BSE Limited
First Floor, New Trading Ring
Rotunda Building, P J Towers,
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National Stock Exchange of India Ltd.
Listing Compliance Department
Exchange Plaza, Bandra Kurla Complex,
Bandra(E), Mumbai 400 051

February 8, 2024
Sc - 18133

Dear Sir/Madam,

Sub: Transcript of Q3 FY2024 Earnings Discussion/Conference call

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with further reference to our letter sc no. 18089 dated January 17, 2024, enclosing herewith the transcript of the earnings/conference call for the quarter ended December 31, 2023 conducted after the meeting of Board of Directors held on Friday, February 2, 2024.

The transcript of the earnings/conference call is available on the website of the Company at www.tatamotors.com

This is for your information and records.

Yours faithfully,
Tata Motors Limited

MALOY KUMAR GUPTA

Digitally signed by MALOY KUMAR GUPTA
Date: 2024.02.08 18:27:18 +05'30'

Maloy Kumar Gupta
Company Secretary

Encl: a/a

TATA MOTORS
Connecting Aspirations

Tata Motors Limited
February 2, 2024

Tata Motors Group
Q3 FY24 earnings call transcript

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

MR. ADRIAN MARDELL – CEO, JAGUAR LAND ROVER

MR. GIRISH WAGH – EXECUTIVE DIRECTOR, TATA MOTORS LIMITED

MR. SHAILESH CHANDRA – MD TMPVL AND TPEML

MR. RICHARD MOLYNEUX –CFO, JAGUAR LAND ROVER

MS. NAMRATA DIVEKAR – HEAD, TREASURY, IR, M&A, TATA MOTORS LIMITED

Presentation

Anish Gurav

Good day and welcome to Tata Motors Q3 FY24 earnings call. With me today are PB 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. Adrian Mardell, CEO, Jaguar Land Rover; Mr. Richard Molyneux, CFO, Jaguar Land Rover and 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 participant lines will be in listen only mode and we will be taking questions via the Teams platform which is already open for you to submit your questions. You are requested to mention your name and the name of your organization while submitting the questions.

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

P.B. Balaji

Thanks, Anish. Firstly, welcome all of you for the earnings call. Once again, it is our pleasure to take you through the results of the quarter. If I were to leave one message with you as to how we see this quarter, we see this as one of consistent delivery - six quarters in a row and that gives us tremendous satisfaction that we are executing on our strategies in all our businesses. So that is probably the broad message I want to leave you with. Let us get into the details. Can I have the next slide, please?

Safe Harbor Statement, standard, nothing delta here. I think from a product offensive as well as other interventions, it continues to be an intense piece of action for us. We had almost 150 launches happening from the commercial vehicle side, multiple VCs. Very happy to say that the plant that we acquired from Ford, we are calling Sanand 2 has commenced production. In fact, we sold 900 vehicles out of Sanand this particular month. So coming through very nicely and done in a record one year's time period. We also introduced Punch.ev on the advanced Pure EV architecture, which I am sure Shailesh would love to talk about in his section as well as in Q&A that may come. And from a focus completely on building out the EV ecosystem, signed MOUs for almost 17,000 public charges and also started with the first dedicated EV showrooms in India. On JLR side, the exciting Range Rover Electric has opened. We teased it earlier in the quarter and almost 16,000 clients have signed up in the first 28 days and we decided that Nitra will produce electric vehicle by 2030 and Defender, of course, continues to win accolades across the board with a new set of awards on What Car? Being the Car of the year there. Okay, next slide.

On numbers I think before I get into the details of the numbers, one clear call out. I see some confusion in the Twitter feed that is there. The TTL sale that we did, the profits from the sale on TTL does not get recognized at a consolidated level because it is still a subsidiary of Tata Motors and its results are getting consolidated into TML, and therefore, it is only a shareholder-to-shareholder transaction. And therefore, in the minority interest, you will see a reduction in the minority interest number one. And number two, it goes via whatever the profit is there is coming via OCI. So the PBT numbers that you see do not include TTL profits in the consolidated books. However, in the standalone books, it is a company-to-company transaction in which case the profit gets recognized there. That is just for abundant clarity. So going on to the numbers, on that basis, we had a 25% growth on revenues and an EBIT of 8.3%, up 390 bps and profit before tax and exceptional items of almost Rs. 7,600 crores in the quarter and a free cash flow of Rs. 6,400 crores. More strikingly, on a YTD basis, just to show the consistency in performance, we have had about Rs. 3 lakh crores of revenue growing 32% on a YTD basis so far and we had a PBT before exceptional item of Rs. 19,000 crores up almost Rs. 22,000 crores over the previous year same time and almost Rs. 16,000 crores of delta cash has come through. Due to this, the net debt is now down to Rs. 29,200 crores. Go to the next slide.

And if I look at the source of revenue where it came from, out of the 25% growth, 18% came from volume and mix. Price contributed just 1.7%. Translation because a pound-sterling appreciated vis-a-vis the rupee that's giving us about a 4.5%. And from a profitability perspective, JLR, CV, PV, all of them are positive, but JLR in particular - a standout in terms of absolute increase that you see there. The debt is now down to

Rs. 29,200 crores, of which Tata Motors India is Rs. 3,500 crores and we are confident that this will go to near zero by end of this quarter in line with what we had guided. And JLR is now just GBP 1.6 billion, that is at Rs. 16,000 crores there, that should also get cleaned out in the coming financial year. So we are well on track to deliver the reduction there. Just as a memo point, the last 12 months, we have reduced our net debt by almost Rs. 28,000 crores, so we are confident that the next 12 months, this Rs. 29,000 crores should get cleaned out. Next slide.

Let me hand it over to Richard and Adrian. Over to you, Richard.

Richard Molyneux:

Okay, thank you. Yes, I will take you through the JLR results. So next chart, please. And it's not often you get to present a chart like this, every metric up versus every comparator. And it goes to show that we are now consistently delivering in line with our commitments. So I will talk very quickly through the columns, left to right. So revenue, GBP 7.4 billion in the quarter, GBP 21.1 billion year to date. Those are both records for JLR. On a quarterly basis, we are up 22%, and on a year-to-date basis, we are up 35% versus prior year. EBIT margin has now doubled year-over-year. We are at 8.8% EBIT and 16% EBITDA and pretty much at 16% EBITDA on a three quarter cumulative basis as well. PBT at GBP 627 million is the best Q3 we have had since 2016, and we are at GBP 1.5 billion just over for the first three quarters. Cash flow as well, GBP 626 million in the quarter is the best Q3 cash flow we have ever had. And we're at GBP 1.4 billion cumulative cash flow in nine months. So as I say, it's not often you get to present charts like that. Next chart.

So this chart has some verbatims. I won't go through it in detail because all the points on it I will cover in the following charts. So next chart, please.

So this one shows our wholesales. Wholesales in the quarter at 101,000 units. That's 27% up year-on-year. And this is the first quarter for some time where we have had wholesales, retails and production all over 100,000 units. In terms of the graphs, Range Rover continues to succeed and our production capacity for producing these vehicles also increases. So we were running at 2,900 cars per week this quarter versus 2,800 the previous week. Defender is down, but this is not any demand issue. We have had some supply constraints on engines which are common between Range Rover and Defender, so we biased the production towards Range Rover. So those are supply issues that will come back. There's no demand issue whatsoever in terms of Defender. Discovery and Jaguar, you can see there. I think interestingly the year-to-date numbers, if you look at percent, Range Rover is up 29% year-over-year, Defender is up 46% year-over-year. And even those vehicles which are slightly more mature in terms of their life cycle, the Jaguars and the Discoveries, are up 9% year-on-year. So even the really mature ones are up year-over-year. Next chart.

I won't spend considerable detail on this either, as each region has its own slightly different seasonality. I think when you look at the bottom part of this chart, it suffices to say that all regions year to date are up at least 17%. So what we have is a very consistent, broad-based growth across our client base. Next chart.

So this starts to look at the financial walk, it takes PBT from a year ago to the GBP 627 million this quarter. Obviously, volume and the recovery of our ability to produce is the most significant part of the variance. However, I think there is a little bit of a story to tell in relation to net pricing and contribution costs because those columns look quite different to the ones that we presented in prior quarters. So it is getting a little bit more costly to acquire customers, particularly as we try to smooth our order bank in the future. So net pricing is still positive, but not as positive as it has been in previous quarters. However, contribution costs are not as bad as they were 12 months ago. This is largely a result of the fact that as the semiconductor sector has come back a bit more towards normality, we are not having to spend anywhere near the amount of money that we were spending this time last year on broker buys of chips. We've moved much more into long-term, stable, mutually beneficial relationships with chip manufacturers. So that transition of having slightly less positive net pricing but more positive material cost is definitely reflective of a change in the industry dynamic.

Structural costs are going up. I mentioned beforehand that FME which is our marketing expense and selling, that's essentially the same as VME. Those two parts together are us investing more in terms of demand acquisition than we needed to do in the past. Admin is also up. Over half of that is our digital transformation. FX largely, as would expect it to be, sterling strengthened considerably in the quarter and most of our operational FX was offset by our derivative cover. So that is largely the message here, we are delivering in terms of volume, we're still net price positive and the serious inflation pain that we had this time last year is starting to ameliorate. Next chart.

This takes our PBT to cash, actually GBP 627 million to GBP 626 million, so it is not a great deal of net difference. What is important here, I think though, is the cash profit after tax column in the middle there, GBP 1.24 billion. That is also a record for JLR. Delivering that level of cash profits does allow us to fund investment spending that is increasing as we move towards the delivery of our new BEV and electrical architectures. So delivery of that is important. Working capital was favorable in the quarter as we had higher volume. But if you note the row below, cumulatively our GBP 1.4 billion year-to-date cash flow, only GBP 0.2 billion of that is due to working capital. Most of it is due to cash profit after tax. Next chart.

Investment. So investment GBP 862 million for the quarter. Our capitalization rate remains flat at the same rate that it has been for the past two quarters at 63%. I think interesting in here is our engineering spend is up 3% quarter-on-quarter, but our capital investment is up 34% quarter-on-quarter. And that reflects the fact that we are now moving into the industrialization phase of all of our new vehicles. That is a later phase to engineering, obviously engineering first, industrialized second. But it gives the indication that these vehicles are now well down the chute in terms of being delivered. Next chart.

I will take you into a quick business update. So let's move ahead. So what's important here, I think, is this word “consistently”. If you look at our EBIT over the last four quarters was 6.5%, then 8.6%, then 7.3%, then 8.8%. We are consistently delivering strong and improving EBIT. And that's really important for our operating model because we are inevitably going to face challenges, some we know about and I am sure there's some we don't yet know about. We will have to keep focusing on the order book to make sure that we build demand as the supply constraints ease. There will be supply constraints, be it natural disasters, accidents, constraints, as some of our suppliers find it more difficult to keep pace with our volumes rising. So we will see these things and we will see continued inflation, even if not in commodity prices and energy prices, there will be inflation, and there remains inflation in terms of labor costs, which we will have to manage and offset. Red Sea is obviously an issue for us. It so far has not caused us serious concern. We have some suppliers that have also transporting parts the other way that we're also keeping a very close eye on. At the moment, it is not having a material impact on our business. Next chart.

So I did want to give an update on our electrification journey as this is also something that we did at the same meeting last year. Bottom line is there is very little change. Range Rover is coming soon, followed by Jaguar and our EMA architecture, such that by the end of 2026, Jaguar and four landmark BEVs will be available. Two others will follow a little bit later. Partly is we do continue to see very strong demand, particularly for PHEVs. As a transition technology, PHEVs do seem to be taking an increasing share of consumer demand. So we are focusing on that a little bit more as a transition technology. But fundamentally no real change. And if you look at the right-hand side of that chart, BEV available on all models by 2030, a 100% sales, zero tailpipe emissions in 2036 and net carbon zero in 2039 remain exactly as they were beforehand. Next chart.

This is the exciting one. The Range Rover Electric, our order bank and our waiting list is open and we have 16,000 people that have already signed up to that waiting list. This car, it is a Range Rover first, but it is electric. We are driving prototypes and what we're finding is that very, very powerful, but also quiet and serene BEV system. It is actually perfect for what the brand of Range Rover stands for. In many ways, it is going to be the ultimate Range Rover. It will be technically peerless. If you see on the chart, we have filed more patents with Range Rover Electric than any other Range Rover before. It is got an 800-volt architecture. But it is not just technically peerless. It does what all Range Rovers can that others can't, such as wade through 850 mils of water. So we're really looking forward to this car. We are investing GBP 70 million now in an underbody facility in order to produce the slightly specific underbody that vehicle requires. We are preparing. It is coming. It is going to be amazing. Next chart.

So just looking ahead in terms of guidance. We expect our EBIT margin to be over the 8% number that we targeted beforehand. We expect investments to be around GBP 3.2 billion this year. And we continue to expect operating cash flow to support under GBP 1 billion of net debt by the end of this financial year and positive net cash in FY 2025.

As it says, our priorities are to focus on brand activation, to continue to monitor and improve supply, and respond where the challenges emerge, and to continue to execute our plans flawlessly.

That's all I think I had to say at this point. I will hand back to Balaji.

PB Balaji

Thanks, Richard. Moving on to commercial vehicles and the next slide, please.

The market shares, particularly in the heavy and medium sections, are consistently gaining. On the heavies, fundamentally, products are performing much better than competition and very much meeting the needs of the customers. And hence you can see a consistent increase in market share despite discounts being wheeled back. And we are also seeing in the intermediates is what you see as MGV here, with the product availability starting to increase, we are seeing step up in market shares here as well. Light commercial vehicles, we do have a challenge. We are addressing it. It'll take a few quarters for us to get our act right, but we are committed to ensure this shape of this graph is turned as well. And passenger, as the orders start coming in, we do not expect any challenge on this front. Once school season opens up you should see this coming back again. Next slide please.

On the financial performance, 19% revenue growth, with an EBITDA now touching 11.1%. On a full-year basis, this EBITDA is now 10.4%, so very much well and truly double-digit EBITDA margin, a milestone that we set for ourselves has been secured and we intend to build on this. EBIT of 8.6% which is a 270 bps improvement and almost Rs. 1,700 crores of profit in this quarter and Rs. 4,100 crores on a full-year basis so far. So CV clearly coming back from a financial perspective in a very healthy space. Next slide.

Source of where the money has come from, as on strategy, volume, mix and realizations. That's where it is. Investments in products and investments as the activity levels pick up on employee costs is the ones that you see there.

Let me now hand this over to Girish to talk about the business.

Girish Wagh:

Thank you Balaji. So initially, let's look at the segment wise growth. We have seen a year-over-year growth in the truck, that is heavy commercial vehicles, intermediate light and medium commercial vehicles as well as the buses, in the last line. I think it is just the small commercial vehicle line which has declined year-on-year. I think quarter-on-quarter we saw a marginal decline in trucks as well as in SCV pickup. But as far as revenue is concerned, I think we had our highest ever revenue for third quarter at Rs. 18,538 crores, surpassed our earlier highest in Q3 FY 2019. As Balaji mentioned, the market shares continue to move up in the heavy commercial vehicles and also in the intermediate and light-medium commercial vehicles as we continue on our realization improvement journey. I think on SCV pickup, yes, the market shares have disappointed us but I think we are on a longer-term journey here. I think we have improved the unit economics very aggressively and we are happy with the scale that we are in - in terms of the breakeven for this business and we are making a lot of structural transformation on the front end in this business to then gradually improve the volumes through a pull basis. Non-vehicle business, which has been our focus consistently over last eight quarters, continued to grow and grew by around 12% yoy. Some of the bright spots, I think in Q3 when we measured the customer sentiment index, a very good improvement in the tippers. Rest of the segments have kind of remained flat which in a manner augers well for the business. On digital, I think we are continuously ramping up our activity, and in Q3, we had

20% of our sales leads coming from digital sources, from digital channels. And in small commercial vehicle, which is one of the important transformation we're doing, 23% leads came from digital and in vans and buses it was almost 28%. We introduced more than 150 variants in Q3, and with that, I think we are now positioned very well in all the product lines, in all the segments. As far as the commodity scenario is concerned, I think we saw some softening across the non-ferrous metals which was offset by hardening in the ferrous metal prices. But I think we had a significant push in cost reduction, and therefore, very healthy outcomes which in fact helped us to negate most of the cost increases that had happened when we migrated to BS6 Phase 2. Going ahead, we will continue to improve our realizations. So this is a track that we have taken, a transformative track and we'll continue to look at this. We will drive innovations to address some of the specific micro-segments. So while we launched 150 variants in Q3, we will continue to come up with newer products. We will continue to create demand by judicious mix of ATL, BTL and digital will keep on increasing quarter-over-quarter. I will speak about the electric vehicles on the next slide, but I think we continue to ramp up our efforts in terms of generating demand and fulfilling the same. We will continue to increase our penetration in service and spares. In International markets, I think while the total industry volumes in most of the markets remain subdued, we are maintaining our market shares, and in fact, grown our margins significantly YoY and we are also ensuring channel profitability till the industry volumes come back in these markets. Next slide.

On electric mobility, we now have, as of yesterday, more than 2,700 vehicles (ACE EV's) now plying on the roads and we continue to gain traction in Tier 2 and Tier 3 cities. We are working on demand creation initiatives here so more than 500 fast chargers have been installed pan India. We are working with the financiers on very innovative financing solutions backed up by increased battery warranty, which is actually giving a favorable total cost of ownership comparison with respect to internalized engine combustion variants (ICE variants). We have been able to crack first few deals in the municipal garbage collection application. So till now, we were focusing on last-mile distribution e-commerce. I think we are now getting into municipal applications also. The vehicles have been demonstrating significantly better performance and reliability in the market compared with some of the other vehicles which otherwise are serving this need. We've also put up more than 150 EV dedicated support centers across the country, which are helping manage the health of all these vehicles proactively. Coming to our Smart City Mobility Solutions business, continues to grow strength from strength and now we have more than 1,200 buses deployed till December and total now more than 2,000 buses are operating, out of which 1,000 are as a part of the CESL tender 1 that we had won and we have delivered buses to DTC, that is Delhi Transport Corporation, Bangalore, as well as Jammu and Kashmir. Now our e-bus fleet cumulatively has covered more than 110 million kilometers, delivering consistently more than 95% uptime. We have been consistently meeting the outstanding requirements across all the depots and we are working on improving energy efficiency with all these kilometers that we have under the belt now, which is therefore improving our operating economics in this business. We are also working with government and made a good progress on the payment security mechanism. There are few last issues, which are being solved with respect to the balance sheet with which I think we will get back into the new tenders aggressively. On digital businesses, pleased to inform that the fleet edge continues to build momentum. Now more than

530,000 vehicles are on fleet edge. We started the subscription modules which are very well received and we have more than 50% penetration in the trucks and buses in the subscription model. We've also seen the engagement times increasing month over month. The fleet edge continues to give enhanced insights on operations, vehicle health, etc. to the fleet owners. We have also completed integration of FASTag into the fleet edge, with which a truck owner can seamlessly move from one FASTag to another. As far as further value-added products, we have launched now fuel efficiency consultancy in fleet edge, which is branded as Mileage Saarthi, and there are two, three versions in this. The first one being part of subscription itself and kind of do it yourself and rest are paid basis. On Freight Tiger, we are on our track to do the integration with Fleet Edge. The first integration which is happening is the carrier matching of platform of Freight Tiger with that of Fleet Edge who have a native journey. On E-Dukaan, our online marketplace for spare parts growing leaps and bounds. I think it grew 4.5 times YoY. I spoke about the digitally sourced leads. We also have our online sales platform, very happy to tell you that we had more than 6,000 leads originated from this online sales platform. And we now have five financiers which are integrated on this platform. So that's the progress on the digital businesses.

Back to you Balaji.

PB Balaji

Thank you, Girish. Moving on to PV, next slide please.

The market shares, Vahan is now, the focus is squarely to drive that and that is yielding very good results for us. And we have this quarter delivered 14.6% share and now consistently for a few months have been number two in the country and we intend to sustain that. The other on the EVs as well as CNG, the penetrations of CNG, I draw your attention to now at 14%, EV at 12% and therefore, this is really delivering the CAFE compliance for us, against our calculated target of 118.9 g/km, we are trending at 93.8 g/km, and therefore, there's a significant headroom that we have on the CAFE compliance piece. Next slide please.

On EVs, of course the overall volumes continue to be strong, delivering almost 21% growth. This is not enough for us and we will be stepping this up further, as the new cars come in, the networks increase, charging networks go up. So the task on hand as far as EV is concerned, is squarely to develop the markets. And you would see us intervening in this in a complete 360-degree manner, which we'll be more than happy to talk about subsequently. Shailesh will be more than happy to elaborate on that. Next slide.

On the numbers per se. The full year YTD so far delivering a 6% growth, delivered EBITDA margin flat at about 6.1%. And I will tell you why it is happening that way. And as far as EBIT margins are concerned, operating leverage kicking in to deliver a 70 bps improvement. And even on the current quarter, we're now sitting at an EBIT margin of 2.1%. And the business is now almost Rs. 900 crores of profits has been made this year. Next slide.

This is a very important slide in terms of how the PV mix is starting to play around. Obviously, as guided last time also, we do see significant savings coming through in the variable cost line and hence you see that stepping up and therefore this is then translating into the PV EBITDA now nearing almost double-digits. And on the EV EBITDA before product development expenses, we are now break even. And once we include the step up in product development expenses as new cars are getting created and will get launched in due course, you see the EBITDA sitting at minus 8.2%. But on an overall basis, we are still comfortable in terms of overall EBIT being 2.1% or Rs. 400 crores of profit in the quarter. So that's how this is coming through. And as battery prices come off, you would expect to see the EBITDA excluding PV expenses to continue to keep inching up. And overall EBITDA destination is to take it to break even sooner rather than later. Next slide. Shailesh?

Shailesh Chandra:

Yeah, thank you Balaji. Let me start with the key highlights of the industry. Rather I will start with the calendar year 2023. This was the calendar year where we saw that every quarter the industry posted 1 million unit or more. And therefore for the entire calendar year 2023, the industry sold 4.1 million units, which was roughly 8% growth. Specifically in Q3, the wholesale volume grew by 9% year-on-year, again hitting a 1 million mark. There was a high level of discounting also that we saw in Q3 right from the festive season and peaking in the month of December. And I would say, this was mostly because the festive period was slightly below expectation, and therefore, there was a pressure of clearing the inventory in the industry. Vahan actually grew at 7%, which was 2% lesser than the wholesale growth of 9%. And that pretty much indicates the situation of why the stock was slightly higher, and therefore, the channel stock while it ended in December end to lower levels than what we had been seeing for last two quarters, but still it was higher than, say if you compare with the 1st Jan 2023 inventory. As far as PV-EV is concerned, Tata Motors performance, the calendar year 2023 was the third successive year of our highest ever sales and we touched 553,000 units. Unlike the industry, our Vahan actually grew by 15% as compared to just a 5% wholesale increase. And this, we did it deliberately because we wanted to go for a steeper reduction in channel stock to create a very healthy situation for us in Q4 of this financial year. The focus on Vahan really helped us in ensuring that in Q3 we were ranked number two with a 14.6% Vahan market share which was nearly a 190 bps growth over quarter two. And this has happened because we also had a very strong performance during the festive period, unlike the industry where it was slightly moderate, I would say. Coming to bright spots in the industry, if you really see the growth rates in CY 2023 to understand the trend of different powertrains, while the overall growth I said for calendar year 2023 for the industry was 8%, CNG grew by 25% and EVs nearly doubled at growth rate of about 95% to 100%. And I think this trend is likely to continue. So companies with stronger portfolio in CNG and EVs will grow. Market is responding well to new launches. So we have seen that all the players who actually went for new nameplate launch have driven the growth better than the industry growth. Coming to Tata Motors. The bright spot for us is a very healthy channel stock, as I mentioned earlier, because we have taken a steeper correction of stock in quarter three and therefore, we have seen that in Jan 2024, which was last month, we did the highest ever off take at 53,600 in domestic market. There's a strong traction of the facelifted products and the iCNG range. As you know that in Q3 and Q2, we launched Nexon, Harrier, Safari and also the Punch CNG. All these four products have sold the highest in Jan 2024. So there's continued traction for all these three products which is helping us go to a higher level of volumes. Launch of Punch EV has been taken well in the market and I think this is going to help us drive EV sales going forward. In Jan, we posted 69% growth as far as EV sales are concerned. We also launched the first two TATA.ev exclusive channels in Gurugram. Very good footfalls we are seeing and these, we have a plan to expand this in the coming months. In the next 18 months, we believe that in most of the high- selling cities, we would have these exclusive channels and we plan to only sell EVs through these channels in the cities where we open this. Coming to challenges as far as industry is concerned, we had seen a very strong growth in FY 2023 of 25% which is likely to moderate in FY 2024 to about 8%, and therefore, we are seeing with this high base effect, the FY 2025 will be slightly challenging with less than 5% growth rate is what we anticipate. As far as EVs are concerned, I think biggest challenge here is the pace at which the charging infra is growing. It is lagging behind the pace at which the EV adoption is happening. We have seen that the commodity prices have been stable in the past one quarter or so, but there is a risk going forward of this going up for certain commodities. So we are keeping very close track of that. For PV and EV going forward, our focus will be to maintain ICE market share with continued focus on the new models. We will be working on driving the penetration and expansion of electric vehicle market and there are specific initiatives that we have taken to fundamentally expand this industry through micro market focus. So we are focusing on about 15 to 20 cities and also leveraging the expanded range of products. With Punch launch, we have now four promising products in the personal segment so we'll be utilizing that. And given that the charging infra is crucial to the growth and expansion of EV market, we have gone for an open collaboration approach with all charge point operators as well as the oil marketing companies who are focusing on expansion of charging infra. So I think with these initiatives, we should continue to do well in future.

Back to you Balaji.

PB Balaji:

Yeah, thanks, Shailesh. So at an overall level, let me step up the pace here. Go to the next slide please.

The Capex spends, we are trending towards the Rs. 8,000 crores that we identified as a spend for the year. So we therefore expect that Capex to be funded completely out of cash profit. So don't see a stress there. Next slide.

This is what I guided, saying that Rs. 6,000 crores is spent so far, so we should be in the Rs. 8,000 crore zone for the year. Next slide.

On Tata Motors Finance, the call out is the continued reduction in GNPA. The collection efficiencies have been trending well. Even January has been a good month for us. GNPA has now reduced to 6.5% and both the early delinquency as well as the roll forward rates are now performing well. And disbursals, of course, have declined 11% as the focus has been completely on building the quality. This will now start changing from now onwards. As the portfolio quality is fine through prudent sourcing, we will now step up the ROA by focusing on growth. But we want to do it in a prudent manner. At the same time, we will want to diversify the book further to reduce portfolio risks and digitalize the business for lower TAT. So the fundamentals of the business are strengthening, and therefore, we are now gradually stepped back on to the growth story. Next slide, please.

So looking ahead, I think all three businesses are performing well and we continue to remain positive on that, and therefore, our Q4 should see an improvement because of the traditional seasonality. Q4 is normally the strongest quarters for us, new launches that are there in Shailesh's area and Girish's area, and of course, improving supplies at JLR, which Richard talked about. And therefore, we are quite confident of delivering on the deleveraging plans that we have laid out. And the priorities is there for all of you to see. The only delta which is compared to earlier, that is there is the whole focus on EVs to step up the market, develop the market and drive portfolio penetration to 15% plus from the current 12%. So products, charging infra, ecosystem and everything that Shailesh just talked about. So that's what we had to say.

And we'll probably go into questions and the queue has already formed. So let me take the first set of question, Just give me a minute, please.

Questions and Answers session:

Okay. Maybe the first question. JLR, Richard, coming your way in terms of outlook. This is from Mumuksh from Anand Rathi. Can you share the outlook for the demand in the US and Europe? And how do you see this industry, the fact that the volumes are still below 2019, how do you see that performance around? And also a lot of noise around EV penetration slowing down in developed markets? How are you going to respond to that in your plans?

Richard Molyneux

Yeah, let me take that. So, at the moment, certainly, we are not seeing any demand issues in the US. It remains extremely strong, Defender and Range Rover in particular are very strong brands over there and doing really well. Europe, I think, a little bit more stable, and we're probably keeping more of an eye on. EV penetration over the medium term, I don't think there's any change in the end game here. The speed as to exactly how and what the curve looks like to get there, I think there have been many predictions in the past that it would be a very S-curve focused transition, and now some of those are being tailored back a bit. Certainly most of the recent forecasts have come back. But it doesn't change our plans at all. We have targets for our sustainability, our CO_2 emissions in 2030, 2036 and 2039. So we are not going to change our plans. I am sure in a year or so's time those forecasts around EV penetration will change again. But as I say, for us, we have our plans. We know our plans. We're executing our plan.

PB Balaji:

Thank you, Richard. Next one, Girish, coming your way. Again, a question has been asked in different forms. Demand in commercial vehicles, particularly for medium and heavies, as well as the small commercial vehicles. How do you see it?

Girish Wagh:

Let me talk about a few macro factors first. So I think if we trend the history for last five years, we see that the demand in billion ton kilometers has been growing every year and actually the fleet utilizations continue to be at good levels and there is a steady balance between demand and supply. The transporter profitability actually remains stable. As I spoke in my presentation, the customer sentiment index is also quite stable, the freight rates are steady, but we have seen a YoY decline in volumes in Q3 to some extent and mostly in January. In the third quarter we have seen some drop in the government expenditure and also due to the elections in the five states, there was some impact and therefore, we do expect a pause in growth in Q4. And also, as you know, last Q4 was a very robust Q4 for us because of the transition from BS6 Phase 1 to Phase 2. So we do expect a single-digit kind of decline over Q4 of last year. Due to the general elections, we do see that the Q1 at least of next year should be a bit soft and when we meet next I think we will have visibility post that also. But this is a common phenomenon. Whenever there is general election we see an impact for around three to six months. But at a larger level, if you see, I think at an overall level, GDP growth continues to be strong, the capital expenditure by government continues to be strong, the infra push is there and this will therefore ensure that the CV demand will be there. Because whether it is fleet utilization, freight rates, demand/supply balance, I think all these factors remain pretty steady. Now, within that, we have always seen that generally the medium and heavies have higher amplitudes, but this time we see that most of the segments seem to be moving together. So that's the outlook that we have for the demand. Balaji?

PB Balaji

Thanks, Girish. Richard, this coming your way. I think two types of questions on the margins. One is gross margins have seen an improvement. Are these sustainable? Any one-offs there? And what were the realized revenue hedges that you have? So one around gross margin. The other is around the employee cost at your end? The numbers have trended up a bit. Is there any one-offs there, anything that you'd like to call out?

Richard Molyneux

Yes, sure. So let me deal with that. So, look, our gross margin, there is a little bit of seasonality in there, dependent on where we sell vehicles and what we sell. So in Q3, we had slightly higher mix in China and also slightly higher mix in terms of pure Range Rover i.e. big Range Rover. So I don't expect massive changes. But Q3 mix was more favorable for us than you would expect in an average year. The next question was about Employee cost. Employee costs. So, yes, there are some one-offs in there. We have just concluded a deal with the UK unions, this is a two-year deal. The first year is 3% base pay increase plus a fixed bonus for the employees. The second year is 3.5% plus also a bonus, but this time more variable to company performance. So some of the accounting for that deal has led to a bit of a one-off that we've taken in Q3. So that is one effect that will reverse back out as we go through into the future quarters.

PB Balaji

Thank you. Again, staying with you, Richard, the UK government's electrification policy change, does that change anything on your plans, given their decision to delay ICE sales ban to 2035?

Richard Molyneux

As I mentioned before, no, it doesn't. We have our own targets. We will be net carbon zero 2039 and we will have all vehicles on BEV on 2030. So no UK government policy will change our plans. We're also obviously, for notes, a global manufacturer. And so UK is 20% or so of our business.

PB Balaji

Sure. Second one, just staying on the Red Sea shipping issues for a while, is there a challenge? What percentage of your shipments do you think will face this impact, both on the inbound as well as the outbound?

Richard Molyneux

So for us, in terms of outbound, we have 15% of our sales in China. Obviously, that goes through that route and a proportion of our sales in overseas. So overseas in the quarter was about 18% of our sales. Not all of those will now be forced to go around the Cape, but a proportion of them will. So we're keeping an eye on it. Look, at the moment, it is having a little bit of an effect on us in terms of Q4. We obviously have more vehicles on the water than we would normally expect to have. I think the one that we're keeping an eye out is the sort of derivative effect of that in terms of container capacity and shipping capacity and timing coming back from the Far East, where we have several suppliers. So no actual issues yet, but something we're keeping an eye on. At the moment, I'd say the impact of the red sea issues on our business up till this point are manageable.

PB Balaji

Thanks. Girish, slightly a different kind of a question. Can you go back to the Freight Tiger acquisition and just talk about what benefits you expect out of that?

Girish Wagh

Right. So I think, as we said in the last call, also, I think we are focusing on building digital platforms at scale with the purpose of reducing or eliminating the friction points and actually bringing efficiencies in the logistics ecosystem. Now, we already have a very powerful platform which is Fleet Edge. As I said, we have more than 0.5 million vehicles on this platform, and this platform plays in the trucking ecosystem and is contributing significantly in terms of TCO, that is total cost of ownership, and therefore, business profitability improvement for our customers. The Freight Tiger, as we explained, is a platform which will scale up and operates in the logistics ecosystem and has a carrier matching as well as a trucker's management system, transport management system as two platforms within. We are now focusing on integrating the Freight Tiger and Fleet Edge - 2 platforms which will connect the trucking ecosystem with the logistics ecosystem. Therefore, the customers of Fleet Edge will now have a native access to the logistics, and therefore, freight in the market. And the shippers on the Freight Tiger platform will have seamless access to the truckers. So this will ensure that both the sides of the continuum will actually have access to each other, and therefore, improve efficiencies. So with this, we believe that we can create a significant value for the shippers as well as the fleet owners as we integrate these two platforms going ahead. Balaji?

PB Balaji

Yeah, thanks, Girish. Shailesh, Sanand 2 with the capacity now starting to fire, what is your magnitude and timeline for phase-wise addition of capacity there?

Shailesh Chandra

See, we have installed capacity of 300,000 in Sanand 2 and we can potentially add further 120,000 to take it up to 4,20,000. But as of now, I think 300,000 is what we are first thinking of utilizing. We have started the production from 10th Jan onwards, and the target is that in the first phase, which is this quarter, we would target about 20% to 25% production of Nexon from Sanand 2, and progressively, in the next six, seven months, we would completely shift the production of Nexon, both ICE as well as EVs, to Sanand 2. That's broadly the plan. We have already identified the products which we have to make in Sanand 2, and I think that is something which I would not like to disclose today. But that plan means that in the next two to three years, this will be completely utilized.

PB Balaji

Thanks, Shailesh. Again, I will take that question – thought process on any other monetization opportunities there. Currently, there is nothing that we are actively working on. If and when something comes up, we will let you know. So that's the set of questions. Let me move to the next one.

I think Ben or Richard, this is coming your way. Post reporting, there were GBP 650 million due on 15 Jan, which I presume you repaid with cash. You have another GBP 500 million in the next 12 months. Any plans for debt once you achieve your GBP 1 billion target?

Bennet Birgbauer

Do you want me to pick that up, Richard?

Richard Molyneux

Yup, go for it.

Bennet Birgbauer

Yeah. Okay. So we did pay the EUR 650 million bond that matured in January out of cash. It is probably worth pointing out that we target obviously getting to net debt of GBP 1 billion or better by the end of March. Moving from GBP 1.6 billion at the end of December to that would mean that we'd be generating cash flow sufficient to cover that. As far as next year, the next maturity that we have is a bond maturity of EUR 500 million in November. Again, we have said that we expect to get to net debt zero in FY 2025. So that would imply that we are generating sufficient cash flow to also cover that. I think we continue to evaluate our funding plans when we might next come to market, but I don't really have any comments on that right now.

PB Balaji

Thank you, Ben. Moving again, staying with JLR for a while. On demand, order book, VME, basically saying, considering expectations of mild recession, would you expect the order book rundown pace at 10K per month or higher? VME, how much do you expect it to increase from the current 2.5%? And is there any cap that you are working with? And of course, when would supplies commence for Range Rover BEV?

Richard Molyneux

Okay. So let me try and take those. We started the quarter with an order bank of 168,000. We ended just under 150,000, so 19,000 off in the three months period. We have said before that our sort of pre-COVID natural level of order bank is about 110,000 and we would expect to sort of glide down towards that level over coming months. So I don't think there is any change in our plans as to how we manage that. We will start to focus, as I mentioned before, more on demand generation to make that transition smooth. In terms of VME, we are at 2.5%. I do expect that to increase over coming quarters but nowhere near the levels that we've seen from JLR in the past. Range Rover and Defender, in particular, continue to have really strong demand at extremely low, if not zero levels of VME. So, yes, I do expect it to increase from 2.5% but not in leaps and bounds.

PB Balaji

Yeah. And Range Rover BEV?

Richard Molyneux

Sorry, Range Rover BEV, yes, with sort of c. 12 months from now they will be around. We are driving prototypes now and they are amazing.

PB Balaji

Thanks, Richard. Shailesh, this coming your way. Tata Motors acquired this Sanand plant from Ford. The number stands corrected. There's also stamp duty to be added to this, roughly about Rs. 1,100 crores outflow. What are the additional Capex incurred to make this operational and how will the productivity be of this plant?

Shailesh Chandra

Yeah, I would not like to share the exact Capex number because it is, I would say, still work in progress given that we have first only started with one nameplate. There are more nameplates to come. But broadly, if I have to give a ballpark understanding of what it means, the benefit that we would have, if I compare it with a greenfield of similar capacity and the nameplates that we have in mind, this investment would come down to about 40% to 45% of what we would have otherwise incurred for a greenfield project. From a productivity perspective, this plant is highly automated, especially when I talk about weld shop, paint shop, specifically in these shops, I believe that the productivity would be better by 10% to 15% as a ballpark.

PB Balaji

Thank you. Again, Richard, this is coming your way on JLR. Do you expect any release from working capital in Q4? And how do you see the marketing expenses developing for coming year? You've answered VME. Can you also talk about FME?

Richard Molyneux

Yes, of course. So I would expect a little bit of working capital in Q4. FY 2025, if you look at the cumulative four quarters of that year, I would not necessarily expect any cash flow impact on working capital, certainly not a material one. Marketing expense is pretty much the same answer as I gave in terms of VME, VME and fixed marketing expense combined is essentially the cost of acquiring new customers. And we do expect that together, VME and FME to increase marginally as we go start of next year, but as I've said, not in massive amounts.

PB Balaji

Yeah. So, two additional questions, again, BEV versus ICE margin, since BEV tends to be lower margin, how do you see this mix playing out in your overall portfolio? And second is, break evens, can you just comment on that?

Richard Molyneux

Yeah, sure. So we've spoken about the Range Rover Electric, and we should note we have a different strategy to many in the industry. This is a Range Rover that is electric. An electric powertrain in a Range Rover is more powerful, more serene, more quiet than the ICE ones. Actually, to many respects, this car is going to be the ultimate expression of what a Range Rover is. So if you look at it from that perspective, I don't think there is a reason to necessarily assume that the margins are going to be lower. So we have a different way of approaching BEVs on our products and the interaction of what a BEV is with our brand, that probably puts us in a slightly better place than others. In terms of breakeven, I think we do expect that to increase a little bit over the next 18 months or so as our mix moves probably a little bit away from Range Rover and Defender towards some of our other nameplates. But I would not again say that it would materially shift.

PB Balaji

Okay. Staying with you, Richard, for a minute, two additional questions. 10% EBIT margin by 2026. Still comfortable with that? Is there any risks that you see to this target?

Richard Molyneux

Yes, we're not going to change our guidance in that. That's definitely what we are aiming for. There are always risks, particularly when you're talking about FY 2026, it is a way away. We don't know what is going to happen to geopolitics and to global demand, but it is still our target and nothing particular I want to note in terms of risks.

PB Balaji

Yeah, and the other one is effective tax rate for JLR. Let me take that. Effective tax rate in a quarter is normally volatile. Full year basis on a consol, we are still trending at about 22%. So that number seems realistic in terms of how you should plan your effective tax rate for the company. 25% is a sensible number to go with.

Question Girish, coming your way. How's the pricing environment for M&HCV? I think the demand environment you talked about pricing, can you talk about?

Girish Wagh

I think, as we have been indicating for past four quarters now, we continue to improve the value of our products, we continue to deliver more and more services using Fleet Edge and beyond. And therefore, I think we are in a very good position delivering higher value to the customer. And we remain focused on that. And with this, I think we are happy to keep on improving realization quarter-over-quarter. So I think that's the journey that we have taken and we will stay on that journey.

PB Balaji

Thank you. The other one on Tata Motors Finance. Can you also talk about the reduction in CV market share in Tata Motors Finance and the overall AUM of TMFL? I think the focus has been squarely on quality and ensuring that we get our act right on sourcing. So we have consciously not targeted the business on CV market share. And Girish and team have been very supportive to ensure that we have other financiers coming up and picking up the slack. This, of course, going forward, now that we've got our business model right, sourcing strategies right, we will start building back our share as far as CV is concerned, but done in a prudent manner. And AUM for TMFL is fundamentally a mirror image of the view that we take on disbursements. So we should expect to see AUM also to pick up going forward.

Then again on demand. I think we have already covered this point, so let me probably skip that. PV, Shailesh coming your way. In the recent budget, the PLI incentive allocation was only Rs. 35 billion. This is extremely small considering the entire auto industry will claim it. How do you see it?

Shailesh Chandra

I believe that Rs. 3,500 crore is sufficient, given that there are not many players who have been able to get the PLI certificate. And therefore, I believe, for us, we already have one product which has got the certificate and rest of the products, the work is underway to get the certificate. I believe that this should be okay as far as we are concerned.

PB Balaji

Okay. Again, Richard, this coming your way, a little bit more on Range Rover BEV, who's the target customer? And for this, what we are showing as people who are registering interest, can you say, are you taking any deposits from them? Is it to be treated as orders? How should one treat it?

Richard Molyneux

Okay. So on the later part of that, no, we are not taking deposits and we are asking them to sign up to a waiting list. We do collect information in relation to that waiting list as to who those customers are and how they break down. I don't have the details to hand. But it is a mix, including a large number of people who drive electric variants of other OEMs. So we are anticipating quite some incrementality as a result of this and looking forward to delivering cars to those customers, as I say, c.12 months from now.

PB Balaji

Thanks, Richard. Coming from Chirag, I think the one on VME you already answered so I will skip that. Order book we have covered. So Girish, this is yours. How do you look at the tonnage growth versus volume growth in M&HCV in FY 2025 as compared to FY 2024?

Girish Wagh

Okay, let me take HCVs and MCVs separately. As far as heavy commercial vehicles are concerned, I think the transition to higher tonnage multi-axle vehicles which is the 48-ton and then beyond that to the 55-ton tractor to a large extent has happened. And now most of the demand, which is amenable to these kind of vehicles, that is 48-ton and 55-ton has already happened this year, the other tonnage vehicles which are sold currently are meant for specific applications and they need to be in that tonnage node.

Therefore, I think in my view the migration to a higher tonnage node has happened to a large extent. As far as volume projection is concerned for FY 25, as I mentioned, I think we will see some slowdown in Q1 and probably H1, a pause. But after I think the new government comes in place and the investments and infrastructure capex starts again, I think we will see the next year H2 or Q2 onwards we will see a YoY growth again. Balaji?

PB Balaji

Yeah. Girish, the next one again with you. This is on small commercial vehicles from Amyn Pirani. Your India SCV market share has been impacted by weakness in the category of less than 2 tons. However, in the categories which are doing well, your market share remains quite low. Are there any product interventions that we can expect here?

Girish Wagh

Right. So let me answer it on two fronts. First of all, I think your assessment of the situation there is right. See first of all, in SCV pickup, as we have done in other businesses, we are focusing on improving our financials and unit economics very aggressively and I think I am happy that we have actually made a very good progress. It is a transformation that we are on to and we are committed to it.

Now, coming to the volumes. Yes, the small vehicles has two categories, the SCVs and the pickups. And as you rightly put up, I think the SCVs are facing a challenge because the overall segment is declining. The main reason for this is with BS6 Phase 1 and BS6 Phase 2, there has been a significant increase in the prices of the vehicles. And as we have seen globally, in both cars as well as commercial vehicles, I think with such kind of an increase, the smallest segment actually starts facing pressure. I think to address this, what we have done is, we have actually launched the ACE in gasoline variant, which actually comes at BS4 prices and BS4 total cost of ownership. So it is a completely new value proposition and we see a continuously increasing traction for this. So we are trying to build good traction for this product, improving the consideration amongst the customers, because it is gasoline and gasoline is seen as not suitable for commercial application. So this is the first thing. Second thing, we are also facing a lot of financing challenges for the smallest commercial vehicles, post COVID especially. And the first time users are finding it difficult to get higher loan-to-value ratios. Therefore, the down payment requirements are higher. And while we do get very good leads, I think the conversion rates are currently low. So we are working with the financiers to improve the availability of financing here. And third, of course, as Balaji mentioned, I think with Tata Motor Finance coming back on track and being very healthy, I think we are working with them to see how we can start helping the first-time users once again. So these are the things that we are doing in small commercial vehicles to increase its salience once again.

Coming to pickups, I think your question is whether any product intervention is going to happen here. So in pickups, we believe that we actually have a very good product portfolio. In the intra-family, we have a very strong platform which has vehicles with all powertrains, whether it is petrol, diesel, CNG. And I think the focus that we have here is now to improve the awareness and be in the consideration set. See, in the

SCV and pickup category, we've always seen that there is a lot of brand loyalty because when customers buy this vehicle, it is a significant purchase for them and their earning actually depends on this. So generally they tend to depend on a vehicle which has been there in the market for quite some time, and therefore, any new vehicle takes time to get established. So our focus here has been to improve awareness and be in the consideration set and start creating a brand pull. Towards this, we are also working on influencer ecosystem to ensure that they talk positive about these products and also on making network effective and profitable for this particular type of business. So we are also, therefore, creating a separate network from the heavy commercial vehicle business. So I think these are the actions that we are taking on the small commercial vehicle and the pickup business, Balaji.

PB Balaji

So, just to hold it with you for a minute, I think if I look at Gunjan's questions, most of it we have answered. There's one on in small commercial vehicle, is there any impact of electric three-wheelers on your SCV portfolio?

Girish Wagh

So if you look at the electric three-wheelers, bulk of those are actually getting sold in the passenger application. The salience of the goods electric three-vehicles is pretty low. But initially, yes, I think the customers were comparing this with ACE EV. And gradually, what I think there has been a realization that ACE EV is actually far better on performance, far better on reliability, and therefore far better on profitability. And I think, we had an issue about financing, again, in ACE EV and what should be the end-of-life value that should be considered. So I think here we have worked with the financiers, we have come up with the first in the industry, seven-year battery warranty, which has helped to actually give very attractive financing schemes, as a result of which we see very good traction for ACE EV. So in a nutshell, I think electric three-wheelers, for some time, goods carrier did show some impact on this, but not to such an extent. Now, I think the customers are coming back to the ICE portfolio or otherwise the ACE EV. Balaji?

PB Balaji

Yeah. Thanks, Girish. Shailesh, coming your way. When is Curvv commercial launch planned? One. And if you can comment, if possible, on other product launches that you're planning this year? And how's the Punch.ev - How has it picked up and how's the order intake there? I think ACE EV, you already answered.

Shailesh Chandra

So if we talk about the full calendar year 2024, so this calendar year will see three electric vehicle launches, one Punch EV, which happened already in Jan. And I will talk about the order intake of Punch EV at last. The second would be Curvv, which will come in second quarter of the financial year 2025. And the third would be Harrier EV. The ICE Curvv would get launched, say, three to four months after the launch of the EV version. So that's what has been planned for the calendar year 2024. As far as Punch is concerned, you know, this was our first product on the Pure EV architecture, which is “acti.ev”. Solid product, under 15 lakh, giving 400 kilometer range was expected to create lot of demand for us and that is what we are seeing. Very strong demand and bookings that we have received for the product, and we are ramping up our capacity also. Can't share the numbers because we have not been sharing booking numbers for the simple reason that that should not create any kind of concern for the customers in terms of their waiting period and all. So the idea is that we take into account the bookings that have come and ramp up the production as fast as possible.

PB Balaji

Yeah. Thank you. And moving to Richard, this is probably coming your way. Proportion of buyers who bought Jaguar and Land Rover for the first time and how many already own a Jaguar or LR, has there been any changes to these numbers from 2019? Would you track this?

Richard Molyneux

I don't have that information in front of me. I am not aware of any material change in our mix of buyers between loyal and conquest.

PB Balaji

Okay, thank you. The other one coming your way, Girish. I think you touched upon a little bit, maybe worthwhile given a number of questions that have come. With the payment security mechanism now there in place for EV buses, would you be participating more aggressively, are there any discussion with the government, probably buses that are being made locally, those kind of things?

Girish Wagh

Yeah. So I think two things here. First is I think we have been the OEM which started deploying the buses after winning the first tender of CESL, which we had built very aggressively with an objective of making the government's intention successful of electrification. And you know, as I explained, we have actually good amount of experience under our belt now, which gives us very good data to decide what we should be quoting. Now, coming to payment security mechanism, actually, we must appreciate the openness of the government to listen to the industry and accept this requirement. So this payment security mechanism is more or less agreed upon. I think there are a few things that are remaining which need to be sorted out which will ensure that our balance sheet remains lighter and which will help us to get into this business very, very aggressively. So I think good experience under the belt, product range ready. The scheme is becoming what we need. Just a last mile thing that needs to be addressed, and we'll be there.

PB Balaji

So one more coming your way, Shailesh. Punch EV, Nexon EV, do you see an overlap and is there any cannibalization risk that you see?

Shailesh Chandra

You know, there's always some cannibalization risks in adjacent segments and that is okay for us. But these are two very distinct segments at very distinct price points. If you compare a 450-kilometer Nexon that is costing around Rs. 18 lakh to Rs. 19 lakhs as a weighted average price, whereas Punch is with the similar kind of ranges, being priced between Rs. 13 lakh to Rs. 15 lakh, so there's very less chance of cannibalization, a very different customer segment as far as EV is concerned. So I don't see a big risk of cannibalization and that's what we have been observing in January also post the launch.

PB Balaji

Yeah. Thank you. Thanks, Shailesh. I think with this, we have come to the end of the questions. I think we have covered most of the questions that people are very keen to understand. So if there's anything that's still left, feel free to contact our Investor Relations team, we will be more than happy to respond to you.

With this, I would like to draw this results call to a close. Thanks all for your time and patience in going through the results. Look forward to catching up with you. Thank you. Bye-bye and thanks, guys who are on the call. Thanks.