



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 19, 2023
Sc - 17497

Dear Sir/Madam,

Ref: ISIN: INE155A01022 – Ordinary Shares
IN9155A01020 – ‘A’ Ordinary Shares
Debt Securities on NSE & BSE

Sub: Transcript of Q4 FY2023 and FY 2023 Earnings Discussion/Conference call

With further reference to our letter sc no. 17357 dated April 29, 2023, intimating that post announcement of Financial Results for the quarter and financial year ended March 31, 2023, the Company will host an Earnings Discussion on Friday, May 12, 2023.

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
Company Secretary

Encl: a/a

TATA MOTORS LIMITED

Bombay House 24 Homi Mody Street Mumbai 400 001
Tel 91 22 6665 8282
www.tatamotors.com CIN L28920MH1945PLC004520

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

MR. ADRIAN MARDELL – INTERIM CEO, JAGUAR LAND ROVER

MR. GIRISH WAGH – EXECUTIVE DIRECTOR, TATA MOTORS LIMITED

MR. SHAILESH CHANDRA – MD TMPVL AND TPEML

MR. RICHARD MOLYNEUX – ACTING CFO, JAGUAR LAND ROVER

Sneha Gavankar:

Good day and welcome to Tata Motors Q4 and full year FY23 results call. I am joined today by 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. Adrian Mardell, Interim CEO, Jaguar Land Rover; Mr. Richard Molyneux, Acting CFO, Jaguar Land Rover, and my 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. Now I will request Balaji to kindly take us through the presentation.

PB Balaji:

Thank you. Firstly, welcome all of you for the Q4 FY23 analyst call, and our intention is to quickly run you through the numbers and any color that we may want to give, and then spend as much time as possible on the Q&A as normal. A standard Safe harbor statement, nothing delta to report this time. Go to the next slide please.

A pretty action-packed quarter both here as well as in JLR. And we were there at Auto Expo, which we gave a bit of color on last results call. And on top of that we also had the launch of the Tiago EV and Shailesh, I'm sure he is going to talk about that. We finished the first 10,000 sales of Tiago EV already. And we also completed the purchase of Ford Sanand facility, that has been done. And the final tranche of Rs. 3,750 crores has also been received from the TPG Rise. And overall, on the e-mobility space as well as the zero-emission mobility space a lot of work happening, and portfolio continued to increase. Next slide.

That's in India, into JLR, again an equally action packed quarter, where starting point is announcement of the blockbuster, the Range Rover BEV, launching next year for which booking start from October this year. And also we started talking about the Jaguar BEV launches as well, which I am sure Adrian and Richard

will talk about. We also talked about a long-term investment plan under our Reimagine, for a GBP 15 billion investment over the next five years, and the whole electrification roadmap continues to accelerate. At the same time a very fundamental call on the House of Brands, where we will amplify the individual brands that's Range Rover, Defender, Discovery, and Jaguar in a big way, while continuing to be almost equivalent of an Intel inside as far as the Land Rover is concerned, and its features, I'm sure there will be a lot of questions on that, which we can pick up both today as well as in the Investor Day coming up. Next slide.

Fair to say it has been an extremely satisfying quarter. And the reason I say, use that word is that, nice to see all the auto verticals coming together once again and this time with a lot of intensity as well. So both the alignment of the vectors are there and the magnitude of vectors are also increasing, which is what has translated into a strong set of numbers for the quarters, resulting on multiple highs and I will quickly cover that in the coming slides. We ended the year on a pretty strong note with revenue of around Rs. 1 lakh crores with an EBITDA of 13.3%, and the profit before tax and exceptional item of Rs. 5,000 crores.

On a full-year basis, we hit our highest ever revenue at around Rs. 3.5 lakh crores and ended the year with a positive free cash flow of Rs. 7,800 crores, despite a very weak start in Q1 and Q2, which you see in the numbers. The business has been sequentially improving its performance and doing it in significant stretches. So, very happy with the way we have ended. Next slide please.

Source of growth, in the quarter we grew by about 35%, of which volume and mix contributed 24% of the 35% and the price came in at 10.5%, so price is still a very strong variable in our growth agenda. Profitability 3.2% went to 6.8% and all businesses contributing to it and JLR coming at a very large swing there, contributing to the 2.8% out of that delta there. Again debt continues to reduce at Rs. 43,700 crores and TML India at Rs. 6,200 crores, JLR GBP 3 billion i.e. Rs. 30,000 crores we talk about. So the FY24 net debt reduction plan, we are confirming, we will not be in a position to meet the FY24 numbers, but very clearly - FY25 we want this issue sorted out. Next slide.

A series of headlines, normally we don't do that, but it's fair to just pull back and reflect on what this quarter and the year actually means for the Group. For us, each one of us in this call, we feel strongly about this, the highest-ever revenue in a quarter, the highest-ever EBITDA in a quarter, one of the strongest PBTs that we delivered and all three auto vertical simultaneously profitable, strong net debt reduction. That's all the quarter numbers. And if you factor in that the first half was a very weak first half, we still delivered the highest-ever revenue. We have the highest EBITDA since 2015, very strong PBT despite the weak start, after factoring the weak start. And India net debt lowest in the last 15 years, so it's worthwhile just to mull over it to say, I would say, that the potential of this business is slowly starting to come out and that's what we would want to build on when we go into FY24. This is basically giving us the impetus to how we want to play at FY24. Next slide.

This is also something which we are happy about, a dividend of Rs. 2 per share for the ordinary shareholders and Rs. 2.1 for the DVR shareholders, coming in after sometime. And this will obviously have to be a - the Board has recommended this and this will have to be approved in the ensuing shareholders meeting. And this will result in a cash flow of Rs. 771 crores as part of the plan i.e. this is factored into the debt reduction plan in any case. So again, very happy to see this. This has been a key demand for the retail

shareholders and I always maintained a turnaround is not complete unless we pay dividends and nice to see this number coming through as well. Next slide.

With this, I think let me hand it over to Richard who will walk you through the numbers and between him and Adrian, they will cover the JLR section. Richard, over to you.

Richard Molyneux:

Great. So, Balaji has already explained some of the positive future announcements for JLR, so I get the chance to go through some positive historical financials as well. So if we go to the next chart left hand side of this is last year by quarter. So if you look through retail sales, very glad to see us back over 100,000 units of retail sales for the quarter, that's up 20% versus Q3, and up 30% year-on-year.

If you look through all of the financial metrics on this chart, through revenue, EBIT down to free cash flow. Note that each and every metric improves in each and every quarter. So we have demonstrated strong consistent growth through the year. In Q4, our revenue GBP7.1 billion, that is our highest revenue that we have seen since FY19. EBITDA of 14.6%, 6.5% EBIT, strong PBT and GBP850 million worth of cash in the quarter. In fact, if you look at the second half of the year, we generated GBP1.3 billion worth of cash, that also is the strongest H2 cash performance for seven years, so since FY16. A strong performance in Q4. If you look at the full year, although there is some movement back in retails, that is the natural effect of dealers destocking when we had tight supply and restocking now that supply is coming back on stream. Revenue was GBP23 billion, we produced 2.4% EBIT of the year, PBT was negative 64, but if you look through that, just like the old added game of two halves, our PBT in the first half of the year was minus GBP 697 million, in the second half of the year it was positive GBP 633 million. Free cash flow for the year GBP 521 million, also the best full-year cash flow since FY16. And we ended the year with GBP 3.8 billion worth of cash, GBP 5.3 billion worth of liquidity, and GBP 3 billion worth of net debt. So we have had, like I say, a strong consistent year. We do exit the year performing well. We also have an order bank, which currently stands at 200,000 units to assist us as we go to the start of this year. Okay, next chart.

I won't read through this, this is a written version of most of the comments that I've made, feel free to read it at your leisure afterwards, so if we go again. So, this is our wholesale performance. So wholesales for the quarter, 95,000 units, 19% up on the previous quarter and that's been driven by a much more stable and expanding production system. So our production actually increased from 83,000 units in Q3 to 98,000 units in Q4. So that's also up 18%. And that's what's allowed us to increase our wholesales and meet our customer demand in the period.

The balance of our wholesales remains reasonably consistent, circa 50% of them are Range Rover, Range Rover Sport, Evoque, etc. Defender is another 25%, so 75%-76% between those two brands. Full-year basis the analysis is the same, 50% Range Rover, 25% Defender. You'll note we're still selling 43,000 Jaguars, we are still making sure that those cars stay current. We've invested in technology on the F-PACE. We've invested in special additions to mark the 75th anniversary of Jaguar as a sports car manufacturer. So we still are investing in those brands as well. Full-year, 321,000 wholesales. Next chart.

So, if you look at this on a regional basis, you'll see reasonably strong through each region in the quarter, the one exception I'll call out and explain is North America, that's not an issue of fundamental demand,

that's just our allocation timing. So although it looks like a reduction there, when you look at retails in North America quarter-on-quarter, it was 23,600 in Q3 22,300 in Q4, so hardly changed. And our customer order bank in North America is flat quarter-on-quarter. So that isn't a fundamental change in the demand signal from North America, it's just our timing of allocations. All other regions strong, including China, progressed in Q4 as well. Full year, very similar picture, I won't go through that. Worth saying on the right-hand side that the proportion of our electrified vehicle is increasing. If you look at the BEV and the PHEV section at the bottom from 11% to 17%, that's the result of our, I'd say, increasingly compelling PHEV offers. So we have increased both the range and the performance of several of the PHEVs in the range and that is starting to show through in the market, along with the removal of some supply constraints that have impacted that. So we have had significant increase in the share of PHEV from vehicles in our wholesales. Next chart.

Okay, so in terms of the financial walk, this takes PBT from the same quarter last year, where it was GBP9 million to this quarter GBP 368 million. The biggest variable is volume and mix. And you can see there, probably worth mentioning that mix is a higher effect than volume. And this comes back to some of the issues around quality of sales, that we've been pushing during the past few months and we'll continue to push. So, that mix is driven by Range Rover and Range Rover Sport, but it is also driven by trim mix within our ranges and making sure that we are continuing to allocate those chips and components that we have to the vehicles which are most favourable for them. So, volume and mix very favourable. If you look at pricing and material cost together, this is the picture that I expected to happen and I told you would happen when we sat down last quarter. So we've moved to a position where our output inflation in terms of our pricing is now higher than our input inflation. That wasn't the case last quarter. Last quarter pricing with GBP165 million favorable, material cost was GBP230 million adverse. So we've flipped that through the quarter and we intend for that to continue.

Going through to SG&A, another care point there for us, SG&A is increasing, that is partly marketing, as we start to move to a scenario where we do want to trigger some more demand at the back end of this coming year. And also partly the investments in our transformation, particularly in terms of our digital transformation as a company. Operational FX did exactly what you would expect it to do, on a quarter-by-quarter basis, Sterling has weakened, that helps us from a transactional basis but does give us a hit in terms of realized FX and unrealized commodities. The weakening of sterling versus the dollar gave us a favourable revaluation on our dollar-denominated loans which you can also expect. So, fundamentally the move in PBT quarter-to-quarter is volume to mix -- volume and mix and we've managed to offset input inflation and output inflation.

Next chart. So this looks then at the move of that PBT through to cash, and look key here is in the middle section of here, cash profit after tax and investment is favourable GBP400million in the quarter. Working capital continues to move in our favour, that is partly natural as our business expands, our payables expand faster than our receivables. But also partly from some deliberate measures and initiatives that we put in place, using fairly advanced digital techniques, for example, to reduce our component inventory during the period. So that is partly natural and partly from some deliberate efforts on our side, generated the GBP815 million worth of free cash flow that we reported. And next chart.

In terms of investment, so total investment for the year was just under GBP2.4 billion, that is an increase. The biggest part of that increase is in engineering, which rose from GBP1.3 billion to GBP1.7 billion. That's a natural part of our product cycle. And you know that we have a large series of launches coming between the end of next year and 2026. Those are at the high point of the engineering at the moment. So that's what's driving that expense up a bit. What you also see is that as those programs go through their various gateways and start to move to production. They get more capitalized, so our capitalization ratio is slowly increasing, it was 53% in the quarter versus 48% last quarter and for the full year it was 45% versus, sorry 43% versus 35% last year. We would expect that capitalization to continue to increase probably to around the 60% range. We've also said, Balaji repeated this earlier on, that this investment number will increase. We are expecting it to be around GBP3 billion a year for the next five years, as we continue to invest in both our electrified vehicles, electrified powertrains themselves and the electrical systems that support them. Okay. Next chart.

Right Now move on to a business update. If we move forward, but this chart which shows our average revenue per unit is really important and part of the demonstration of our journey towards modern luxury. So we've managed to increase our average revenue consistently over the last five years in FY'23 it moved up from GBP62,000 to GBP71,000 so up by about 15%. Part of that is the increased production of Range Rover / Range Rover Sport. But even within the vehicle lines, we have continued to increase our focus on the higher-level trends. Including, for example, SV, so the Range Rover SV which was only launched October 21, already got 6,100 orders at an average transaction price of GBP180,000. We've even been testing the water north of that, we did a special edition Landsdown edition of the Range Rover SV, which transacted at around GBP250,000. So there is room for us to operate in this space, if we continue with diligence, our modern luxury journey. Next page.

In terms of semiconductors, I think people have people have mentioned this a lot. My summary I think is probably three things. We are seeing fewer issues now, they've not completely disappeared, but we are seeing fewer of them. Our ability to see them in advance is improving due to our relationships with the chip manufacturers and with our suppliers. And when we do spot them, the number of tools at our disposals to solve those problems is increasing. So they are proving less of a, I'm going to say nuisance, that's probably an understatement than they were last year and they could still come back to bite us, but it is considerably improving. Next chart.

Okay, key for us is to make sure that we are progressively and in a stable manner, bringing our supply up to continue to build our order bank down, just to meet our customers' expectations with the arrival of their vehicles that they wanted. We are showing good progress in terms of getting Range Rover and Range Rover Sport through our facility in Solihull, went up 2,600 units per week during Q4, and we expect that rise to continue progressively as we go through next year, pushing north of 3,000 units per week during the year. Next chart.

Inflation is still an issue for us. We do have considerable headwinds, we've shown them here at GBP850 million for the year, of which about 40% are commodity prices and about a third were semiconductors, the rest is energy and labour cost both with us and with our supply base. So we knew these were coming

and we spent a large portion of last year, doubling down on our Refocus savings and can proudly say, that we've offset that and more than offset that in terms of our Refocus savings during the year. A lot of that was very detailed work in terms of making sure that we allocated those chips that we had to the vehicles that we wanted to sell. But there was also considerable work done on the cost side, on the investment side, and on the inventory side. So in total, we delivered GBP 1.1 billion in savings through the Refocus programs and that did offset the inbound inflation that we saw during the year. Next chart.

So China, so we are really proud of the results of our China business, it's best financial results for five years. And if you look at the left-hand side, segments of the market that we're operating in are relatively stable. Our share of those segments is also relatively stable. So look, we know that market is really fast moving, really dynamic in the sections that we're operating in, we are maintaining our share. If you look at the financials on the right-hand side, it looks a little bit as if imports average revenue per unit isn't increasing as much as the global, that's a little bit of a misconception there is some profit from our P&A operation, our or after-sales operation. If you look purely at vehicle average sales per unit, for imported volume it is up 8% year-over-year. From a profitability standpoint, we were PBT positive in the quarter of 13% EBITDA, 2% EBIT. On a full-year basis we were also PBT positive and EBIT and EBITDA were both 5% higher than FY22. So very good consistent progress within our China business, best financial year for five years. Next chart.

Right, the fun pictures. We're continuing to develop our product range. If you look at the '24 model, year Velar on the right-hand side, that is –that's as close to a flawless execution of our modernist design language that you're going to get. It's just beautiful. We have made some tweaks to the exterior. We've made some technology upgrades, for example, the PHEV now has a 20% higher range than it did beforehand it goes 40 miles WLTP without charge. And on the interior look, there are also some upgrades. So that vehicle is upgraded. And, on the right is the Range Rover Sport SV, you will want one, they are going to be phenomenal. And as I've mentioned before and we're extremely proud of the success of our Range Rover SV, and we've received 6,100 orders for that. We haven't even announced or started taking orders for this one yet. Next chart.

So looking ahead, we are optimistic, so we exited FY'23 in a much stronger position than we started it. So we're on the right trajectory, and we have had strong and consistent progress. So we think FY'24 is going to be a good year for us. In reality, the first half may be a little bit slower, so I expect the second half of the year to be stronger than the first half. But we do have the momentum that we're looking for and we will have a good year. Our priorities is to continue to build our supply availability, our robustness, the accuracy with which we give our suppliers our forecasts. We'll continue to focus on brand activation, there is a lead-time with that, we have to start doing some of that now, to activate orders towards the back end of the year. We're going to execute our plans. And from a financial perspective, we're saying we're going to deliver 6% plus EBIT. GBP2 billion free cash flow after investment, which means our net debt will reduce from GBP3 billion at the end of the financial year just finished, to circa GBP1 billion, 12 months from now.

That's it from my side. I'm sure we'll take some questions afterwards, but thanks very much for the meantime.

PB Balaji

Thank you. Thanks, Richard. So quickly moving on to commercial vehicles, next slide please.

The registration market shares after the correction to the approach to a demand-pull strategy is now starting to recover. Our Q4 better than Q3, barring one which is the – what used to be called intermediate and light commercial vehicles, MGV's is where we still need to get some further impetus on that. Very much part of the plan that Girish and team are working towards. But everywhere everything else starting to sequentially start improving. Next slide.

On overall volumes, the call-out here is the powertrain mix that you see, with the CNG prices now coming under policy, and therefore expecting some stabilization in terms of the delta between that and diesel, one would expect to see the CV numbers, sorry CNG numbers starting to change as well. Next slide.

Overall revenues, happy that we ended the quarter with a double-digit EBITDA, something that we said we want to get to as soon as possible. And the business ended the year pretty strong with revenue of around Rs. 21,000 crores and an EBITDA of 10.1%, and clearly, with market share starting to inch-up as well as profitability starting to improve, the business is in the right track. Further distance to go, but very much on track. Next slide.

The source of money that you are seeing, where the profitability came from - volume, mix, realizations, savings, all coming through quite nicely. And we intend to keep it this way as we go forward. So the other big one is the consumer-facing metrics, which is a very, very important on a demand-pull strategy to ensure that the brand is in a strong wicket, very happy with the way things are starting to move. The brand is – with the interventions coming through, be it the power – the brand power, the consideration top box, top of mind awareness, all trending in the right direction and some very good numbers even at a geographical level as well. And of course, the dealer satisfaction, as well as the composite satisfaction score doing pretty well.

So let me give it to Girish to give an overall update on the business. Girish?

Girish Wagh

Yeah. Thanks, Balaji. So, I think the industry continued its growth in volumes, and one saw growth of 22% over the same quarter last year. And in annual terms a growth of almost 34%. During the year we launched more than 40 new products and 150 variants, in addition to what we had unveiled in the Auto Expo. As Balaji mentioned, we had highest annual and quarterly revenue for FY'23 and Q4 of FY'23. And I think as we started our discount reduction strategy from Q3, and as we continued ahead, we were able to grow our Vahan share, the registration share in Q4 versus Q3. With focus on continuously improving the product and service competitiveness, as well as our communication to the customer. I think the non-vehicle business which has been a significant area of focus grew by almost 33%. And both spares and service penetration has been continuously improving for last three years now. With all this, the EBIT improved sequentially and is now highest in 21 quarters, with most of it coming from discount pullback, part of it from cost reduction and also commodities softening, which happened in H2. While the entire industry grew by 22% vs Q4 FY22 and 34% over the last year, I think the good part was significant growth

in the medium and heavy commercial vehicles, almost 52% over the last year. And the passenger segment, especially the buses, which were almost down and out during COVID, has seen a very good growth, finally in the year gone by.

I think as Balaji showed some metrics, our continuous focus to improve the brand health through judicious mix of ATL communication, Digital communication, and also lot of influencer advocacy has actually led to a good improvement in net promoter score. And in fact net promoter score has reached the highest-ever level now to 71 and the brand power also grew by 170 bps. So, I think both at a very good levels. We have transitioned the entire portfolio to BS6 Phase II and in line with our philosophy, once again we have gone beyond near compliance to the regulations. And across the range in each and every product, we have further strengthened the superiority in terms of the total cost of ownership, comfort and convenience, connectivity in terms of Fleet Edge, as well as the safety features, which have been added especially in the trucks.

On the CNG, interestingly, I think with the new guideline, apart from reduction in the CNG prices, I think the biggest uncertainty which was in the minds of the customers was about the difference in CNG prices with respect to diesel, and for that matter, even petrol. And this uncertainty had led to drop in CNG volumes significantly. So, with this new pricing guideline, not only the CNG prices have dropped, but it is also getting pegged with diesel, which will gradually start bringing in good certainty in the minds of the customer and we will see the CNG penetration increase. Towards this, I think we have a very strong CNG portfolio, both in ILCV as well as MCVs, and last year we launched our CNG vehicles and heavy trucks, as also our intra portfolio. So, I think we have CNG presence across the portfolio now.

Going ahead for this quarter as well as FY'24, I think we will continue our focus on the retail now. And registration shares is what will drive us, and we will continue the realization improvement journey. As I have said, I think the BS6 Phase II products have come up with a lot of value enhancements, features, and performance improvement. And there will be a lot of efforts to communicate this not just to the customers, but also other stakeholders who play a very important role in decision-making. And therefore there will be a lot of influencer advocacy as well as actual in-field trials. Getting into this year, I think we will now start scaling up EV supplies with the supply chain being resolved, FAME certification clarity being there and both on ACE-EV as well as the electric buses, which are meant for the CESL tender. Downstream business will continue to grow being a focus area for us. And in international markets we will continue to play safe. We will maintain or grow market shares, ensure that margin and channel health is protected. And we will also see some of the new markets which we can enter during the year. Next slide.

Coming to the electric mobility, so I think we have completed all our electric bus deliveries meant to be done, to Delhi Transport Corporation and Nagpur city. In addition to that, we have already started delivery of the CESL first tender with the Delhi Transport Corporation buses. And in addition to that, also a few retail customers or orders that we have received. We have delivered more than 300 ACE electric vehicles in fourth quarter. And here on, we can start ramping up significantly, as I said earlier, with clarity on supply chain as well as the FAME certification.

I think in Auto Expo, we made a clear statement on our future roadmap, in terms of net-zero greenhouse gas emissions and the de carbonization plan with the display of 14 product concepts. On the smart city

mobility, as I said, I think the concession agreements have been signed with Delhi Transport Corporation for 1,500 buses. The supply has already been initiated, which will be followed by Bangalore, for more than 900 buses, and then Jammu and Kashmir for 200 buses. I think now our e-bus fleet has crossed more than 7 crore or 70 million kilometers. And we have been able to maintain more than 95% uptime in FY23. So we have been delivering better than the contractual conditions. The operational revenue has also been ahead of our own internal budget, doing well at around Rs. 500 crores.

Coming to the digital businesses, so Fleet Edge continues to do very well. Now with more than 390,000 connected trucks towards the end of FY23, and the monthly active usage is continuously increasing and customers are seeing a lot of value in terms of improvement in vehicle uptime, asset utilization, is also helping them for better tracking and optimizing the usage and driving habits, leading to improvement in the total cost of ownership. So, I think the clear benefits, which are being seen, as a result of which I think the penetration is continuously increasing. And in fact, I'm happy to share that from April 1, we have also introduced the subscription model for the Fleet Edge. And we have seen a very good encouraging response to this model.

As I said, the engagement time has been improving consistently with the benefits being experienced by the fleet owners, as well as the drivers. E-Dukaan, which is our online spare parts marketplace, grew better than what we had targeted, in fact, it grew 2.8 times, although on lower base, but doing pretty well and we also extended E-Dukaan for diesel exhaust fluid as well as lubricants. So this will help us to grow these two business lines also.

I think digital lead generation has been a focus area for us and this has helped us, not just to generate leads, but also communicate our brand message, product competitiveness and other aspects. This has led to improved brand health and therefore augurs very well for the future. So that's what we've been doing in the commercial vehicle business.

Balaji, back to you for PV.

PB Balaji

Yeah. Thanks, Girish. Moving on to the PV numbers, PV, EV - next slide please.

Call out here in PV as well, we are now going to report only Vahan registration market shares. We find that to be a far more reliable and closer to the customer metric. And the powertrain mix is another call out there, where you are seeing penetration of EV's rising to 9% and CNG sitting at 8% there. Next slide.

Again on the registration market shares of EV's is growing to 84%, network now increasing to 165 cities and 250 dealerships, charging infra again increasing to 5,300. Next slide.

Overall financials, we ended the quarter at 7.3% EBITDA with a PBT of Rs. 200 crores. On a full-year basis the business was 6.4% EBITDA, at a PBT of Rs. 700 crores. And therefore this business is now strongly profitable, in terms of EBITDA. We still got a distance to go cover the 10% EBITDA, but happy to see from where we've come to the 6.4%. At the same time EBITDA positive, EBIT positive, PBT positive and cash

positive. One additional data point which we've pulled in this time is the EV financials, where there is been a lot of queries that you've been asking. I also see a question, say if I need to add EV plus PV, it doesn't add up to this one, there are some intercompany that need to be canceled of as well, as part of consolidation. On the revenues – this business is now making an EBITDA loss of about Rs. 350 odd crores. Out of the Rs. 350 odd crore, that's the 4.6% negative that you see there. Out of Rs. 350 crores, Rs. 300 crores is product development costs that are being charged-off. And therefore this business is almost EBITDA neutral and this needs to be seen in the context of a run-away increases in lithium prices. The reason I bring it out is that, we believe the EV from a sustainable profitability perspective is in the right track. This does not include any PLI credits or anything that is being accrued. So this is underlying profitability I'm referring to. A \$1 billion business – roughly a \$1 billion business with broadly neutral EBITDA that is where we are, on an underlying basis. Next slide.

These are obvious, only thing, why is the structural fixed cost going up there, substantial increase in FME, as you see the brands building up, there is also element of IPL phasing that will be there, as we go ahead of that. Employee cost is basically investments that are happening in the EV business and D&A expenses again, as the product investments pickup up there. So all these are good investments that are happening for the long-term viability of the business.

Next slide. Let me give it to Shailesh.

Shailesh Chandra

Thank you, Balaji. So let me start with the key highlights of the industry first. So FY23 for the industry was the highest ever since the last highest ever which was in FY19 which was 3.4 million, this year ended at 3.9 million, which was nearly 27% growth versus FY22. SUVs continue to increase in terms of share, increased by 300 bps to 43%. And EV's - industry saw phenomenal growth of 170% with several new launches and increasing acceptance of EV among customers.

As far as Tata Motors PV and EV business is concerned, this was our highest-ever wholesale year, which was nearly 5.4 lakh volumes, with the Vahan market share of 13.5%. This is nearly 45% growth as compared to FY22, which was, if you just compare with industry growth, which was 27%. Our EV sales crossed a major milestone of 50,000, this includes about 2,200 volumes that we did in international business. Vahan market share was around 84%, despite increasing competition. We have already mentioned that in PV business we grew by 45% as compared to FY'22, but it was a growth of 150% in the EV business for us. We were the number one SUV manufacturer in FY23 and Nexon was the number one product in the SUV segment.

Going forward, what are the bright spots, we clearly see that there are several new launches happening in the SUV space, which will augur well for the growth in this financial year. CNG demand with the prices coming down is also expected to pick up, and several new launches happening in the EV space and increasing acceptance of EV's, I think this will also augur well for the EV segment. For Tata Motors, very happy to see that we transitioned to BS6 Phase II early February itself, and that has really helped us to ensure a very smooth transition. Several new launches, which are going to drive demand, Nexon EV Max, in hashtag version has been receiving very good response. We recently launched it. This month, we are also launching the twin cylinder technology in Altroz, which is Altroz iCNG, which retains the entire boot

space in the CNG, which is first of its kind, very innovative concept. And of course, this year we'll see some of our products going through the mid-cycle enhancement.

We have few players in certain segments – we are only one player in at least one segment where we are still in diesel segment. And that should also help us improve our sales in the diesel side. Talking about some of the challenges or headwinds, mainly the entry side of the PV industry which is hatches and sedan, is – has been under pressure for some time. The channel inventory, as compared to where we started the last financial year in FY22, is at a higher level. Pent-up demand clearly has gone down, barring certain new launches in a few popular SUVs. And recently price increase has been taken by OEMs to basically offset the cost increases which have happened because of the RDE transition. So this might –we have to watch the impact of this. From Tata Motors side, the way we are preparing ourselves is to focus on demand generation through micro-market focus and actions to improve the conversion rates. We are growing our portfolio both on CNG and EV, both are expected to see good growth this year, and therefore we should be the beneficiary of that. And of course, we're driving margin improvement through an institutionalized cost-reduction initiative, as well as what we have as internal nomenclature nine-box framework. So both on margin as well as demand generation, we have clear action plans laid out.

Back to you Balaji.

PB Balaji

Thank you, Shailesh. Next slide, please.

Okay, perfect. So moving on to the overall CV+PV. Investments, we ended the year with Rs. 6,400 crores of investment spending, and this is likely to increase to Rs. 8,000 crores next year, as we step-up the whole electrification investments both in CV and PV. That's the main trust of those delta that is coming through. Next slide.

On the cash flows, overall the operating – the cash profit after tax and capex. I see in the questions, some of the doubts lingering in terms of – as how do we treat Capex? Let me be clear, for us what we call out as free cash flows, is operating cash, less Capex, less working capital changes and any finance expenses that we incur, so it's the entirety of it. So this is the free cash flow after all these investments. This year we ended at Rs. 3, 800 crores of free cash flows for this quarter (Q4 FY23). And then the full year we ended at Rs. 2, 400 crores of free cash flows after all these investments. And hearteningly, all the Capex is funded by the cash profit after tax, so it's extremely self-sustaining business that we have. On a full-year basis, working capital in Q4 normally reverses. Full-year basis no impact at all as working capital, so what we are seeing is Rs. 2,400 crores is completely cash profit after tax, less Capex, less finance expenses. Next slide.

Tata Motors Finance, we did signal that this business, the entire restructured portfolio we want to have a very, very close watch on it. And two things have happened this quarter. One is, we have taken a hard look at the restructured book and taken adequate provisions to ensure that this book now completely is taken care of. And we started off the concerted collection efforts and that has ensured that the GNPA is now starting to sharply trend down. We did 2.6% in this quarter and the absolute numbers of GNPA are also starting to come down sharply, and we will intend to maintain that. And the capital adequacy remains comfortable even at these levels. And the business is now pivoting squarely to quality, focusing on

delivering double-digit ROE in the medium term, with a focus on improving NIMs, lowering the credit losses, and very tight control on fixed costs. So business is being run for ROA and/or ROE as well, as the case maybe. Next slide.

Just from a credit rating perspective, we had S&P upgrade us by a notch and domestically, ICRA has also revised our outlook to positive and we will be engaging with them after the results, for the others as well. Next slide.

We do invite you for the Investor Day, both in Tata Motors and in JLR. In India it is on June 7th in Mumbai and in JLR its on June 12th at Gaydon, the new headquarters of JLR. Next slide.

So overall outlook, how do we see it, I think on the demand side, we remain optimistic, despite some near-term uncertainties that could be there. And inflation we expect it to be moderate. As far as FY24 is concerned, as I said earlier' it's a year of where we have to deliver. We are squarely focused on putting our heads down and executing this plan and ensuring we make it count for the full year. As far as the momentum is concerned, it will build through the year keeping in mind, there is an element of seasonality, and JLR is stabilizing its supply chain from where it has come. So we want to stabilize it. And of course there is a post-RDE impact in India, that's the only reason we are calling this out as the momentum building through the year, so we don't get carried away. At the same time, the plans of JLR continuing to, which Richard just talked about. CV - ensure the demand-pull strategy continues, double-digit EBITDA to be delivered and profitable growth in all the business verticals that Girish talked about, that's an important priority for us. And PV, EV the plan is to continue to remain aggressive.

With this let me end the talk from our side and move it on to Q&A. And we already have a fair number of questions that have come through. Let me pick them up one by one, in the order in which they actually appeared.

Questions and Answers session

PB Balaji

So first it's coming from Binay. Talking about EV financials, and I think I covered, Binay, the PV plus ICE revenues why they are more than PV business. TMETC, Trilix we don't want to comment on the smaller subsidiaries that are there - they are design centers, they don't materially move the needle, they should be treated as part of the design cost that we incur. And, PLI not considered, government grants nothing as far as EV business is concerned, nothing has been considered that are there. And headwinds, tailwinds, let me give it on to Shailesh to talk about, because that's also coming through in one other question as well.

Shailesh Chandra

Sure. So as far as, let me talk first about the ICE segment. As far as tailwinds are concerned, I think what is really going to support growth are going to be the new launches, refreshes that will be launched by the various OEMs in this financial year. We are still seeing the demand in terms of bookings for the

industry are remaining strong. So that's a good news that demand has not dropped. Of course, there are certain segments, especially in the entry segment, which I mentioned, is under pressure and bit of interest rates even now also impacting the vehicle financing interest rates and all. We'll have some impact or definitely again on the entry segment. As far as EVs are concerned there is hardly any headwinds that I see, I only see the tailwinds. There are several launches, which are going to happen in this space, and that is going to expand in the market. There is a growing acceptance of EVs among the consumers, and that is continuing to help. We are seeing every quarter the industry is growing big in size. In fact, if you really see the monthly rate of sales of EVs has grown to 8,500 to 9,000 per month for the industry, which is very high, just one week back it would have been 4,000 or so. So I believe that EV industry will have all these tailwinds apart from the various states which are also coming with very progressive policies. PLI and all, I think the environment is very favorable for EV's.

PB Balaji

Thank you, Shailesh. Richard, first question coming to you and then Adrian something coming your way as well. Can you give us push-pull factors for margins next year, this is coming from Kapil. You are currently at 6.5%, guidance is 6% plus. How does this workout? Some color would be helpful.

Richard Molineux

Yes, of course. So we're expecting volumes next year to be circa 400,000, so a little bit higher than our Q4 run rate. On the positive side we're also expecting supplier inflation to start to reduce. Some of it will become embedded in terms of their labor rates, some of it in terms of commodity rates and utility rates, starting to show signs of coming-off the peaks. On the other side, we, at the moment we have foreign exchange rates that are slightly less favorable than we had during the course of Q4. And we will need to start investing in marketing to secure the order intake that we need towards the back end of the year.

Finally, I think the other negative is we do expect, I saw some questions on that later on, we do expect VME to increase, but we expect that to be a creep rather than a leap. So we are not going to get into mass discounting of cars for our cars, we're a modern luxury player. We do expect VME to creep up. So I'd say, FX, marketing and VME a little bit adverse. Volume and supplier inflation is a little bit favorable.

PB Balaji

Thanks, Richard. Adrian, there is a series of questions coming from Chandramouli of Goldman.

We have guided to a 6% EBIT margin and GBP 2 billion cash flow this year. Last year we started in a similar way at 5% EBIT and GBP1 billion FCF. What is giving you the confidence that this time around, things will be different, one. Second, order bank - also saw another question somewhere else, order bank at 200K, and if you net out sales and arrive at - the number seems to be much lower in terms of new orders coming in, need some color there. Second point. Third, a very interesting question on, what's behind the thinking of the JLR rebranding? Is it just corporate action or there is something happening on the ground, which will -- which has triggered this stuff?

Adrian Mardell

Yes. Thanks, Balaji I'll take them in the order that they've been asked. Look for the last 12 months, we've been optimistic about breaking through on supply. And the truth is for the first six months that we were too optimistic. Our breakeven has been in place, it's been in place for more than 12 months, at the 300,000 units. And simply put, we had to build more than 25,000 cars per month, of course. And we really didn't get to that point to Q3 and you can see as soon as we have got to that point, which was a mixture of overall supply with semiconductors and the MLA products, don't forget they're super crucial to our business model. They starting to come through in proportions we need from about November last year. So it's those two things, which really moved us from a loss-making to a quite an aggressive and significant profit-making business. Breakeven still the same, we know the suppliers hire with new semiconductors -- supply we secured from January. And we know our MLA production units, as Richard showed in the presentation, they've grown to that 2,600 plus a week. So the two critical things we're waiting for happened in quarter three, continued at pace in quarter four. And we believe will continue now into FY'24, we can see it in the data we've seen in the first six weeks. So not only have we broken through but we can see the continuation of that, into the first half of this year and beyond. From an order bank perspective, the 200,000 units, look it's still too high. I think that's the first point we have to make here, right. We don't have an expectation and aspiration for 200,000 units of orders, it's two reasons. It's a symptom of supply being too low and production being too low, and it's a symptom of the appeal for our vehicles that people have been prepared to wait for as long as they actually have. But the reality is a healthier order bank is a lower order bank than 200,000 units. So my anticipation is, it will continue to fall by about 5,000 units per month over the first half of this year. And to Richard's point, if that continues to happen and our supply increases as at that time we expect it to do so, and we will be stimulating further orders. But if you look at any of our websites, particularly on the most sought-after vehicle the Range Rover, a lot of those order times are now 12 to 18 months. We are not stimulating orders beyond 12 to 18 months at this point. To the proportional share point, which is in the question, 200,000 orders at the end of March, 76% of them were Range Rover, Range Rover Sport, and Defender. So it's still very skewed towards our three most modern, most luxurious nameplates today. And in terms of the brand question, the point there number three, now I'll reiterate what I actually said and was quoted within the media. Land Rover is the trust mark for three brands. And when you think about it the characteristics of those individual brands, Range Rover, Defender, and Discovery, are different. And if we truly -- they're underpinned by the trust mark. So the off-road capability, the versatility of the vehicle, the safety within the vehicle, the technologies are in all of the brands. But if we're really going to grow our business in modern luxury, we absolutely have to focus on the distinct characterizations within those brands.

Look we know Range Rover is about luxury, quietness, serenity. We know Defender is about utility, go anywhere. We know Discovery is about family size and the utility of being able to, in the broadest sense use this as a family traveller vehicle. We understand those things we have for a long time, but we have to deepen the understanding and the characteristics of vehicles because clients will be attracted to individually those brands, not just to Land Rover going forward. That's already clear in most of our biggest markets China, USA, Middle East. So that's why we've actually elevated those sub-brands above the trust mark to Land Rover, and that's what we're going to keep working through and working on going forward. Back to you, Balaji.

PB Balaji

Thank you. Thanks, Adrian. This is coming from Jemma, J.P. Morgan. I think this question is picked up by someone else as well, saying that, can we give color on the free cash flow guidance and the net debt reduction for next year? How much of it is due to working capital and how much of it is due to underlying cash flows? One kind of a question. Second kind of a question within that, you are increasing Capex to GBP 3 billion but still guiding for debt going down to GBP1 billion. Richard, can you reconcile the two for us?

Richard Molyneux

Yeah. Sure. So we are going to increase our investment from GBP 2.35 billion this year to GBP 3 billion next year. Even considering that increase of GBP 650 million of investment, we are anticipating and expect to generate beyond that GBP 2 billion worth of cash to take our net debt position, down from GBP3 billion to GBP 1 billion. In terms of the proportion of that cash generation, that is operational and working capital, what I'd say, certainly for the first half of the year, the majority of it will be operational. Working capital a little bit more in the second half of the year. But if you, you only need to look at our cash flow generation in the last six months, GBP1.3 billion, after about GBP1.3 billion worth of investment in the last six months.

So we are a strong cash-generating business, when we're functioning at the type of levels that we're talking about. Adrian has mentioned several times our breakeven volume is around 300,000 units. I've mentioned that next year we should be operating at 400,000 units, that's where we get our EBIT and cash returns from.

PB Balaji

Thank you. Thanks, Richard. One question, if Ben is there, do you intend to come to the bond market and will you do some sort of senior secured debt? The second, the latter part I can answer, clear answer no. First part, Ben, over to you.

Ben

Sure. So I think that at some point we will come back to the bond market, we've been a regular issuer. But I think we'll just keep monitoring the market for the right time. I think part of it is our financial performance is improving as we've talked about here today and potentially some benefit in continuing to wait, we can pace we expect that to continue. But on the other hand, there are plenty of uncertainties in terms of needing to go to the market. I don't think there is any need. As has been explained, we expect significant positive cash flow in the year and that is after significant investment spending. So, we don't need to fund investment spending. I think it would be more a matter of managing our liabilities.

PB Balaji

Thank you. Thanks, Ben. Question to Richard, and then another one - same thing to Shailesh and this is from Rakesh, BNP Paribas.

JLRs investment of GBP15 billion, can you give us a rough idea of how much of that is going into R&D EV product development, how much going into ICE?

Richard Molyneux

Yes. So look, this year our total engineering went up by GBP 400 million to GBP1.69 billion. I would expect that to continue to increase a little bit next year. However, the majority of the increase over the next couple of years is going to be in capital, as we industrialize all of our 2024, '25, '26 car lines into Solihull which is where we will be producing Jaguar and where we are producing the Range Rover BEV, adding to Halewood which is where we will be producing EMA. So in the short-term, it will be partly an increased engineering, in the next 18 months - two years, capital will be the primary part of the increase. In terms of EV and ICE, we are going to have to continue to invest in ICE to meet the Euro 7 regulations that came through. However, obviously, the vast balance of our efforts is in the EV space as the majority of the launches that we have post now are EVs.

PB Balaji

Thank you. Question to Shailesh. In terms of with the domestic PV market competition is obviously picking up, especially with clear head-on competition to Nexon and Punch. Any ideas of how you are preparing to defend your volume and market share?

Shailesh Chandra

Yes. So see, we have seen in the past also and last year also we have seen that in SUV segments whenever there is a new model which gets launched typically the segment expands. And this expands because it is channelizing flow from existing segments into SUV segments. This has been at the cost of hatches going down or sedans going down. So, I think that phenomenon is going to continue despite. And Nexon segment, you have already seen that this segment has seen every year addition of new models and only the segment has expanded. And we as a company have been seeing increasing volumes of Nexon. Similar thing in Punch, so this is one - volumes will get channelized from other existing segments to this, so the segment is going to expand. From our perspective we will keep the excitement in these two products high, through several interventions, New Forever interventions we keep on bringing. Recently we got the #Dark, Punch we came with CAMO, but also at the same time, let's take for example, punch, we are going to bring CNG variant here with the twin cylinder technology and this is going to be unique in the market. We are also planning to bring EVs, so we are very confident that these two products will be able to sustain the volumes. Of further actions, how we will further grow from where we are, and both in terms of volume and market share, we are going to add new nameplates and we have showcased that in Auto expo, Curvv, Sierra, these are new nameplates, which are going to get launched. There's going to be a steep increase in the EV volumes. We are expanding our portfolio in the CNG segment, so I think we have several levers, which are going to increase our volumes, as well as market share.

PB Balaji

Thanks, Shailesh. Next is from Gunjan. I think the JLR side of the questions have all been answered. So let me move to the PV side, I think that's also coming from Ashish later on as well. India PV, the volumes are at 540K and at this level capacity utilization is extremely high, 65% SUV share. From here on what is there

for the margin improvement drivers? And why do we, and why are the margins still not as strong as others who are there in the market and your plans for the same?

Shailesh Chandra

So one thing I would like to say that, last year, if you see the EBIT has increased by 300bps. So it is an improving trend and significantly improving trend, the whole benefit of operating leverage has been fully realized. The margins at a contribution level has been increasing. Of course, alongside we are also seeing a steep growth of EV business. There the margins I think, Balaji, very well explained that it is underlying margins are strong, but there is a huge product development expense which also gets charged-off. So it will have an impact. But there are plans in terms of how we are going to strengthen the margins for EVs. And also, as you know, the battery prices had gone up significantly by 35%, the cell prices had gone up. There was huge semiconductor open market purchase, which was being done. All these are factors which we reclaim back. Battery prices are going down, semiconductor open market buys have come down. So these are all positive things which are going to favorably influence the contribution for EVs. Also there is a deep localization that we are doing, which is going to further bring down the cost. So there are a lot of actions on the EV side, which is going to improve the margin, including, the new models, which we are going to launch, is going to be in the SUV, higher SUV segments, which will be better in margin. I'm not talking even about PLI and all, because -- and we have a clear pathway to bring this to say, at a contribution level into a double-digit margin closer to where we are in PV. And on top of that, of course, we are going to have the PLI benefit and all.

On the PV side, I think again, a richer mix is what we are expecting in the coming years, which is going to strongly support. There is an institutionalized cost reduction plan with a very aggressive plan that we are taking a benchmark and tearing down at a component level. So all these actions, I'm sure that we are going to continue to improve on the margins.

PB Balaji

Thanks. I think there's another question, which Ashish had asked under those guidance for a 10% margin in PV. Just to correct, that is the EBITDA margin we are referring to. That is what we want to reach. And Shailesh has already explained his drivers for the same. Question to both Shailesh and Girish, industry growth both in India -- by India for CV and PV, given the demanding base is there, how do you want to? Do you want to start with CV?

Girsh Wagh

Yeah. Okay. So I think while the industry has grown pretty well in FY23 over the previous year, I think we have to keep in mind that the industry volumes are still below the previous peak of FY19, that's point number one. Point number 2 is, I think generally in the pre-election year, that is the general election, year before general elections, market has always grown, especially because of the government spending. And I think this year in the budget, we are looking at almost record spending on infrastructure by the government. I think these are good tailwinds for the industry. And as a result, I think the industry should grow further during this year, although it may be in single-digits and growth may vary across the year, as well as across various segments. So, one would see highest growth happening probably in buses, because

the buses still are at a lower level followed by a good growth in the medium and heavy commercials. It appears that the ILCVs may remain flat compared with the last year and the small commercial vehicles may grow a bit. In terms of timing, it appears that the first quarter may degrow a bit Y-o-Y, because of some pre-buy effect and also the transition into the BS6 Phase II and the price increase, which has happened. But after that, one would see growth in Q2, Q3, as well as Q4. So I think that's how we see how the markets will grow. Overall, it appears that we will see a single-digit growth at the industry volume level. Thanks.

Shailesh Chandra

So on the PV side, I would say that, we are very clear that the secular trend of growth of the industry is going to remain intact, because of the underlying drivers that drive penetration levels. And also given that now the market is having a lot of upgrade customers. So people are wanting to upgrade the vehicles and that is the phenomenon that we have been seeing when it comes to SUV growth. And therefore going forward, while there was a very steep growth of 27% in the last financial year, also, thanks to the pent-up demand and low inventory levels that we had at the start of FY23, I think that helped in driving this kind of growth, which was 27%. Otherwise, which could have been much lower, I would say. So, therefore, this year would be, growth would be slightly moderate in the zone of 5% to 7%. But I'm sure that beyond this financial year, the growth will come back to double-digit number, is what I'd say.

PB Balaji

Thank you, Shailesh. Question from Kapil on EV margins is already covered. I think there is a question of PLI that is there in various places, where do we stand on PLI? Shailesh, could you pick that?

Shailesh Chandra

Yes. So, as far as PLI is concerned, there have been a lot of engagement with the Ministry of heavy industries on this topic and discussions have revolved around the domestic value additions. And MHI has been very receptive of the inputs from our side. There have been several inputs that have been given. And of course, the requirement from the MHI to establish the extent of DVA that any OEM has attained was a bit stringent which has been brought to a level which is now practical. And we are going to be working on that. And hopefully, the first model is what we are going to submit with the DVA status very soon. From there on, we'll probably secure the PLI eligibility for all our models. Most, all the models that we are selling today as per our estimates, cross DVA requirement and going forward, we are very confident of availing the PLI benefit.

PB Balaji

Thanks, Shailesh. Two questions from Kapil saying, I think, Girish, coming your way, April volumes much weaker than industry for Tata Motors, what's happening and when we expect growth to return? And trucking conditions, how is that trending and how are dealer inventories?

Girish Wagh

Right. So, Kapil, first of all on the volumes, I think first point is, because it is aligned to the retail. I think the retail volumes in April have dropped after the pre-buy effect in the month of March. So as we said that we will align our production and offtake to retail, I think that is the first thing. Second, of course, as I mentioned earlier, when we have transitioned to BS6 Phase II, I think there is a significant change, which has been done in the entire product portfolio. Every product in the portfolio, one has seen significant improvement in terms of power to weight ratio, total cost of ownership, comfort and convenience, safety and as a result, there were some supply chain issues also in month of April, which will get addressed from this month of May. Finally, as I already answered, I think Q1, we see that there would be a de-growth in retail registration volumes because of the pre-buy effect, but the growth will come back from Q2. As far as trucking sentiment Index is concerned, for the tippers, it has gone up, which was expected. I think for other segment, which is trucks, ILCVs, small commercial vehicles, they have dipped marginally. And that was also expected after a strong Q4. But as I said, I think, equation between headwinds and tailwinds, I think the tailwinds should prevail after some time and therefore, one would still see growth happening from Q2. In terms of dealer inventories, I mean, very happy that the inventories continue to be healthy, especially after very good retail that happened in Q4. And we will continue at this level and because we are matching retail, off take, production in that sequence, I think this will remain at good level.

Balaji, I will take the next question also.

PB Balaji

Yeah, let me quickly cover that for people who are not seeing the question that you're taking. This is on the entire EV buses, GCC model. Are EV buses viable without FAME subsidy, just a basic question. And will you participate in future MSRTC orders, given that you are not participated in the recent CESL tender?

Girish Wagh

Okay. So, let me take the first one. See, as far as the electric buses, bulk of those are being consumed today by the government and most of those are now also being consumed in the own operate maintain model, which is an Opex model and not a Capex model, right? So, even if the FAME subsidies are not there, finally, it will lead to some increase in the Opex that is the charge per kilometer and that will be part of the bids that all the OEMs will give. And that will then get translated into the ticketing or the ticket rates, which will be there. So I don't think this should have an impact especially on the gross cost contract model. As far as private customers retail models are concerned, and the retail customers are concerned, there is an increasing interest, and because many of the corporates would also like to start moving towards their net-zero goal for greenhouse gas emissions, and therefore, they would like to move or move towards electric buses for their employee transportation, so this should also continue.

And lastly, I think the 5,000 MSRTC order or any other order, I think let me once again clarify it. We did stay away from the second tender of CESL because we had requested for a payment security mechanism to the government and the government agencies, which didn't get implemented in tender two and therefore we stayed away. A third tender was also released by CESL, in which there was only one player who bid, other - all other players didn't bid, because this payment security mechanism wasn't there. And

therefore that tender will be re-bid. And we will continue to engage with the government to craft the payment security mechanism, which will make the whole model bankable. Once that is done, I think we will be very much into this game. Balaji?

PB Balaji

Thank you. Thank, Girish. Jinesh you've asked a series of questions, a lot of details. My suggestion, we will take it offline with you, so these numbers we can supply to you offline. So kindly pardon me, it's going to take a long time to go through all your questions here.

Moving onto Joseph, IIFL. This is an order flow conversation, which I think has already been covered and therefore similarly the working capital piece has also been covered. The additional new questions coming up is activation of Sanand plant, will it bring in negative operating leverage, and how do you intend to deal with it?

It's fair to say some cost is coming in without the revenue, but it's part of the long-term capacity planning. Therefore it is part of the overall mix that we play with. So, our guidance for getting to that double-digit EBITDA includes these stuff, but that's how volume is going to come. So I'm not concerned about that.

Coming on to Ashish, I think this is on battery, with this new area let's talk about that. There are comments in the media on the battery plants in India and EU, and you can give some color on this?

All we can say at this point in time is conversations are underway, with both in India as well as in Europe. And we intend to come to a conclusion sooner rather than later. And when we do that, we will take you through it in greater detail, so you can understand everything related to that. Volume guidance, we don't give, I think everything we have to say, we already said so further guidance is we don't intend to give. Initial talking about India FCF generation. Fair point, we have talked about JLR. India will also be positive in free cash flows and it will be integral to one more contributor to the net debt reduction that we have in mind, despite the Rs. 8,000 crore spend that we have on the Capex.

Second, this is for Adrian coming your way from Stephanie, under house of brands, Jaguar intends to launch of premium GT, given the recent price cuts that have come from competition, are you concerned about it?

Adrian Mardell

There is work to do for sure. But we have really cleared the positioning of this brand going forward. We announced that the pricing of this will be more than 100,000 units, position as a very low breakeven point, so work to do not concerned at this point now.

PB Balaji

Thank you. The second one related different question is does JLR intend to reinstate the dividend if cash flow exceed the expectations in FY24?

The dividend policy has been approved by the Board for JLR and the Board at an appropriate time will take a look at it and it will be as per the dividend policy.

Next question from Chirag. Volumes, Q1 as base volume and it keep rising, will it lead to some adverse mix? And commodity benefits, are they likely to flow in? Richard, you want to take that? Then I'll come to CV here?

Richard Molyneux

Yeah. Sure. So on the 94,000 that we sold in Q4, I think I said, we expect the first half of the year to be sort of around that type of level. Will it lead to some adverse mix? No, it won't. We mentioned we have an order bank of 200,000, 76% of those are Range Rover, Range Rover Sport, and Defender and those are the orders that will be fulfilling during that period, largely.

In terms of commodity benefits, yes, we do expect, as I mentioned beforehand, some of the inflationary pressures at the suppliers start to come down. Commodity rates being part of that, utilities as well. Whereas some of the inflationary impact on our suppliers, particularly in terms of their labor costs are going to be embedded and will probably continue to grow. So there are some upsides and some downsides in terms of our supply cost, but we expect the rate that I showed you in terms of outbound inflation exceeding inbound inflation to continue.

PB Balaji

Thanks, Richard. A question Girish your way and also there is a question below that has the same thing, discount pull back in Q4. Was it driven by pre-buy or is it a new normal? And can you give a rough sense of how much discount have you pulled-off?

Girish Wagh

So, I think, the quantification of discount pullback, Balaji has already shown in his presentation, there was a clear reconciliation in the slide. Now coming to this discount pullback, I would rather like to say that it is about customer value perception. So what we have been focusing on two, three things, one is continuously increasing the customer value. And second is taking a lot of efforts in communicating that value and ensuring that the customer experiences that values, so it would be a mix of communication whether it is ETL, influencer advocacy or in market trials. A lot of work has been done and we have been consistently increasing that customer value, basis which we are able to increase the market operating prices. So it is, I would say a function of customer perceived value and that to how does the customer compare it with the competitive offers that he or she has. So I think our focus has been to continuously improve that. And I can say that, when we transitioned to BS6 Phase II, we have been able to do a step change because that opportunity was available during product development. Balaji?

PB Balaji

Thank you. Thanks, Girish.

There is a question on PV outlook, seems to have changed significantly in the quarter, I think Shailesh has already covered as to how we see the industry scenario going forward, so we stick to that. Clarification on whether Tata Motors will incur battery Capex?

No, that will be done by Tata Sons Company. The company has already been set up under the name of Agratas Energy Storage Solutions Private Limited. So that has already been created. So it will come through that company.

So I think with this we have come to the end of the session. I really like to thank you for taking the time and the probing questions that you have been asking us. Do feel free to reach out to our team in case you need further clarifications and specific details that you require. Thank you, and look forward to speaking to you in the next quarter. Bye-bye. Thank you.