BSE Limited
First Floor, New Trading Ring
Rotunda Building, P J Towers,
Dalal Street, Fort, Mumbai 400 001

National Stock Exchange of India Ltd.
Listing Compliance Department
Exchange Plaza, Bandra Kurla Complex,
Bandra(E), Mumbai 400 051

May 17, 2025
Sc no - 18669

Dear Sirs/Madam,

Sub: Transcript of the Earnings Discussion/Conference call

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further to our letter bearing sc no. 18650 dated April 24, 2025, we are enclosing herewith the transcript of the earnings/conference call for the fourth quarter and financial year ended March 31, 2025, conducted after the meeting of Board of Directors held on May 13, 2025.

The above information is also available on the website of the Company at www.tatamotors.com.

This is for information of the Exchanges and the Members.

Yours faithfully,
Tata Motors Limited

MALOY KUMAR GUPTA
Digitally signed by MALOY KUMAR GUPTA
Date: 2025.05.17 17:23:45 +05'30'

Maloy Kumar Gupta
Company Secretary

Encl: as above

Tata Motors Group
Q4 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 Q4 FY25 earnings call. Today we have with us 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 by the team's 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.

PB Balaji:

Thank you Anish.

Standard safe harbor slide. The only difference you will notice going forward would be Tata Motors Finance is no more a Subsidiary of Tata Motors, Tata Motors Finance Holding still is. But the NBFC is no more - that's been merged with Tata Capital. So I'm going to talk about the implications of that in the coming slides. Next slide, please.

Overall. it's been an action-packed year both here and in JLR. Those of us who were there at the Auto Expo in Delhi earlier this year saw the full impact of the 11 CVs that were launched. As well as you saw the 'Sierra' being unveiled there, it is probably the stand out car as far as the Auto Expo is concerned. Also, we saw the new Avinya there as well. We started also shipping our first hydrogen trucks which are now going to ply on specific lanes. I'm sure excited Girish is going to talk about that in his session. And lastly, but not the least, Punch emerges the top choice for private buyers to become India's number one SUV in FY25, a humongous achievement there. Next slide please.

As far as JLR, it's been absolutely a wonderful year coming out of JLR, the net cash positive target has been achieved. We delivered what we committed to our guidance, despite extremely challenging situations elsewhere. The Freelander licensing agreement has been announced for CJLR. Range Rover electric testing continues, which is soon to be launched, and of course, Jaguar Type 00, what can we say about it other than the head turner that it was. And Defender Octa is now starting to get delivered to its clients, one more blockbuster vehicle coming our way. Next slide please.

On an overall numbers basis, for the quarter, revenue was a Rs. 1,19,000 crores with an EBITDA of Rs. 16,700 crores and an auto FCF of Rs. 19,400 crores. This financial year, we delivered our highest ever revenues. We also delivered our highest ever PBT before exceptional item. And Q4 is always a strong quarter, so we did see a sequential recovery. And of course, we did get aided by the INR depreciation, vis-a-vis pound. On a profitability line, significant interest savings, I'm going to talk about it in a minute. Better CV profitability, lower D&A at JLR, these are the main ones that drove the profitability up, but the underlying profitability continued to remain very healthy. And free cash flows came in at Rs.19,400 crores. On a full year basis, we have delivered very strong FCF of almost Rs. 50,000 crores over the last two years, thereby delivering our deleveraging commitment. Next slide please.

Where did the growth come from? It is there for all you to see, but I'll draw your attention to the net debt number. While we ended FY23 at Rs. 43,000 crores, the peak debt this business had was almost Rs. 60,000 crores. That's now down to minus Rs. 1,000 crores i.e. a net cash of Rs. 1,000 crores despite financial leases of Rs. 9,000 crores. So this is a very strong performance. And this is translating into reduction in net finance costs. And why I'm harping on that point is that intrinsically, this business is becoming far more resilient as it takes away debt, and it is able to now have more leeway to take on the headwinds that come our way. Next slide please.

On the corporate actions slide, I'm going to come in a minute, but before that, these charts tell you the performance over a long period, it's FY10 to FY25, each of the data points in five-year intervals. I just chose some five-year intervals for this, a record high revenue, almost record high EBITDA of almost Rs. 57,000 crores, a record high PBT of Rs. 34,000 crores, and we did our highest ever investment of Rs. 48,000 crores. And despite that generated an FCF of almost Rs. 22,000 crores resulting in a debt going down to minus Rs. 1,000 crores and all is done with a very strong ROCE of 17.6%. And this business has come a long way from what it was in its turbulent times and a huge call out and a huge thanks to every one who have been working tirelessly in this business to deliver these set of graphs. Next slide please.

And, this of course is translating into credit ratings, again two notches upgrade we received this year and we hope to get more as we go forward. Next slide please.

The final dividend. If you recollect last year we had a Rs. 3 ordinary dividend and we had a Rs.

3 special dividend. Delighted to say this year we have gone with a final ordinary dividend of Rs. 6 per share, total same as last year but all of this is now final ordinary dividend, 300% of face value. And obviously this will have to be approved in the shareholders meeting. The demerger update: we had overwhelming votes in our favor and therefore we are on track for an appointed date of July 1st and an effective date of October 1st 2025.

This year we also had the PLI benefit. These are the updates that you see: total for the year is almost Rs. 500 crores of PLI benefits have been secured. Out of which Rs. 142 crores we had it in the last quarter for FY24 and for FY25 we accounted about Rs. 385 crores and the implications of margins are there. Next slide.

Just to take a minute on the Tata Motors finance merger that has just been concluded, it is a financing company therefore it earns before interest and its costs are below EBIT and therefore that is why you see a 50 bps Delta in EBIT margin that is there. At the same time there is significant shift in the liabilities line and the finance receivables line, where the balance sheet you will see almost a Rs. 30,000 crores shift in finance receivables and the gross borrowings is also down by almost Rs. 31,000 crores. So significant shifts in the balance sheet because of this which makes this business less risky as we go forward. Next slide.

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

Richard Molyneux:

Can you hear me?

PB Balaji:

Yes, we can. Go ahead.

Richard Molyneux:

Right. So this chart summarises our financial results for the full year on the right and for the quarter in the middle.

Volumes and revenue were relatively flat over both periods. EBIT was 10.7% in the quarter and just over 8.5% full year, aligned with our guidance. PBT for the quarter of GBP 875 million was the highest quarterly PBT we delivered in nine years and drove full year PBT to GBP2.5 billion. Cash flow GBP1.35 billion in the quarter allowed us to end the year, GBP278 million in net cash. So our other main piece of guidance delivered. The main care point that I will refer to on a later chart is, however, EBITDA, which fell 1% Q-over-Q and 1.6% year-over-year. So to the next chart.

As per usual, I'll skip over this chart as I'll cover all messages as we go through the pack. The key data is, however, here for your reference.
Okay, so in terms of wholesales, wholesales in the quarter were flat, 110,000 to 111,000 units, and for the full-year also at 401,000 units. In this chart and in the next chart, Q4 will be at the top, FY25 at the bottom. And because the full-year and the quarter in this particular case say the same story, I'll just refer to the bottom section of the chart. As we are ceasing the production of the legacy Jaguars, Jaguar volume essentially halved year- over-year from 50,000 to 27,000 units. With that volume moving into Defender and Range Rover, Defender had yet another record year, over 115,000 units. Than again, is the highest number of Defenders we have ever sold since 1947 when the car

started. And we also increased volume on Range Rover, Range Rover Sport and Evoque, which drove the Range Rover brand sales to 225,000 units, up 12% year-over-year. Next chart.

So regionally, I'm looking at Q4 data first, so I have the top half of the page. Our recovery in the UK continues from a couple of difficult causes, closing the year flat versus FY24. Europe has been robust for us, up 12% quarter-over-quarter, although on a full-year basis, we're down 9,000 units, most of which is the effect of legacy Jaguar cars being removed from sale. China remains a very challenging market, not just for us. Sales were down from 13,000 to 9,000 in the quarter as we adjusted down our day supply stock levels at the retailers. So our day supply stock levels ended the year both below Q3 and below the end of FY24 levels. And that is to protect the quality of our sales going forwards. The overseas region was down both quarter and on a full-year basis, although this is from an absolutely stellar FY24. If you look at the full year numbers in FY25 of 70,500 units, actually that year is 21% higher than FY23 and 40% higher than FY22. So, we've been on a real steep increase in overseas, just come back a little bit in FY25. I skipped one market you may have noticed. The biggest market for us now is North America. 34% of our wholesales in the quarter and 32% full year. This reflects really strong affinity with both the Range Rover and Defender brands. We did push hard in Q4 as we feared tariffs were coming, but that shouldn't mask the underlying success of our North American business in recent years. Next page.

So, this chart shows the walk of PBT from the same quarter last year when we earned GBP661 million to this quarter's GBP875 million. Volume and mix were relatively flat. Fewer low margin Jaguars but also a lower mix of China cars. We have increased emissions costs and royalties from our China JV fell as local cars get towards their end of life. Net pricing was adverse. VME at 5% versus the 2.6% a year ago and only about half of that effect was offset by variable cost improvements. We did have a big pickup in structural costs, particularly D&A being favorable GBP200 million versus last year. Over half of this is the cessation of Jaguar production at both Graz and CB (Castle Bromwich) and the associated amortization of the vehicles that were built there. The rest is largely due to the extension of our ICE portfolio as we adjust to global BEV demand. FX and commodities largely moved favorably for us. Sterling was weaker than Q4 last year on average, helping operational FX, but actually dollar weakness took over towards the end, allowing our balance sheet reval also being positive. Again, on this chart, you can still see the main challenge for us is EBITDA and much of our transformation efforts I'll cover later in this presentation are in this space. Next page.

Now, on a full year basis, taking PBT through to cash, cash profit after tax remains strong at GBP4.5 billion or equivalent to about GBP11,300 per car. This is slightly down on last year, reflecting the contribution profit walk on the prior page. Investment did come in on the forecast at GBP3.8 billion, just a touch below, giving free cash flow before working capital of GBP735 million. Working capital was strongly positive as we optimized to reach our net cash target in receivables and in inventory. A big element of other there you can see in the text, that is largely the working capital favorable effect we get through warranty and emissions. Next page.

So from a perspective of investment, it fell in Q4, allowing us to come in just below GBP3.8 billion. Of our engineering spend, we capitalized 67% for the year. This is to be expected as most of our engineers are working on cars that are relatively near the end of their development cycle. Next chart.

So, one of my favorite charts. This shows the cash journey over the last three years from a net debt position of GBP3.2 billion at the end of FY22 to GBP0.3 billion net cash now. You can also see we've generally kept cash levels relatively stable to run the business, though do note that with the tariff uncertainties pending at the end of last year, we deliberately ensured that our most recent cash levels were at the highest end of our range. So we ended the year with GBP4.634 billion worth of cash, and that was deliberate given the uncertainties that we faced in the market. Right, moving to the future. Next page.

I've managed to get through all of this without saying tariffs yet. So tariffs. It's certainly been a journey over the last couple of months and a journey that probably still has not reached its end. We welcome the deal between the UK and the US., governments that addresses the 25% sectoral tariffs suddenly imposed on automotive sectors, but also on steel and aluminium, and it brings the automotive sector in line with the other UK businesses in paying a circa 10% tariff on shipments to the US. We're working through the detail. We continue to offer the government our support and will also support efforts at an EU level to address EU-US tariffs, which do impact our Defender and our Discovery product exported from our Slovakia plant to the US. Where we stand today is that we'll pay a 300% increase on the tariffs we used to pay in the UK, so going from 2.5% to 10%. We'll also pay a 1000% increase on the prior tariffs on Defender and Discovery out of our EU plant.

On top of this, China will remain difficult and our high investment in future products will continue, so we need to react, business as usual will not work in FY26 and FY27. So we've launched a series of special focus programs or missions to protect EBIT from the threats of tariffs and the other threats that we face. Next page.

Below are some of these transformation missions. Some of those we've set up, some of them we'll go through in more detail at the Investor Day. We know we have to drive ex-works costs down through technical changes, commercial negotiations with suppliers and content rebalancing. Together we spend GBP16 billion a year in this area. So, we are systematically with cross- functional teams identifying opportunities in every area of the car. There were 160 people in a meeting room next to me earlier on today doing precisely that in squads by area of the car. We also know we need to do more to tackle our warranty costs, better quality delivery and a faster response when issues are found, for example. Customer love is the third one. You might be surprised to find that on the list, but it's crucial to improving our customer loyalty along with the warranty issue. And customer loyalty, brand loyalty is a crucial value driver. So customer love is really important. China resilience, we've spoken about several times. We now have dedicated teams looking at regulations by market to optimise any emissions liabilities that we have. These are just examples. There are more and we'll share more detail at the Investor Day. Next page.

We built a history of meeting our promises, delivering on our guidance. But the economic fabric of our global industry is in flux. So it would be inappropriate for us now to give firm earnings guidance for FY26 today, less than a week after the framework of the US-UK trade deal was announced. We'll see you again at our Investor Day on the 16th of June and give you an update then. But what I will say now, however, is that our GBP18 billion investment programme over five years remains in place. It has to, to drive our business forward and that we'll commit to funding that GBP18 billion with operating cash flows in a five-year period. So we'll give you more information at Investor Day. You now have even more of a reason to attend. So I look forward to seeing you then. And in the meantime, I'll hand you back to Balaji.

PB Balaji

Thanks, Richard.

Let me now move to the commercial vehicle business. Girish, Ramanan, would you want to take the lead on this?

Ramanan GV

Thank you, Balaji. Next slide.

Our domestic VAHAN market share stands at 37.1%. When we look at the market share by product line, trucks are holding on to the market share and passenger is coming back with 100bps improvement in market share. Both trucks and passengers have performed better than the industry. SCV market share has come down and this is an issue. Next slide, please.

On the financial performance, the business has consistently delivered double-digit EBITDA margins quarter-on-quarter and has delivered an EBITDA of around 12.2% and an EBIT of 9.7% in Q4 FY25. This is an improvement of 20 bps and 10 bps respectively over Q4 last year. On a full-year basis, EBITDA was marginally lower than 12% and EBIT was at 9.1% driven by better realization and cost saving. This is an improvement of 100 bps and 90 bps respectively over FY24 on a full- year basis. The business delivered the highest ever PBT of Rs. 6,600 crores and a strong ROCE of 37.7%. Overall, a very strong financial performance. Next slide, please.

Coming to the EBIT walkthrough, this is a comparison of the PBT from Q4 FY24 to Q4 FY25. Mix, optimization and realization improvements have been the key drivers. There has been a slight increase in fixed cost. Overall, a 10 bps improvement in EBIT over the same time last year. With this, I now hand this over to Girish for the industry insights and business highlights.

Girish Wagh

Thank you, Ramanan. So, the total industry volume improved marginally in Q4 on a Y-o-Y basis. And just to give you a perspective, you will recollect that in Q2, the industry had shown a significant double-digit decline on a Y-o-Y basis. This decline reduced in Q3 and therefore, it was a single-digit decline and now in Q4, the TIV has been either flat or slightly growing over the previous year, which is a good sign. Average utilization in trucks and buses has grown quarter-on-quarter and the transporter profitability has also improved marginally. We see that the freight rates have improved in Q4 by around 1% to 2%, which is supported by better utilization due to stronger commodity movement, stable agri-sentiments, seasonal demand for white goods, and improved infra and mining activity. The customer sentiment index, which we measure quarterly internally, it indicates that Tipper sentiment index has improved marginally, which indicates a good mining and infra activity. On the other hand, heavy commercial vehicle cargo and the intermediate light medium commercial vehicle as well as SCV pickup, the sentiment index has almost remained flat. Commodity prices in the quarter gone by remained range bound. We are now looking at an impact due to the steel safeguarding duty, which has been already implemented. So, we are assessing the impact and should be there in maybe few weeks time.

Going next. On the vehicle business, in quarter four, as I said, the industry volumes improved. Compared with the decline in the earlier quarters, this is a good sign. In Tata Motors, both buses and trucks registered a healthy growth in Q4.

Digital selling, which is something that we have been pushing for, I think the contribution to retail in terms of leads generated is now almost 27% and has been increasing quarter-on-quarter. On 8th June, the entire truck portfolio, both cabin and cowl is supposed to undergo change over to AC regulation. This is a manufacturing date transition and we are getting ready for the entire portfolio to move towards AC fitment.

In electric mobility, in Q4, we delivered 89 electric buses. So, this is now towards the tail end of the first CESL tender that we had won. We now have more than 3,600 electric buses on the road. We also started supply in private accounts, first few buses being delivered. On small commercial vehicles, ACE, now we have more than 8,000 electric vehicles plying on the roads. And in Q4, we saw expansion in some new segments like milk and LPG. We also won multiple bulk deals and municipal deals in quarter four. Our overall sustainability targets are on track for decarbonization as well as circularity.

In the smart city mobility business, as I said, our fleet now has crossed more than 310 million kilometers and consistently delivering more than 95% of uptime. Out of these 3,600, we have 2,500 buses in Delhi, Bangalore and Jammu and Srinagar. Deployment has been completed in Jammu Kashmir, Bangalore and Delhi and from Bangalore we also have an additional order of around 148 buses. As I said, I think we have been consistently delivering performance above the contractual terms. We have also entered into the staff transportation segment, although within the group right now, we are also discussing with few other companies outside the group. Next.

In our digital business, Fleet Edge now has almost 800,000 active vehicles with monthly active usage of 81% and weekly active usage of around 59%. I think apart from delivering uptime related services, we are also delivering the machine learning based insights to improve fuel efficiency in real life. The Solution is named as Mileage Saarathi and we are able to deliver around 5.5% to 6.3% real life fuel efficiency improvement on more than 11,000 vehicles.

E-Dukaan which is our digital parts store is now made open for all B2B users. B2B is our distributors who then supply it to the retail channel, and also some of the key customers. So significant portion of our retail channel now actually is ordered through these digital stores. Freight Tiger in which we have taken a stake is now available for tracking all the shipments on E-Dukaan which along with our logistics partnerships is helping us to achieve a very high on- time in full delivery and therefore ensuring there is no loss of sale. Fleet Verse, which is our digital front for selling vehicles, we now have more than 13,000 vehicles being sold with enquiries coming directly on to the Fleet Verse platform.

So that's about the digital business. Going ahead for FY26, I think overall level the macro indicators are on track. As I said the fleet utilizations are improving, the sentiment index is stable and therefore we anticipate sustained growth despite global headwinds and also there have been local headwinds in past two weeks. I think our focus will be on, first of all ensuring smooth transition of AC regulation for trucks and as has been our past practice, all these trucks will come up with value enhancements and not just introduction of AC. We continue to invest in future technology and new products, especially in alternate fuels, model years for value enhancements.

We continue to expand our product portfolio, have smart digital solutions and we will also have some new nameplate launches coming up in the year. In SCV Pick up segment, very clearly, I think the task is cut out for us to, regain the market share that we have lost. And I think there are two things that we are focusing on. One is launching Ace Pro in Q2, which will enable us to get into the lower end of the small commercial vehicle segment, which otherwise has been losing salience in this

industry. And at the same time, post the launch of entire Intra Gold series, we are now having an integrated plan of ATL, Digital, BTL to increase consideration of this brand. And finally, of course, we will continue to deliver strong double-digit EBITDA margins, cash flows and also strong return on capital employed, which Ramanan also touched upon earlier.
With this, Balaji, back to you.

PB Balaji

Thanks Girish.

Can I now hand it over to Shailesh and Dhiman?

Dhiman Gupta

Yeah, thank you Balaji and good evening everyone.

We closed the year with a Vahan market share at 13.2%. While our SUVs portfolio outperformed the industry, we had some losses in our Hatch portfolio, resulting in an overall market share decline on a year-on-year basis. Shailesh is obviously going to touch upon all the actions that we are taking on our Hatch portfolio in our subsequent slides, so I will park it for now.

In terms of powertrain mix, diesel continues to be steady at 13%, significant traction in our CNG portfolio where we have grown 60% year-on-year. Our CNG plus EV penetration at 36% and CAFE well below the target threshold.

Moving on to EVs, our overall volume for the year was down 13% largely due to the muted traction we had on the fleet side. The industry has grown by 20% this year, largely on the back of a spurt of new launches from H2 onwards. We ended the year with a 55% market share. Near-term market share, there might be some noise, as the initial launch activities settle down and our launches in the Rs. 20 lakh price segment, as well as the entire enhancement we are doing on our existing product portfolio, kind of flows in through the rest of the year. Next slide please.

A difficult year in terms of profitability on account of the muted industry growth that we saw, periods of high dealer inventory and adverse realization. The bright spot was the PLI incentives that we started accruing from last quarter. We now have three of our products TCA certified on which we have accrued Rs. 350 crore of PLI incentives this year. Our PBT for the year stood at about Rs. 1,100 crores, a Rs. 300 crore decline from last year. Next slide.

EBITDA margin for ICE business for FY25 was 8.1%, about a percentage point lower than last year. A recovery of margin on the back of cost reductions, better mix and operating leverage through the rest of the next four quarters will be a key focus for us next year. A key call-out for our EV business, despite the significant investments we continue to make in market expansion and our product investments and the price benefits that we have passed on to the customers for lower battery cost for the year, the business ended with both EBITDA and PBT positive.

Next slide. Shailesh, over to you.

Shailesh Chandra

Yes, thank you, Dhiman.

Let me first start with the industry highlights. So, FY25 was, growth moderated to 4.3 million units and it was a modest 2% growth over FY24. We had seen stress in the macro-economy also and it had its reflection also in the car industry where the growth remained muted. And we also saw that it was a very discount driven market across all the OEMs. We also witnessed segmental shifts and it further strengthened in favor of SUVs, which saw 11% year-on-year growth and the salience increased to 55%, while hatches and sedans de-grew by 12% year-on-year.
CNG has been rocking for last few years and this has seen 30% year-on-year growth despite a 2% growth for the industry. And it is also reflecting the growing preference among personal segment customers also as the CNG network across the country has been increasing. Dhiman already mentioned about EVs that there was a muted situation in H1 in terms of growth, but in the second half of the year, with greater participation of various OEMs and the new launches, we did see traction coming back on the EV side, which is auguring well for the growth in FY26. As far as we are concerned, it has been a year of hits and misses.

On the hit side, we clearly saw that in SUV segment on the back of strong demand for Punch, which was the number one model in 2024, and the launch of Curvv, we had an industry-beating growth. In the CNG segment, which has been growing at a rate of 30% in the industry, at an industry level, we were the fastest-growing player in this segment with 60% growth. And the twin-cylinder technology that we brought, that innovation, has really helped. And also the launch of Nexon CNG has been a roaring success. So we are growing very fast in this segment. And you have seen how the overall share of CNG in our portfolio has gone up to 25% from just 7-8% two years back. The big problem for us last year where we witnessed the decline in our volumes and market share was because of hatches, and mainly two products, which is Tiago and Altroz, which were in their fifth year. And therefore, it was very aged. And that led to significant decline in our hatches volume.

PB Balaji

Sorry, Shailesh, we seem to have lost you. Just give us a minute, please. We seem to have lost Shailesh.

Dhiman, why don't you step in till Shailesh joins us?

Dhiman Gupta

Yeah, I think I will just carry over from where Shailesh left. This was a year of mixed bag for us. I think, Shailesh mentioned where I think we have outpaced the industry growth in terms of our SUV sales, the good reception that we've got for Curvv and our re- varianted in Nexon introduced in Q4. We did lose a bit in terms of hatches, especially because of our, aging that had happened in the portfolio, both for Tiago and Altroz. Part of it we've corrected. In Q4 we've introduced Tiago, the refreshed model year '25, that has found very good traction in the market, and a lot of you would have seen, we are refreshing the Altroz. Altroz was introduced in 2021 and we haven't refreshed it for the last four years, and we are coming up with a mid-cycle enhancement, - the launch is planned shortly this month. So, with both the actions, we believe some of the market share decline that we had seen through the year, we should be able to recover.

Go for it, Shailesh, We are in the last section. If you can talk about after sales and beyond.

Shailesh Chandra

Yes. Okay.

So, in FY25, it was the year of consolidation for us, and we spent some disproportionate focus in areas like after sales, where we had an issue of service capacity, and we took an aggressive target in terms of bay addition, especially in the 21 hotspot cities, where we were seeing customer experience really getting impacted. So, we were able to really expand our presence in these 21 hotspot cities, and we are very comfortable in 16 cities now. On the product quality side, there were certain issues that we faced, especially on the software area, and therefore, we not only took initiatives to fix them fast, but also have taken significant actions on software integration aspects and the process aspect, and I think that has been a key area of effort for us in the H2. Also, the network growth and also network health had been a tremendous focus for us in the H2. Not only we increased the number of outlets by 73, but also we took a series of action to ensure that the health of our network remained intact. So, that was broadly in terms of the highlights of the financial year. If we go to the next slide, please.

What will be the focus areas for FY26? I think we have to regain our growth momentum and drive both volumes and profitability. FY26, as per the triangulated view that we see from various agencies and OEMs, is that it is going to be moderate, pretty similar to what FY25 was. Our focus would be to deliver industry- beating growth because one, that possibly this year is the strongest product cycle for us, freshest portfolio, so as I said that our main issue was on hatches. We have a low base of FY25. We have already a refresh, which has got launched. And I talked about the growth that we have already seen in the refresh of Tiago by 20%. And this month, we are also launching the Altroz, which saw the significant decline last year. So, both these products would have got addressed from their lifecycle intervention perspective. On the SUV side also, we will be coming with a multi-power train on Harrier and Safari, including the petrol version.
And at the same time, there will be re-varianting and repositioning of certain products in the portfolio. We have the full year for Nexon CNG and also, we will launch Sierra. So, even SUVs is going to be strong. So, it's going to be a very strong year for us.

On the EV side also, we are going to strengthen not only the value proposition of the existing product, which Dhiman talked about, in terms of value price equation, but also the addition of two new products, which is Harrier EV and Sierra EV. So, it's going to be a strong year for us on the EV side also. Our brand consideration got impacted last year because of customer experience issues that I've already talked about. So, improving customer experience, brand associations, and comprehensive marketing campaigns will be the flavor of this year for us.
Mainstreaming of EVs, actions on ecosystem, charging infra, open collaboration is what we have already spoken about in the earlier conversations also, that we also will move very aggressively.
And we'll focus on certain micro segments also. So, those actions are fundamental, foundational that we'll continue to work on. Sales network, I already spoke about that this has become the focus after a year of consolidation. And the effort will be to skew our stores towards more larger formats as the portfolio is expanding. And cost reduction initiative remain critical to us to ensure competitiveness and profitability in a tough environment. And this engine has been delivering well for us and this will continue.

So, back to you, Balaji.

PB Balaji

Thank you, Shailesh.

Let me quickly get on and conclude the section. Go forward, please.

Overall free cash flows for the year came in at Rs.6,900 crores. Again, this is the highest investment that we have done of almost Rs. 8,400 crores in Tata Motors, all of which funded out of operating cash flows. Next slide, please.

And. This is a breakup of the Rs. 8,400, won't spend too much time on that. Go forward.

So, where do we see going forward? I think, I'm sure the tariff is probably going to be top of mind for all of you. I can see lots of questions that have landed up, which we'll pick up. But there's an outlook, I think it's fair to say that the tariffs and the related geopolitical actions, counteractions are making the operating environment uncertain and challenging. However, I think the fact that JLR is in the global premium luxury segment, as well as the Indian domestic market, these are expected to weather this relatively better. And you've seen the performance of this business over the many years, and we have consciously strengthened our fundamentals, and I believe that the business fundamentals are in fine fettle. And, therefore, that gives us the confidence to remain focused on executing our growth strategy flawlessly, serving our customers better and at the same time being clear of the new reality, maintain a very heightened vigil on costs and cash. At the same time, continuing to invest in the future. So it's business as usual as far as all things, investments, growth are concerned. And, of course, from a cost and cash perspective, we'll continue to keep extremely tight.So that's the broad message I would want to leave you with. All in all, a great year, the way it ended. But I believe, despite all the external challenges, we are well-placed to take it on. And obviously, you'll hear more about this in greater detail in Investor Days, both in Tata Motors here in Mumbai, June 9, and JLR Investor day is on June 16 at Gaydon.

So look forward to seeing you there and, of course, taking your questions now.

Questions And Answers

PB Balaji

Thank you. So let me now quickly move on to questions. I'll probably start with Chandramouli from Goldman Sachs.
There are tons of questions that have come on the UK-India market situation. The fact that there is a free trade agreement that has been signed. Questions from all sides? What happens to volumes? What happens to pricing? What happens to the Chennai plant?

Let me break this up into three. First of all, if you look at the Range Rover franchise in India, Range Rover, Range Rover Sport, Evoque, Velar, all of them are already localized, manufactured on a CKD operation out of Pune already. And therefore, for these cars, there is no impact as far as this FTA is concerned. Therefore, there won't be changes. All the benefits in terms of CKD operations are already in the price and passed on. So no changes in price expected on any of these at this point in time.

However, the future cars that are going to come in, the ability to access these global cars at global prices, that went up significantly because of this decision that has happened. Obviously, we'll have to see the fine print. There are quotas in it. There is also about a reduction over a phased period of time. All this fine print is expected. And until such time, I would only request patience from all of you. Till we see the fine print, we can interpret only if we see the fine print. So do bear with us on that part.

Let me then move on to Shailesh. I think this is coming on PV Shailesh. What are some milestones that need to be crossed for the India PV business to reach double-digit EBITDA margin? And maybe you can take all the questions. What are the rough EV mix for meeting CAFE norms? What do you see as a fair market share target? And how do you also see this changes in this FTA agreement with global competition coming in? How do you see it? Can you take all these questions in one shot, Shailesh?

Shailesh Chandra

Yeah, thanks, Balaji.

So, as far as EBITDA margin is concerned, we were pretty much there in quarter four of FY24. And there's now a gap of about 2%. We exited the year at about 8.2%. Mainly, see, it is going to come from the cost reduction initiatives, which consistently has been delivering about, 2% plus of revenues. And then it's about optimization of pricing and VME, and also the model mix, which is expected to become richer with the new launches. So, all this would be in combination should deliver more than, 3% or so, but it will then get offset with some of the commodity price increases that we might see. Also, with every refresh, every new model launch, we are increasing the tech and feature in the car. So, those would be the offsetting, cost elements. So, net-net, I think we are very much on track towards 10% plus EBITDA. So, that's on question one. What is the rough EV mix, to comply to CAFE 3 norms? I think still this is under discussion, and therefore it will not be fair. But if we have to really go by what the government has been saying so far, or BEE, which is Bureau of Energy Efficiency has proposed, it would mean 10% plus EV penetration for a manufacturer like us. And, you already see that we are at 11%. So, we are pretty comfortable with growth coming in for us in future, and penetration aspirations being 30% plus by FY30. I think we are pretty much on track and safe.

Then the question was also on what should be the fair market share in electric market once all the launches of most of the peers come through in the next 12 months? See, we are aspiring to keep our market share above 50% plus. Dhiman mentioned that there will be short-term pressure because whenever a new product gets launched, typically the sales volume are 2x of the steady state volume. So, there will be, most of the launches have happened recently and it will continue. It's a very launch action year for all the OEMs. So, there will be short-term volatility, but our aim with all the actions that we are going to take, and maybe I should elaborate a bit on that. We see broadly four segments in the EV space now. One is the entry segment, which is that of city cars, less than Rs. 12 lakhs. I think here we have 75% plus market share with products like Tiago and Punch. We are going to take certain actions in this space here. The requirement would be to come closer to the price parity with ICE, and also range should be comfortable. So, we will overcome some of the barriers that still remain in this segment and expand this segment where we have a very high market share.

But there is a mid-segment which is also from 12 to 20 lakh which is seeing intense competition. This is where the whole action is. All the manufacturers are coming with a product in this segment. And therefore intensity will be high. The way of winning the game in this segment, there will be short-term action from us but also more mid-term which is 18 to 24 month action to ensure that we dominate this segment also. Right now market share would be about 30%-33% in this segment but this is the crucial segment where maximum volume would lie. And then there is a 20 lakh plus segment which is emerging which is also showing great promise. And two products are going to get launched in this segment so that will be completely additional volumes for us through Harrier EV and Sierra EV.

And the fourth segment is actually fleet. Now fleet segment so far we had addressed the issue of total cost of ownership against diesel. But there is a big market of CNG and this is where our focus is to ensure that the value proposition of our fleet product surpasses that of CNG. And therefore this should also help us tap greater volume. So therefore with all these actions in short-term and then renewal of our portfolio with more promising product in the 18 to 24 months, I think this should help us keep our market shares above 50% in mid-term. I think short-term volatility we will not be worried about.

So this was on the EV side. This was it, right? Balaji.

PB Balaji

Yes, that's correct. Thanks a lot.

Shailesh. Let me pass it on to Girish. Comment on CV. What's your outlook for industry? Multiple people have asked that.

Girish Wagh

Okay.

So before I come to the growth, the few drivers. First is I think the freight rates are holding up. The utilizations are up on a Y-o-Y basis by around 2% to 5% depending upon the segment.
Then as I said the sentiment index is stable and in fact gone up for tippers. So largely the macros are also positive. And if we leave aside the event that has been there for last two weeks or so, which has created some challenge in the northwestern states, I think overall we still feel that we should see a single-digit growth across all the segments and within the segments, slightly better growth for heavy commercial vehicles and buses, and slightly lower for ILMCV and SCV pickup. So that's how we see the likely growth.
Within quarters, I think Q2 should see a better growth on a Y-o-Y basis, one of the reasons being the base effect. But otherwise, on the overall basis, I think we should see a single digit growth. Balaji?

PB Balaji

Thank you, Girish. Richard, coming your way.

Raghu from Nuvama Research. Questions on JLR Emission cost increase was at GBP36 million. How much increase is expected ahead? On RR Electric, when is the launch expected, considering the large waiting period? And also, how much will be depreciation post this launch? And could you then also talk, one shot, the entire tariffs for US? How much will be passed on to customers? What about demand scenario? The benefit of cost savings, how much can it flow through in FY26? And what about CJLR volumes, have they reached a trough?

Richard Molyneux

Okay, let me have a go. So, emissions cost, for us, this is also an area that is a little bit in flux, particularly in the US, the administration hasn't yet taken any actions there, but we know that they are looking at the California exemption. And some of the states in Maryland, for example, are looking at moving away from their association with those California emission standards. There's also legislation expected later this year in terms of the overall EPA levels that are required. So, emissions is also an area in flux. You would naturally expect our expenditure to increase year-over-year as a result of our BEVs being slightly later in the plan, they always were later in the plan.
But on the flip side, we know that Europe has taken a few actions to mitigate the level of their penalties. We know the UK have already taken action with the ZEV mandate to also mitigate some of the effects of that legislation. We expect the same thing will happen in the US too over time.
So, this is a little bit of a battle between consumer demand and regulations. And in democracies, ultimately, the regulations will probably have to adapt. That will benefit us, but in the first couple of years until the changes have worked through, I would expect our emissions costs to rise.

Range Rover Electric, so the development's continuing. We're actually testing it at plus 40 degrees centigrade in the sand dunes of the Middle East and minus 40 degrees centigrade in the ice lakes of the Arctic. So we are really, diligently making sure that this car can do what a Range Rover can do, regardless of whether it's got a BEV powertrain, an ICE powertrain or any other powertrain. So we're absolutely determined to make that car the best Range Rover it can be. We will expect formal reservations in certain markets, let's say reservation fees, later this year. And the waiting list is currently at 62,000 people.

Next one, tariffs. Right, so on tariffs, we really welcome the deal that the UK and the US administrations have done. It provides a good level of relief from the sudden and very steep tariffs applied to the UK auto sector in April.

And remember what happened on April 3 is suddenly we got a 1000% increase overnight in our tariff bill for selling cars in the US. That's a significant amount. The deal that's being done now between the UK and the US., should bring that down. However, it will still be a 300% price increase or increasing cost of tariffs versus where we were in March. So it's gone from 2.5% to 10%. So we're happy the deal brings the UK auto sector in line with all other UK businesses, which also pay the 10% tariff. Remember, it was automotive steel and aluminium that were given special treatment at the 25% tariff level. And we're just awaiting from the UK government some details as to exactly what the terms of the agreement are and when it will be implemented. It did say immediately in the releases, but we're still waiting to hear exactly, either retrospectively or prospectively, when it will apply, what the impacts on parts are, whether there's any rules of origin requirements, etc. CJLR had a difficult year because the vehicles that it is producing are coming to the end of their cycle. So for example, production in China of the Jaguar XF, XE and E-Pace will come to an end in September this year. Now that's deliberate because you'll remember we signed a license agreement with Cherry for the production of vehicles of the CJLR architecture, but with the Freelander brand name. And those vehicles will start production in our Changshu plant in the CJLR joint venture next year. Those vehicles are offered Chinese architecture with Chinese attributes and Chinese costs. So they're perfectly aligned to Chinese requirements. They will have the capability of being exported globally at stage in the future, but they are initially for the China market only. So production of Freelander will start in the plant as the run out of our legacy vehicles comes to an end, so it'll be synchronous and should allow JLR to benefit not only from license fees it will get from the Freelander brand and our helps and efforts in designing the vehicles, but also the 50% share of profits that the JV will make going forward. So it's a very good deal for JLR.

PB Balaji

Thanks, Richard.

Maybe one final one, which I missed. Apologies for that. How much of these benefits and cost savings you are expecting to see in FY26?

Richard Molyneux

We'll cover that at Investor Day.

PB Balaji

Cool. Thank you. Girish, coming to you, a question again from Raghu Nuwama. Questions. How do you see the domestic M&HCV outlook for FY25 freight utilization? How is it happening for transporters? Also, impact of DFC? There's a question that keeps coming every now and then. And AC regulation, there's another one more query somewhere else in terms of the cost of this AC regulation. How is it going to be?

Girish Wagh

So I think as far as M&HCV outlook is concerned, I have already answered this question in response to a question earlier. So we will have around single-digit growth happening for the entire year. Within quarters, I think quarter two will see a slightly higher growth.

The second one is about fleet utilization. So I would say the fleet utilization is around 2% to 5% higher compared to the same period last year. And this is based on 800,000 vehicles that we track. So this is that we see there is a 2% to 5% growth on a Y-o-Y basis.

As far as Western DFC impact, I think as we've been saying in the past, the Western Dedicated Freight Corridor will carry a lot of export-import traffic freight. So a lot of container traffic, therefore, is likely to move to this. And this may impact to some extent the tractor-trailer market, which is essentially the 40-46 ton trailers, tractor-trailers. But at the same time, I think we need to keep two things in mind that still, on a point-to-point basis, the road sector will be better as compared to rail. And even if there is a movement happening of containers from hub-to-hub basis, we certainly need the tractor trailersfor hub to spoke as well as the first and last mile movement, especially on the ports. I think in a nutshell, therefore, net-net, I do not see much of an impact as we are here today. Coming to AC regulation, Balaji, there is another question also, so I will address it comprehensively. So, as far as cost increase is concerned, see the cost increase in percentage terms will be lower or minimal for heavy commercial vehicles because the base cost is more there. So, the cost impact on the biggest vehicle could be somewhere around 0.5% to 0.6%. So, the cost impact for a, say, intermediate light commercial vehicle will be slightly higher, could be in the range of 1% to 1.2%. But as a company, I think as we have been saying that we do not just comply to the regulations, but we always come up with some value enhancements and therefore, the product makes sense for the customer. Beyond this, I think there is another question by Amin, which is about what is the likely impact on the fuel efficiency.

So, by physics and engineering, yes, I think when you run the AC, the compressor will consume some power, so there will be some impact. But I am sure, I think like all OEMs, we will be working towards ensuring that this impact gets minimized. And the question whether this will turn out to be headwind, no, because I think in terms of price increase, it will be in the range of 1% to 1.5%. So, the fuel efficiency impact will be lower single digits and as a company, we will ensure that there is a value enhancement being delivered to the customers.

PB Balaji

Thank you Girish. So, final point on - post-demerger, will Tata Capital stake be part of CV business? The answer is yes. Question on Net worth and profit of Tata Capital, will take it offline.

Okay, moving to Rakesh Kumar, BNP Paribas, we have already answered the question on US tariffs, I will leave that out. Let me get into the FCF, his point was, in FCF of FY25 working capital did play a big part, how do you see working capital trending in FY26?

Richard Molyneux

Okay, so working capital is very seasonal for us, so Q4 is always very strong. That's partly because simply from a calendar basis, our production levels are higher in Q4 and therefore our payables are higher. So, you would expect that to come back in Q1. For the full-year, you would also expect that to come back a little bit, although we will keep the diligence on receivables, we will keep the diligence on inventory levels, so we will continue to drive it down. Over the last two years, I think working capital has been about GBP1.35 billion favorable. In the prior two years, FY22 and FY23, it was GBP1.35 billion negative. So I wouldn't expect massive moves, but during the course of the year, there will be normal seasonal movements in working capital.

PB Balaji

Yeah, just to add one additional color on that, it obviously depends on how the total demand plays out in the year progressing that, so let's watch the space is what I would say, just to add to what Richard just said.

Richard, staying with you, this is Aditya Jhawar, from Investec. Update on the Chinese market, let's talk about that. Macro outlook, dealership consolidation, launch of EVs, Jaguar and RR, how do you see that?

Richard Molyneux

Okay, so I'll do the second one first. Launch of EVs, I think I've already mentioned that we'll start taking reservations for Range Rover BEV this year. In relation to Jaguar, so you've seen the Type 00, which is the design vision for Jaguar. We'll unveil the first actual car, the four-door GT Jaguar, later this year, before that car goes on sale in 2026. Remember, Gerry does say that he doesn't just do concept cars so you can expect the production car to be sufficiently similar, let me say.

So that's the timing of Jaguar and Range Rover electric.

Look, the China market, it is tough. It's tough for everybody. We are seeing at least a slowdown in the rate of dealers leaving the premium western segments and are actually now moving to the scenario where we are looking to fill distribution holes.

So that trend, I think, is reaching or will reach relatively shortly a flex point. We are focused very much on making sure we do not overstock the retailers in China. As I mentioned beforehand, we've kept days of supply at the retailers at the end of this year, it was lower than both at the end of Q3 and at the end of FY24. So we will manage it very carefully.

PB Balaji

Yeah. Thank you, Richard. Maybe moving on to the VME question,Tariffs you've already covered extensively, so I don’t want to repeat that. Let's talk about VME, there is a step up in VME this quarter as well, about 80 odd bps. Can you throw some light on how we should think about VME going forward?

Richard Molyneux

Yes, that's one also where we will need to look at what is going on globally in the industry. We've already mentioned, I think Balaji you mentioned, that one of the ways that we would expect some of our competitors in the US., to react to tariffs will be to reduce their levels of VME. It is easier and quicker to do than changing price. So that may happen, that may not happen. I think globally we're still in a position where VME levels are on a trend rise, but it isn't dramatic and I think we will learn quite a lot from what happens over the US., in the next couple of months.

PB Balaji

Thank you, Richard.

Sorry, I'm going to continue with you for a while. So this is from Gunjan, Bank of America, can you talk about region-wise growth? You did cover about it, but maybe you may want to give a little bit more flavor there. And how should we look at warranty cost trends? And while we wait for the margin update for the Investor Day, can you also talk us through the various levers you're looking at to drive your EBIT margins? Electric - launch time, we've already talked about.

Richard Molyneux

Okay, so region-wise growth outlook for JLR, we do have a fairly balanced global spread of sales between our six regions. So I'm not anticipating a massive change in that. I do think that overseas is an area for us that has further growth potential. I mentioned that we sold 70,000 vehicles there this year. We sold 51,000 in FY22. So we're on a strong trajectory, and I think there is more that we can do there. China and the US, I've mentioned, the UK is recovering, and Europe, particularly Germany actually is quite strong for us at the moment. So I don't see a major split, a major change in our global sales mix. But I think if anything's going to rise, it's probably overseas, UK, and China is still one we're looking at.

Warranty costs, can I look at trends on warranty costs? It is, I mentioned it beforehand, it is one of the key missions that we have set ourselves to get on top of vehicle quality, and the time it takes us to respond to quality slips when we find them, and the amount of money that we get back from suppliers when it is their responsibility. I'm not going to anticipate at this point any major continued increase in our warranty costs. I think we're, we're aiming to try and get them capped and then to bring them slowly down.

PB Balaji

Yeah. Thank you.

Richard Molyneux

Was that the end of that question section?

PB Balaji

That's right.

Thanks, Richard. So again, sticking with you. I know we don't normally talk short immediate quarter, but given all the chaos that's happening, how should we see the first quarter? This is from Kapil Singh Nomura.

Richard Molyneux

So I mentioned working capital. That will definitely swing back in Q1. So a lot by a material amount. In terms of volumes, we pushed really hard in Q4 to make sure that we met our commitments to you and everybody else and that we get cash out of EBIT, so Q1 probably will not be as strong. We did also, as I've mentioned, deliberately push more vehicles through the import structure in the US to get them to the dealers before any tariff effects came in. So that was a bit of an acceleration from sales that we would normally have done this quarter into Q4 last year. So, it certainly will not be as strong in terms of sales, as we did last quarter.

PB Balaji

Yeah. Thank you.

Also, when will legacy Jaguar Wholesales drop to zero?

Richard Molyneux

Good question. So, we have already, ceased production of the Jaguar XE and XF, from and F-TYPE in Castle Bromwich, that was in May '24. In December '24 we ceased production of the I-PACE and the E-PACE in Graz, and we're also going to cease the production of the Jaguars in China that I mentioned before in September '25. So that will mean the last Jaguar that's getting produced is the F-PACE. That is produced at our Solihull plant in the UK, so that will go through the end of this year. That will be the last Jaguar vehicle that is offered for sale before we take Jaguar out completely and launch the four door GT, based off Type 00, which we showed earlier on.

PB Balaji

Thanks, Richard. A few questions sort of why other expenses have dropped so much this quarter. Were there any one offs in that? As as well as, the depreciation line is continuing to trend down.

This is from Gunjan. So how how should we see this again?

Richard Molyneux

Other expenses dropped quarter-on-quarter, it's largely warranty. The warranty is also one of the reasons why other expenses year-over-year is significantly up. So there's a bit of a timing effect as to warranty accruals to certain one-off campaigns.

Sorry, the questions have just disappeared.

PB Balaji

Yes. So you covered that, perfect. So let me move to, again, staying with you, I think Jay Kale is asking this question, right? Yes, we will update you in terms of guidance at the Investor Day. What are the developments you are watching for? And how are you looking into this whole space in preparation for the Investor Day? Can you just give us a bit of color on that?

Richard Molyneux

Yes, and you've covered some of the points there.

So one is, what is the implementation date of the deal with the UK? And will there be a EU-US., trade deal? And if so, what form and shape and dates will it take? So we're already six weeks into, in fact, coming up to seven weeks, into FY26 for us. So getting some of these issues sorted is going to be really important for us to make sure that we understand where the full year position is.

PB Balaji

Also, again, from Kapil, in terms of emissions, so will a delay in emission targets be positive for JLR overall, or you will need to step up investments in ICE platforms?

Richard Molyneux

We are going to extend the availability of ICE solutions versus our previous plans, simply because consumer demand for those vehicles is there.

Ultimately, this whole thing has to be driven by consumer demand. Governments cannot regulate you to do it, certainly in democracies. So we will meet the consumer demands. There is a large number of people in many different regions in the world that are desperate for BEVs. We will give them BEVs. There are some markets, for example, the Middle East, which will want ICE vehicles for quite some time in the future. That is the market that we are going into. It is no longer one car or one powertrain for the world. There are different sectors of the market globally that will require different solutions, and we have to adjust to give those customers in those segments the solutions that they want. So yes, we are going to invest more in keeping our ICE powertrains going, but we are also investing really significant money in making sure that our BEV vehicles get launched. I've covered off Range Rover BEV and Jaguar BEV already.

PB Balaji

Yeah, thanks.

I'll probably come to you, Girish, because the rest are covered in the question from Raghavendra Goyal Ambit. Shailesh talked about the PV margins. Can you talk about your drivers for margin improvement in CV, positive, negative, both sides?

Girish Wagh

Okay. So let me talk of the headwinds first.

The headwinds I think commodity is after two years we see some headwind on commodity and this is coming from steel safeguarding duty. There is likelihood of some increase in copper and precious metals is something that we keep a watch on. So therefore, some minor headwinds I would say in commodity. AC regulation also we spoke what is the kind of cost impact which will be there only in trucks and lastly I think employee cost, similar kind of impact that we have seen in FY25. So these are the headwinds.

I think on tailwinds or positives, I think we will continue to work on cost reduction. We have been able to get a good cost reduction delivery over the last two years and our aim is to continue with that. So net-net I think we are targeting to have cost reduction which is going to be more than the increases that we will see during the year. I think that is where we are.

Finally I would also like to say that we will continue to increase the value being delivered to the customers whether it is through product improvements, product enhancements and also a large service portfolio that we now have including our digital services. So with this we will continue to deliver better value to the customers which will also help us to improve the realization.

PB Balaji

Thanks Girish. Kapil is saying on CapEx plan can you give us a plan for FY26? Kapil, It will be broadly in line with what is there this year. JLR is about GBP3.8 billion this year, it will be broadly in that zone. PV, CV together we did about Rs. 8,400 crore, that also will be broadly in that zone. But as we had clarified earlier also all of this will be funded by operating cash flows.

So next one is for Dhiman, I will probably give it to you, PV PLI has seen a sharp increase in fourth quarter. Anything to do with prior year, prior quarter volumes? What was the sustainable run rate for this?

Dhiman Gupta

So it has largely been flat, in Q3 -- the PLI accrual was about Rs. 180 crore, Rs.100 crore of that was pertaining to FY24 and Rs. 80 crore was pertaining to the first 9 months for two products. This quarter the PLI versus last quarter was flat at about Rs. 170 crore, so I am not sure whether we are doing right comparison on this number. This quarter out of this about Rs. 30-40 crores was pertaining to punch, pertaining to last quarter. For the full quarter it was about Rs. 120-130 crores and we should see that run rate continue for the subsequent quarters.

We will have Nexon TCA certified also in Q2 when it's going to see a jump and then obviously Harrier.ev probably in Q3. So it is going to ramp up through the year.

PB Balaji

Got it. So Ashish, in case any clarification do reach out to the IR team, they'll be happy to clarify.

Richard, this is probably coming to you from Nishit Jalan. What do you mean by protect EBIT? Does this mean that despite tariff impact, we are looking to protect absolute EBIT through price increases and cost reduction efforts? My immediate response is Nishit, just hold your fire till June 16, but

Richard, feel free to add anything on top of it.

Richard Molyneux

No, that's fair. I mentioned beforehand, as it stands today, we have 1000% increase in our tariffs from Slovakia through to the US and assuming the government deal was immediate, when it says immediate, we still have a 300% increase on our tariffs from the UK to the US. So we do have to protect our bottom line delivery. And that's exactly what we mean there.

PB Balaji

Got it. So I think with this, we are coming to the end of all the rest of the questions. There's a lot of repetition that we see in that.

So we think we believe we've covered all the key angles that are there. So therefore, if there's anything that critical question that we believe we have missed, feel free to reach out with the Investor Relations team. Once again, thanks all of you for your patient listening. And of course, you're probing questions.

We are wanting to end this session by confirming that it's been a solid delivery this year. The fundamentals are in a very good place in all the businesses. And as the actions start kicking in this year, be it product launches, be it on the cost effective measures that are there, as well as what we've delivered last year. I think we're quite confident with how the external situation, despite it being challenging, we believe we have what it takes to actually navigate this well.

So thank you for all that. And look forward to speaking to you soon in the Investor Days, both here and in Gaydon. See you there. And thanks to the team, both at JLR and here in the room.

Thank you guys and good night and see you soon. Bye bye.