.S., and as I say, our brands, particularly Range Rover and Defender, do resonate strongly with U.S. consumers, so it's a good and strong market for us.

P.B. Balaji

Thank you. Girish, this is coming from Abhinav, State Bank of India Pension. On the CV front, could you talk, you have talked about Q4 already, can you talk about buses? Can you speak about our market share and our strategy going forward on buses?

Girish Wagh

Yes, thank you for this question. I think buses, as I said in the beginning, buses and vans have in fact shown the maximum growth on a Y-o-Y basis. We have also grown our market share. I think YTD nine months, our registration VAHAN share is around 38%. I think our strategy here also has been to come up with multi fuel options, so we do have buses in diesel, CNG, as well as electric options, addressing different customer segments.

Now, if I talk of the MCV buses, essentially there are two end-use segments here. The first is State Transport Undertaking, which is more of a tender business. We will continue to participate in this business and win tenders on profitability basis.

In retail MCV buses, which is more of intercity, we see a significant growth happening this year and in fact, we track the utilization of the products. Utilization of these buses, MCV buses, has in fact gone up by almost 30% on a Y-o-Y basis and we see a good growth. We actually have a very good portfolio across MCV, ICV, LCV and that's what we are leveraging now to grow our share in MCV retail customers. In ICV, mostly used for employee transport and here our focus has been to deliver fully built buses by leveraging two of our bodybuilding subsidiaries and therefore, give ready-to-use options to the customer. Light commercial vehicles and vans are more for school bus application, seasonal, but even this one is going ahead and we are looking forward to a very attractive Q4. Even here, we have a very strong product portfolio, multi-fuel options, fully-built buses and therefore, growing in this segment also.

So I think net-net, we have an improved value proposition across the segments, we have increased capacity of bodybuilding just six months back and therefore, are very well-placed to address this growing segment in Q4 and we also expect this to continue in Q1 of next year.

Balaji?

P.B. Balaji

Thank you, Girish. Just staying with you, you have answered the rest of the question, but there is one we have not talked about, any signs of stress in financing, banks, NBFC, etc., delinquency rates, anything that you are worried about?

Girish Wagh

So let me speak segment by segment. In small commercial vehicle and pickup, I think there has been some stress, especially in the first-time buyers and first-time users, but there has been an improvement during the year as we move towards Q3. I think the financiers have also been selective now in terms of financing and one can see an improvement therefore in their portfolio. We have also been working very closely with the financiers to therefore, prioritize the leads which can also pass their criteria.

If you look at buses, which were certainly under stress, but this year with the kind of utilization the buses are seeing, there is a significant improvement and not a challenge here. If you look at M&HCV, yes, I think there was a challenge, especially towards end of second quarter, beginning of third quarter.

In our conversation with the financiers, there we could see challenge happening there, but I think post that with the improvement in utilization, I think this stress in M&HCV is also going behind us. I think that's how we are placed overall in all segments.

P.B. Balaji

Thanks, Girish. One question from Jinesh, in the PLI accounting, you asked whether Rs. 209 crores of the nine-month accrual has been done entirely in third quarter.

Yes, absolutely. We couldn't have done it any other way given that we have received the eligibility certificate only in December.

Richard, maybe I will give you the, you have the opportunity to have the last word on this session. This is from Rakesh Kumar, BNP. If electrification journey slows, do you think you will need to continue

to invest in ICE powertrain and the platforms longer, resulting in higher overall Capex than what you had earlier planned?

Richard Molyneux

I think that is a very fair point. As if the way I've probably explained this if you're -- imagine the world where there's only ICE powertrains, and you imagine the world where there's only BEV powertrains sometime post 2030 let's say, those worlds are nice and simple. You have one powertrain, you optimize it, you go forward exactly as the industry used to be 10, 15, 20 years ago. We're in that period at the moment where you have no choice but to be investing in parallel, in ICE, in PHEV, potentially in REEV and in BEV. And the longer that period extends, the more difficult it is to make investment decisions to exit any one of those different markets. You're entirely right, it does increase the pressure on our short to medium term investment. The one thing I would say, and we're not the only manufacturer that is probably looking at this, is it delays the point at which you move the entirety of your architectures to BEV-only architectures. So you do run your let's say, flexible architectures like EMA a little bit longer. So you push back the point in time where you need to invest in completely new BEV-only architectures.

But in the medium term, you're right, the proliferation of consumer demand and the lack of a binary switch from ICE to BEV globally does make it very difficult for us to exit any of those sections and we have to invest in those technologies in parallel. It's a fair point.

P.B. Balaji

Thanks, Richard. So we come to the end of the session in a very philosophical note, which leaves a question mark there, don't know how to answer that. That apart, on the Investor Day, we have tentatively signaled these two days for the investor days. The Tata Motors one is going to be on June 9. That's tentative and mostly will be confirmed in the coming weeks. And the JLR one is on June 16th. So, look forward to seeing you there as well.

So with this, we conclude the session today. Thank you all for your probing questions and look forward to continuing to be in touch. Thank you and thanks teams, JLR here, all you guys, much appreciated.

Thank you.