

Tata Motors Group  
Q1 FY26 earnings call transcript

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**Presentation**

**Mridul Agarwal**

Good day and welcome to Tata Motors Q1 FY26 earnings Call. Today we have with us Mr. P.B. Balaji, Group CFO, Tata Motors; Mr. Girish Wagh, Executive Director, Tata Motors; Mr. Shailesh Chandra, MD, Tata Motors Passenger Vehicles Limited and Tata Passenger Electric Mobility Limited; Mr. G.V. Ramanan, CFO, Commercial Vehicles Business; Mr. Dhiman Gupta, CFO, Passenger Vehicles Business; Mr. Richard Molyneux, CFO, Jaguar Land Rover, and we also have our colleagues from Investor Relations team.

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

I now hand over to Mr. P.B. Balaji to take over. Over to you. Sir.

**P.B. Balaji**

Thank you. Good evening, everybody. First starting with the safe harbor statement, a slight shift here. So, with the sale of the Tata Motors Finance business, we have now removed that segment called vehicle financing from our business and included in corporate / others. That's the only shift that is there. Some marginal shifts in the way free cash flow is defined where we have included mutual fund investments as well there. So that's the only shift there. Nothing material there.

Next slide please, Quarter where activity intensity continued domestically we had the air conditioned cabins being launched and on the JLR side, we had the Range Rover, Range Rover Sport black versions getting through. On the EV side and I'm sure Shailesh is going to talk about it. The introduction of the lifetime warranty on the high voltage batteries has been a blockbuster. That helped out very well in the sales. He will talk about that. And JLR's rating has been upgraded to Ba1 investment grade there, by Moody's.

Next slide, A few updates on the corporate actions. Hot of the press is the demerger. We had the NCLT final hearing today and it has been concluded and the judgment is reserved. And that should help us complete this quarter. And the effective date for the demerger will be 1st October, on plan. Then of course, last week we talked about the Iveco acquisition at length. So, I don't intend to go through it. It is there just to ensure that the details are well covered. The same slide you would have seen last time. Next slide please.

A very intense quarter from the point of view of number of moving parts that we have to deal with in the financial side. So, the wholesales were down 9.1% at 300,000 units. Revenues were down 2.5% at Rs. 104,000 crores. Profit before tax and exceptional item came in at Rs. 5,600 crores. A care point here if you look at the net profit line where there's a substantial profit from discontinued operations last year of almost Rs. 4,900 crores. That is basically the Tata Motors finance business when it was sold to Tata Capital. It is a discontinued business that had to be mark-to-market and that's what you see as a gain as a profit from discontinued operations, not the underlying basis. So this is before exceptional items is what you see as a number shift here. EBITDA 9.2% was down 480 bps and we're going to talk about that both on the PV side and the JLR side. EBIT went down by 370 bps and free cash flow, nothing to worry there is a seasonal number that we are playing with. On top of it, of course, tariffs did impact.

Next slide please.

Where did growth declines come from? A lot of it coming out of volume and mix offset by translation. Fundamentally pound sterling to the rupee and profitability wise, JLR declines, which Richard is going to talk about coming from the tariff as well as some one-offs that we had. CV continued its performance of improving profits despite revenue declines. So, now we're running at almost 12% plus EBITDA and that is what you see there. Net debt, domestic business, Rs. 3.6 K Cr minus Rs. 5.2K Cr, still at net cash. JLR is seasonal in terms of its net debt going up because the first quarter and the real reassuring point is the net auto finance cost which is sharply declined, is also giving boost to the net profit line. Next slide please.

Let me hand it over to Richard to take you through an engrossing quarter. Richard, over to you.

### **Richard Molyneux**

Engrossing is one word for it. So, it's been a quarter that we've made actually a lot of progress, both in terms of evolving our brand, but also working with Sir Keir Starmer and his team in the UK government to get a more favorable trade deal with the US than virtually every other country. However, it would be wrong to say Q1 was full of only good news. The external environment presented us with multiple challenges of a scale, a speed and sometimes an unpredictability that can't immediately just be absorbed, which have impacted our Q1 results.

So, these results are on this chart. Wholesales as previously announced were 87,000, generating a revenue of GBP 6.6 billion. It's worth noting that revenue per car was a record for us. It equaled our record of GBP 76,000 per car despite the weakness of the dollar in this quarter. So, this is driven by our brand strength, and the fact that more than 77% of our sales in the quarter are Range Rover, Range Rover Sport and Defender. So we achieved joint record revenue per car. PBT was GBP 351 million, driven by an EBIT of 4%. These along with the negative free cash flow were all impacted by US tariffs, which we have accounted for at the full 27.5% for the full quarter. Also, dollar weakness and industry dynamics in China had an effect, and I'll explain more on future charts.

The next chart please. As per usual, I'm not going to go through this chart in detail. All the points are covered in the presentation, but they're summarized here for your future reference.

Next, after a really strong Q4, volumes of 87,000 in Q1 were in line with our internal plans. As we wound down, Jaguar models, and temporarily paused shipments to the US following the tariff introductions. Demand for Range Rover and Range Rover Sport remains strong but Evoque was down a third year-over-year as we upgraded systems in our Halewood plant and focused on higher margin vehicles. This is what's caused the falling overall Range Rover numbers below it's last year number. Defender remains really strong with wholesales up 15% year-over-year and retails also grew. Discovery was down as Discovery sport was also paused for the Halewood systems upgrade and Jaguar volumes are now almost exclusively for F-PACE.

Next slide. So regionally the UK is impacted year-over-year by lower Jaguar volumes, but also by the fact that FY25 Q1, the number on the far left, was an exceptional year. FY26 Q1 is actually higher than both FY24 Q1 and FY23 Q1. So, the fact that we had a really super strong Q1 last year shouldn't take away from the fact that our UK business does remain fairly strong. North America obviously had some disruption and Q1 also saw an offset from the very strong wholesale push that we did before the tariff increase. Europe is Jaguar impacted largely but had a solid quarter and on the right hand side for the first time, we're actually going to split out MENA and Overseas to give both these core markets appropriate focus. Both regions were up year-over-year and finally China, an incredibly difficult market continues even before changes in the luxury tax rules that came in in July. We performed well on wholesales. The retails including the locally produced cars fell. Do remember these locally produced units are towards the end of their life as our plant in Changshu moves to produce new Freelander product next year.

Next chart. So, this is the key chart in explaining our Q1 performance. Looking from a PBT in Q1 last year of GBP 693 million to the GBP 351 million we've just reported. Volume was adverse 10,000 units quarter-over-quarter but partly offset by the mix improvement in Range Rover and Defender that I mentioned earlier. You can see the incremental duty cost in the quarter of GBP 254 million on a P&L basis equivalent to nearly 4% EBIT. And just to state again, we are assuming in these actuals that the 27.5% duty on all cars out of the UK and Europe was in force for the entire quarter. We did have a partial offset to the tariff costs in the Congress in the US reset federal CAFE penalties to zero, allowing us to release our balance sheet reserves, but the net hit from US developments was the major headwind we faced. We do welcome the deals done by the UK and EU governments which will reduce the scale of the tariff payment going forward, but they do not remove it. In terms of net pricing, Sales allowances is trending up a little bit, but still remains low by industry standards at 4.1% on a retail incurred basis. Our contribution costs continue to progress well with reductions in material cost, but we have had to reserve the two significant historical warranty recalls driving that P&L charge to 5.4% in the quarter. The next column D&A year-over-year remains favorable as we've stopped our production in Castle Bromwich and Graz and you can see the impact of the dollar weakening in the penultimate column, a GBP 205 million hit partly offset by our hedging processes. So a quarter significantly impacted by US tariffs, the partly associated dollar weakening and historical warranty adjustments. Next chart.

Walking this then through to the cash this is the first quarter for a while that we have had cash profit after tax actually lower than investment. Though I do note it's important to note here that excluding the incremental tariff payment, our cash profits would have more than our investment. The big change in the quarter is working capital where we've returned to a more normal seasonality. If you remember Q4 working capital was over GBP1 billion favorable. As in Q4 we sold 110,000 units but we only paid the component set about 96,000. In this quarter, it's the other way around. We sold 87,000 units but paid the component sets on about 99,000. So payable sale inventory rose, it's normal seasonality for us. The bottom line is a GBP758 million cash loss of which circa GBP 200 million was from US tariff cash hit. And again just for explanation, in the US you pay your tariffs in cash essentially one month after. So, in the quarter we had two big tariff payments in May and June. Next chart.

So investment levels remain consistent though Q1 was probably at the lower end of our recent range of GBP 850 million to a GBP1 billion per quarter with both engineering and capital spend lower than in Q1 last year. Capitalization ratio was just on 70% and that is probably near the peak for us given our stage in the cycle plan. Next page.

Right into the business update. Look, it's really important in times of challenge that we put our energy into building our strengths rather than just focusing on mitigating problems. So, we focused in the quarter on building our brands. In this page with partnerships, you can see Range Rover Wimbledon. You can see Defender as the partner of the Oasis tour. I love that picture. You can see a glimpse into the evolving Discovery brand at the Goodwoof event down in Goodwood. Jaguar builds its presence in its major future markets. So, we are focusing on our strengths and growing those as well as trying to mitigate the weaknesses that we see. Next chart.

Some of those problems and we've had a few of them. Standing aside UK specific issues such as higher employment taxes, the biggest is obviously tariffs. We welcome the deals that have been done and they will provide certainty for us to plan around. But they do take what was initially a 1000% increase in the cost of our tariffs down. They take them down significantly, but the increases are still 300% for cars from the UK and 500% for the cars from Europe whenever the 15% reduction actually takes effect. It has not done as of yet. In terms of other geopolitics, we have good news, really good news of a UK India free trade agreement, but also further bad news in that China have reduced their luxury tax threshold from RMB1.3 million to RMB900,000 capturing almost all of our Range Rover sales now with an additional 10% tax, and that in a market where retailer finance is still very restricted. Finally, BEV demand is certainly not following projections, certainly outside of China, so we will rely on the flex nature of our MLA architecture for longer. A lot of issues, but we're absolutely not just passively sitting and watching them. We are interacting more than ever before with the Government and we have already started executing a significant transformation program to get ourselves even better focused around 14 missions. Next chart.

So, these are on the missions. You've seen them before, each with dedicated teams and a board lead. They're fully up and running and they're delivering results, impacting progressively through this year and next to bring GBP 1.4 billion of value. And that's excluding the tariff vision. This will be about circa 5% EBIT to offset some of those risks that we mentioned earlier on. Next page.

So, to summarize, we're on track to deliver our guidance, 4% in what is historically our worst quarter and with tariff impacts reducing going forwards means we are sticking with our 5% to 7% guidance for the year and then we will build from there. So with that, thank you for your attention. I'll hand back to Balaji.

**P.B. Balaji**

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

**GV Ramanan**

Thank you, Balaji. Can you go to the next page please.

Our overall Vahan market share improved by 50 bps over last quarter and it's at 36.1%. We saw market share gain by 40 bps both in medium goods and the passenger segment while maintaining a very resilient performance in heavy & light goods vehicles, despite a drop in the TIV in these segments. With

the recent launch of ACE Pro, we are expecting to gradually increase our market presence in this segment. Go to the next slide.

On the financials, it was indeed a tough quarter from a volume standpoint and that is reflected in the revenue being 470 bps lower on a Y-o-Y basis. However, margins continue to be healthy as both EBITDA and EBIT have grown on a Y-o-Y basis. This is majorly coming from lower material cost and better realization. For the quarter, EBITDA was at around 12.2% and EBIT was at 9.7%. We continue to maintain a superior ROCE performance which is at 39.6%. Overall a good financial performance in the quarter. Can you go to the next page please.

This is the EBIT walk from Q1 FY 25 of last year to Q1 FY 26, wherein we see the absolute profitability increase by around approximately Rs. 122 crores which is an improvement of 80 bps on a y-o-y despite a revenue drop of around 4.7%, as we had shown you earlier, this is primarily coming from savings and variable cost and better realization and is further complemented by saving in fixed cost.

I would now request Girish to give you more business insights. Can you go the next page please.

### **Girish Wagh**

Thank you, Ramanan and good evening, everyone. Let me start with the proprietary data that we started sharing. So, this is based on the Fleet Edge that we have in around 850,000 vehicles. So, broadly you will see in most of the segments the utilization of the fleets remain healthy but each one of the segments have also shown a dip in the recent month and that is actually because of the early onset of monsoon, but otherwise the level still remains at a good level. The sentiment index has dropped in MCV and in tippers and all this is also because of the early onset of monsoon.

ILCV continues to do well. SCV pickup is something which is coming down and this is also because of level of satisfaction with the current conditions and current rate being lower. In the freight rates and this is especially for heavy duty long haul continue, they to firm up. Transporter profitability are also in a good position. Next.

In Q1, the industry volumes almost remained flat, marginal growth of around 0.7%. But the total industry volumes in heavies and small commercial vehicles actually dropped and there was a single digit growth seen in ILMCV and buses and vans. In fact, buses and vans actually continue to do well now the whole of last year and first quarter of this year I think they have done pretty well. We transitioned our entire portfolio of trucks to air conditioned cabins and as has been the tradition, I think we also complemented it with the launch of higher power to weight ratio variants and therefore delivering more value to the customers. So, I think we have maintained this trend that whenever there is a regulatory transition, it comes with some price increase for the customer and so, we always give some value improvement along with that.

The HCV volumes in Q1 declined primarily due to regional demand shifts and let me give some flavor to this. So, when I've seen the north volumes going down because there was an impact for few weeks due to Operation Sindoor, one has also seen the volumes in east are getting impacted to some extent due to the Bangladesh issue and also what has helped or rather has impacted is the early onset of monsoons which I said earlier. The monsoon started early in June and therefore the tipper sale actually became almost flat in June. The ILMCV segment continues to do well, it witnessed volume growth mainly supporting fruits, vegetables & manufacturing segment and within that, I think the MCV has been a standout performer during the first quarter.

SCV pickup volumes specifically for Tata Motors have now stabilized at lower levels but we clearly see

growth in the pipeline. Now with the launch of the ACE Pro, which has been accepted very well at the price points and the alternate powertrains that we have launched it with. Buses and vans, the volumes grew almost 12% and the performance was also influenced by salient shifts in segment as also some of the tender driven business which actually was allocated in Q4 of the last year.

In electric mobility, we delivered 43 buses. That's it. Same quarter last year we had delivered almost 750 buses and this quarter 43 buses. And with this, now we have delivered all our buses as a part of the CSL tender one. There is a repeat order that we have received from BMTC which we will satisfy subsequently. ACE EV continues to be stable in volumes. I mean we have now more than 8,700 vehicles. And more so, we launched ACE Pro EV at a very attractive price. It becomes the most affordable four wheel electric truck and is actually offering better total cost of ownership than three wheeler EVs and the EMIs are actually equal to electric three wheelers. We also of course received the PLI certification for ACE pro EV. As far as sustainability is concerned, which is decarbonization, circularity, our performance remains on track.

Smart city, as I said, we have completed the deployment of buses at all the locations and our fleet now has completed more than 400 million kilometers and we continue to improve the uptime as well as outshedding. The performance therefore continues to be above the contractual terms despite extreme conditions especially in Q1 in Delhi. An interesting development is we emerged as L1 in a tender for a completely new technology of public transportation which is being introduced in the country. So, this is an 18 meter articulated bus which can carry 135 passengers at a time. So something between the current electric bus and a Metro and it also comes with a flash charging technology which enables almost 30% to 50% charging in a minute. And this is a tender which had come from Nagpur Municipal Corporation, will also be kind of a technology pilot. But of course, this has already been deployed in around 10 cities in Europe and Australia globally. So, this is a new technology and we are quite excited with this technology. And there are a few more enquiries also from few other states which have started coming with this. Next.

On the digital business, we continue to scale up all our businesses in terms of Feet Edge. More than 825,000 active vehicles, 80% monthly active users and 59% weekly active users. During the quarter one, we also came up with a very attractive value proposition for the Fleet Edge subscription with which the subscription percentages have gone up by almost 50% to 60%. And this is just the first month. I think as we go ahead with more communication, I think we should be able to do even better. Mileage Saarthi continues to do well and we have around 6% improvement in fuel efficiency in real life operating conditions. On E-Dukaan, our online spare part sales we have tied up with third party logistics service providers to deliver parts at the doorstep and we have two types of services, standard as well as express. So, there is a good traction that we see in the pilot cities. We now have more than 9,000 customers and 31,000 retailers onboarded onto the platform. Fleet Verse wherein we are selling vehicles directly to the customers. More than 10,000 plus platform assisted retails. So these many customers are directly coming to us on the platform and at an overall level, digitally generated leads led to almost 28% of the retail in Q1 which is growing quarter-on-quarter.

Next slide. Now going ahead the focus areas, we believe that the Q2 TIV is likely to improve on a year-on-year basis essentially due to the lower base in Q2 of last year. So, post the elections I think last year Q2 was lower volumes and on that base we expect a single digit growth. We also expect the normalization of monsoons and then the festive season starting post 15<sup>th</sup> August. As also anticipated recovery in rural and infrastructure led demand. I think our focus areas. We will continue to drive the trucks market share while maintaining strong realizations and as we go ahead we know there will be an improvement in geographical salience as well as recovery tippers which will aid our shares further. In MCV buses, I think we have been doing pretty well with the launch of new products and service offerings and we have gained handsome share in the private segment for MCV Buses. This is intercity



segment. So we will continue this game and as also the ramp up of volumes in vans. ACE Pro, we started selling retailing from the last month and the production ramp up has been started and now I think we should be ramping up the retails of ACE Pro as we go ahead. We have received very encouraging response during the launches which was done all across the country. Finally, I think we would of course like to sustain the financial performance by consistently delivering double digit EBITDA margins as well as the return on capital employed.

So that's about CV. Back to you Balaji.

**P.B. Balaji**

Thanks Girish and Ramanan. Let me pass the baton to Shailesh and Dhiman. Dhiman, do you want to start off.

**Dhiman Gupta**

Thanks, Balaji. Fair to say it has been a challenging quarter for us on multiple fronts where we had a loss in volumes and consequential impact it had on profitability. Overall industry demand as we saw it was soft with the further stress in the 10 lakhs car segment which you've been seeing for a while, our market share was down 60 bps on account of adverse salient shift and some of the transitional phases we saw in some of our models - Altroz, Harrier and Safari. Portfolio emission continues to trend well below CAFE norms, so no concerns there. While the relative mix of CNG and EV was stable in the quarter, we are going to see a very sharp increase in EV mix to 17% next quarter. Next slide please.

Our EV volumes have been range bound at about 5,500 per month for almost a year. Consumer sentiments have been muted due to the overall global narrative we had on EVs and the market expansion was coming in primarily from new competition launches in the last six months. However, happy to observe that in the last two months we've seen a buoyancy in consumer demand in this space, the green shoots of which are visible in our market share increasing to 40% in July. This still does not fully reflect the gains on Harrier.ev which saw Blockbuster opening and we will definitely end the quarter on a much higher note. Next slide please.

Last 12 months with the moderation in demand that we saw, the overall industry channel stock has continued to build, accompanied by periods of very high discounting to aid in stock liquidation. We have taken a conscious call to be more proactive in keeping our channel inventories in check. I'll park this point for a while as Shailesh is definitely going to pick up in greater detail in the subsequent slide. But the overall we moderated our offtakes which reflected in the 10% volume and revenue decline, the loss in operating leverage and the additional hidden commodity inflation that has been coming in through April has meant that we are down on our profitability parameters. Next slide please.

ICE margins have been under stress for a period of time while our cost reduction efforts are coming through well. It has not been enough to offset the steep loss of operating leverage, adverse model mix and the continued high industry discounting. This quarter we had the additional impact of commodity inflation coming in primarily through steel safeguard duty and FX risks and a residual part of it will also come in Q2. Our ICE margins will improve from here. However, they are likely to remain under pressure for some more time as we plan to exit the calendar year with a very low level of model year stock. Redoubling our cost reduction efforts, Improved model mix from launch of some curated variants of Harrier and Safari that Shailesh is going to talk about and hopefully some price increases in H2 with a strong festive period makes us confident of getting this back up by another 3%-4% in the next few quarters. The margin improvement story for EVs has been very encouraging. We've seen EV profitability improving on a year-on-year basis even without PLI, with significant cost reductions

coming through. We were EBITDA breakeven with PLI this quarter and the improved mix coming in from Harrier.ev and the additional vehicles coming onto PLI platform will see continued uplift in margins from there.

Shailesh, Over to you

**Shailesh Chandra**

Thank you Dhiman. So let me start with industry highlights. The demand has been muted for the industry in quarter one. We saw flat wholesales and quite a muted growth also in Vahan. April actually had seen a strong, you know it was strong at the start carrying the momentum for festivities like Gudi Padwa and by the end of March 2025. However, in May and June we saw a significant slowdown in demand. We see the overall industry demand remain soft and this has resulted in environment of sustained high levels of discounting also to drive details and this is prevalent across OEMs and siblings.

Channel inventory for the industry had also grown by five to seven days in quarter one and this is basis the offtake and Vahan data that we track and this was due to lower than expected retail in quarter one than what the industry was expecting. Volume stress is actually more pronounced in sub 10 lakh segment with a decline in momentum over recent months. And this is because of combination of reasons: growth in propensity for used car also I would say to some extent, on the contrast 10 plus lakhs segment we have been seeing healthy demand driven by more resilient customer base as I said. In EV industry, we have seen growth in quarter one primarily due to impact of new launches which has added incremental volumes in the industry. It has really been interesting to see strong demand for EVs in high price segments above 20 lakhs. And this really goes to show that if EV addresses all the concerns of the customers in terms of range, price parity, best capabilities, customers are willing to shift from ICE to EVs.

Talking about Tata Motors, looking at the past one and a half years, the overall demand environment for industry has been volatile and tough and therefore in this environment to drive sustainable growth for the business, we felt it is critical to keep the channel health in focus and therefore we moderated our wholesale in quarter one to ensure controlled growth in our channel inventories which is important to ensure healthy network. We also saw the transition of some of our key models in the portfolio which have new product interventions including Altroz MCE, Harrier and Safari new curated variants. We just launched the Adventure X, we called them AdventureX, at a very attractive price point and it's very much feature loaded. So much like any product transition that we see it involved a ramp down of the volumes for a few months prior to scale up post launch. And these launches at the end of quarter one and start of quarter two have also resulted in some impact in our volumes and profitability. Our new launches Tiago and Altroz have seen very strong traction in the market. Despite the broader trend in hatches showing a decline, double digit decline in this segment, these two products have got very strong response, in June we saw 22% year-on-year increase in bookings for both models combined. This is going to drive growth in this segment in the coming quarters. The launch of Harrier.ev has been widely successful with a strong launch marketing campaign to support awareness and consideration and we are happy to see that we received 10,000 bookings by day one which has established a very strong pipeline for the product going forward and Harrier.ev volume impact is not present in quarter one as Dhiman mentioned it will be visible from quarter two. We also saw traction for the rest of our portfolios in EV particularly towards the end of the quarter especially for Nexon.ev and we were really surprised that once we offered the lifetime warranty for both Nexon and Curvv.ev that there was a sharp increase in retail as well as bookings in July 2025. Next slide please.

So in terms of key actions and initiatives, as I mentioned earlier that channel health is important to ensure long term growth in the kind of operating environment today and therefore to ensure a



healthier channel, we are maximizing retails. We have institutionalized the stock policy that will guide how we balance our wholesales throughout the year. At the same time, you know to ensure that we are aligned to the prolonged demand volatility and to ensure dealer profitability, we have tweaked our S&OP process, which will enable greater alignment between our supplies and market demand. We will also maximize the upcoming festive period through strong marketing campaigns and leveraging the product intervention that I talked about. Our new launches, you know Harrier, Safari AdventureX variants just launched few days back. Our curated variants at very competitive price points and this will help us drive volume growth and will help improve our model mix. In EVs, as Dhiman also mentioned, we will leverage the growing demand of our portfolio along with the commencement of deliveries for Harrier.ev to drive volume growth and with further actions on product, strong marketing, mainstreaming actions, we continue to maintain our first mover advantage. There are already green shoots that we see in terms of recovery EVs in July 2025, actually July was our highest ever bookings of the existing portfolio and our bookings excluding Harrier.ev grew by 25% over levels that we were seeing in quarter one. So it was a very sharp jump in July. Nexon.ev particularly saw strong consumer interest especially after the announcement of lifetime warranty and booking went up in July by 55% over quarter one. And Harrier EV we have had a blockbuster launch. I talked about this. We achieved the highest ever retail also in July 25, it was 40% more than quarter one levels. I mean, we are yet to see the full impact of Harrier.ev retails in from August onwards and therefore, the vahan market share for EV which had gone down to 35% level bounced back to 40% in July and we are pretty much on track to, as we have been mentioning, progressively move towards the 50% plus market share level in the coming quarters.

That's it from my side. Back to you, Balaji.

### **P.B.Balaji**

Thank you, Shailesh and Dhiman. Quick summary. I'll wrap this up fast. Despite a tough quarter in terms of numbers growth wise, I think cash profit after tax ahead of investment spend. So prudence continues and the only swing that you see is on working capital that is seasonal that will reverse itself. Next slide please.

Investment spending is in line with plan and don't expect to overshoot this. It's steady across years as well. Next slide.

So how do we see the future ahead? I think from a global demand perspective, I think it's fair to say after hearing Richard also, you would have got the same message saying that the global demand is likely to remain challenging in the short term. It's also a bit confusing. Therefore, that is a situation on the global demand. Domestic demand underlying basis should start improving gradually as the spends continue, lower interest rates, exciting product launches and the festive season starting to kick in. And therefore our focus remains on what we can control and execute our strategies flawlessly. These are the individual verticals and it is there for all you to see. That's what the Shailesh, Girish and Richard just talked about. So don't want to repeat that. With that, let me then turn you over to questions. We have about 19 of them so far and let's get started.

### **Questions and Answers**

#### **P.B. Balaji**

It's a good mix of questions coming from across the board.

Okay, first question coming from Raghu, Nuvama. Richard, this is coming your way. I think a lot of

questions on tariffs and question is, how have you accounted for it? Number one. Second, in terms of is there any rollback possible to May 8? That's the second set of questions there. And how do you plan to mitigate it in terms of pricing? And while you're on it, could you also give clarity on the emissions compliance provisions related to the US. Can you pick up the entire US tariffs, emissions accounting, how do you intend to mitigate it all in one shot?

**Richard Molyneux**

Okay, let me give it a go. Right. Tariffs in the US. So they have been 25% is the tariff that Trump announced in his Section 232 executive order became effective essentially the start of the quarter. That tariff is on top of the standard most favored nation tariff, which was 2.5%. So essentially through the entirety of Q1, we have been booking the P&L at 27.5% tariffs from cars exported from the UK and cars exported from Europe. There is absolutely a chance that we will get the tariff reduction to 10% in the UK backdated to 8 May. We are working with the relevant governments to make sure that that happens as that is what was included in the original deal.

However, it has not yet been enacted and therefore we haven't got sufficient certainty of that to book it in the accounts. So these accounts in Q1 assumed 27.5% flat throughout the quarters in terms of P&L. I mentioned to you earlier on that in terms of cash payments you pay the US tariffs one month afterwards. So, we have paid two months in the quarter of the much higher tariff level. The third one which we will have paid in July will come in cash in Q2. I saw another question around tariffs which is when do you pay them? You pay them when the vehicle lands on US soil. So it's not related to wholesale, it's not related to anything other than when the vehicle lands in US. So in terms of what we have done, we reacted as quickly as we could as you know, in terms of stopping shipments and making sure that we had a very strong dealer stock going into the quarter. The first thing we did was reduce some of the sales allowances of the VME levels because that is a quicker thing to do for us than changing price. We have subsequently changed prices a little bit on '25 model year Range Rover went up a couple of percent and we have announced increases on '26. So, we are taking some price, we are taking some variable marketing reductions as well as a partial offset to the tariff cost. In terms of emissions, so the so called one big beautiful bill that was passed set federal CAFE levels to zero, that was passed on the 4th of July. Use the fact that that was substantially enacted in law at the time to release our balance sheet reserve for federal cafe fines that stood at a circa GBP120 million. There were other changes in terms of tariffs globally including introduction. Sorry, not tariffs in terms of emissions costs globally including the introduction of some costs in Canada for model year '26 changes in the UK, et cetera, et cetera. So the net effect for us that you'll see on the report of all of the emissions changes globally was GBP76 million better on a year-over-year basis. But the absolute balance sheet change that we recorded in this period was GBP120 million. I covered most of the questions.

**P.B. Balaji**

Can you also cover the accounting piece. Richard.

**Richard Molyneux**

Yes, sorry, the accounting piece, it's shown in cost of sales. So it's not shown as a revenue item. It's shown in cost of sales.

**P.B. Balaji**

Yeah, thank you. Probably. I'll come to you Shailesh. I think a lot of things around launches also about your EBITDA margin guidance from here on as well as EV production, rare earths, particularly here in India. And how do you see the discounts playing out from here?

**Shailesh Chandra**

Sure. So as far as Sierra is concerned, it is very much on track. We had always mentioned that this is

going to get launched in H2, whether it will be quarter three or quarter four. I think we will let you know when we are closer to the date of the launch. But it is on track. As far as profitability is concerned. I think Dhiman has covered this in greater detail. We are very committed to bringing it back to the double digit EBITDA level. The next one or two quarters will be challenged. But you know the operating leverage coming back, model mix improving from here on, the potential price increase that Dhiman mentioned in H2 of the year, I think all these are going to help us. And also, as you know, first quarter was also impacted because of IPL spends that is getting normalized, marketing spends that we'll be doing. So I think beyond that I'll again ask Dhiman to later on talk about any additional things that we have missed. But we are very confident of coming back to these EBITDA levels in the next two to three quarters. Now the other question is EV production, vis-a-vis rare earth challenge that we are seeing. I think we are covered as far as the stock is concerned for the next two to three months and we have created alternatives to deal with the situation. Of course, it means alternative sourcing from beyond China also, but also seeing wherever possible we can avoid rare earth. I think all these options are being looked into. So hopefully we should not be affected because of the rare earth inventory issue that is going on.

The next question is how much is the increase in discounts on quarter-on-quarter basis? As I said that we have been very prudent in terms of not allowing stock to increase too much, while we had to do discount, had to counter the competition, discounts in certain segments. But this increase on quarter-to-quarter basis would not have been more than 50 bps. So that kind of a number. Yeah, that's it I think.

**P.B. Balaji**

Thanks, Shailesh. Girish coming to you in terms of utilization, the dichotomy, the data saying. The level of utilization, what levels do new fleet additions come in and the utilization in HCV, cargo, why is industry TIV still dropping and what's affecting the sentiment? Can we just cover that?

**Girish Wagh**

Yeah. So see, you will appreciate that this fleet utilization metric and data is something that we started generating for last few quarters. We don't have a correlation today to very specifically say that beyond a particular level of fleet utilization, it leads to new purchases. And in addition to that I think this is also dependent on few other factors like what are the projects undergoing in that particular state, how are the other end use sectors of commercial vehicles are doing, etc. So I think the only thing I would say is that the fleet utilization actually continues to be healthy and at a higher level as compared to the same period last year. I think you also have a question that despite the fleet utilization being good, why the volumes have gone down? So, I would say that actually this fleet utilization also was seen in good pipeline generation. But throughout first quarter, we saw that generally there was a postponement in purchase decision making by customers. And then later on of course, there was an early onset of monsoon which therefore, impacted the volumes, especially in the month of June. So despite being end of the quarter, the retail volumes were not so high and we immediately align our off take to the retails. In addition to that, I would say that there are few states where the payments in government projects have been delayed in at least towards the end of Q1. And that was also something which was impacting the retail volumes in Q1. There was another question, Balaji.

**P.B. Balaji**

Yeah. so, related point was on delinquencies. I think Kapil had asked it earlier. Related point, how do you see delinquencies in the CV segment? And Financing availability?

**Girish Wagh**

Yeah, so delinquencies I think in buses and vans there is no issue whatsoever. In ILMCVs and HCVs, they remain at a low level. I think in SCV pickup the delinquencies amongst all the segments they do

remain high. But the good thing is that Tata Motor's portfolio as shown by the financiers to us of small commercial vehicle and pickup has actually improved on the early delinquencies which is seen in the first six months.

**P.B. Balaji**

Thank you, Girish. Shailesh, coming to you. This is on CAFE 3. Jinesh Gandhi from Oaklane. Considering CAFE 3 guidelines are yet to be finalized. Do you expect pushback of timelines and what do you expect growth for PV in FY26 and any material pickup in demand you expect in second half based on lower tax and interest rates?

**Shailesh Chandra**

As far as CAFE 3 guidelines are concerned you know, we are in touch with the Ministry of mainly of the Bureau of Energy Efficiency and we are having this discussion with Ministry of Power also. But we don't see any change in the timelines. The discussions are more around the extent of stringency that is being asked for. So, I don't see any pushback as far as timelines are concerned.

The second question is more in terms of expectation of domestic PV industry growth. Seeing first four months has been absolutely zero percent growth. In fact last two months has been negative by 3% and we have maintained that for the full year, we are going to see about, again less than 5% growth. And that's what I would like to maintain for the industry. And in the second half, there has to be actually material pickup in demand, otherwise we would not be in even around 4%-5% of growth. So I believe because of all the actions that you have also mentioned in your question lowering tax, lower interest rates, the repo rate has been reduced and now it is reaching to the retail level also. And also we believe that rural demand is going to be strong post monsoon. So, all this year and strong festive period because we are seeing the demand pattern pretty much mimicking what we had seen in the last financial year. And last financial year had a very strong festive as well as December sales. So, we believe that the trend would continue. So quite hopeful of this.

And then the last question is on share of retails from digitally generated leads. I think this would be about 10% to 15%.

**P.B. Balaji**

Thank you. Richard, coming to you in terms of demand conditions in US, UK and China, do you expect how do you see the Q2 retail wholesale trends? I would probably add to it also with your comments on inventory as well.

**Richard Molyneux**

On demand, the uncertainty, I think that's been so pervasive over the last few months, it has definitely impacted demand for ticket luxury purchases across the board. So, many of our clients are small business owners only facing the same tariff challenges. Now that we've got some certainty going forward, I think we would expect this to slowly recover. But demand has been weaker than we would like since our year end. In terms of regional splits, if anything, the US is remaining still relatively solid. China definitely, since the introduction of the China luxury tax has continued to slow. The UK is reasonably stable and Europe I think is the market where that small business owner uncertainty has probably had the most effect. So, I'd say certainly muted in the first quarter, driven by the uncertainty of the macro environment that we all face. But as that starts to stabilize through the back end of the year, we would expect that to recover slightly. So our retailer inventory levels are at probably the top end of our range at the moment. So we would not expect wholesales and retails to significantly diverge from here and we'll manage them together with our retailer body. We still have a strong order bank and we are expecting demand to slowly recover as certainty or rather lack of uncertainty takes hold.

**P.B. Balaji**

Yeah, also since you're commenting on other market, just talk Middle east as well. That's not been asked but it's just a logical next question coming up.

**Richard Molyneux**

Yeah, Middle east is a really strong market for us. This quarter was a little bit affected by the fact that I think as a result of the conflict over in that zone, a fair few of them left the region on their summer journeys earlier than usual but particularly for Range Rover and Defender, it remains an absolutely core market for us and that is why we both, externally in our reporting, but also internally we have now separated out MENA from the other Overseas market so that we can give it the attention it needs. It is definitely ripe for some further growth for Range Rover and Defender and ultimately Jaguar as well.

**P.B. Balaji**

Thanks Richard. Girish, coming to you. In terms of CV full year outlook, we heard from Shailesh, how do you see CV full year?

**Girish Wagh**

So, I think we still maintain that for the entire year and within that I think HCV should do similar around 3% to 5% kind of a growth. ILMCV a bit lower, SCV pickup probably will remain flat. The volume should pick up from the festive season. In terms of buses and van while the projection is flat, but I think Q1 has done well. But Q1 and Q4 are generally good for buses and vans. I think it is very important to see how Q2 and Q3 pan out and also what kind of tenders come from the government, both ICE and electric. Based on that we can say whether the volumes remain flat or there will be a good growth even in buses. So that's where we see the whole year, Balaji.

**P.B. Balaji**

Maybe this is more Ramanan your side on the margin performance, can you let us know why have gross margins improved quarter-on-quarter - this is from Kapil. in light of higher steel prices and AC cabin impact, are these sustainable and how much of PLI was coming onto it then? Probably basis PLI for Dhiman, I'll come to you in terms of PLI for PV for this year.

**G.V. Ramanan**

Yeah. So thanks, Balaji. So I think the reason for the Q-on-Q margin largely impacted by a combination of couple of things. One I think better realization and then the revenue salience in international market and the downstream business has been higher than the earlier quarter. So, that's kind of helped us from a margin perspective. On the question on sustainability, I think Girish does touch upon any focus area that's a clear focus area for us to sustained robust financial performance. So, we kind of look forward to it. There's a question on PLI. So I think the Q1 accrual of PLI was around Rs. 25 crores and as Girish rightly said we expect the volumes to be increasing in the bus. So as the year goes by, we see this amount going up for us.

**P.B. Balaji**

Dhiman, can you just cover off PLI for PV as well?

**Dhiman Gupta**

Yeah. So I think Balaji, we had given a guidance that our PLI run rate will be about Rs. 110-120 crore a quarter. We are on track. The PLI this quarter was about Rs. 115 crore. What is important to note is that you have a base year effect of FY21 which kicks in Q1. So Rs. 20 crore gets deducted from the gross and then there is a discounting impact because this cash is going to come next year. So our P&L of

course was about Rs. 87 crore. But for the full year this already takes into account the PLI we are accruing on Punch and Tiago. We have Nexon coming in and Harrier.ev. So for the full year we are on track to get about Rs. 700 crore PLI approval for the full year.

**P.B. Balaji**

Yeah. Thank you. Richard, coming back to you. Timelines on deliveries of RR Electric and Jaguar Electric and as well as implication on China demand. You covered it a little bit. Maybe there's more questions coming over. This got bumped up implication on China demand post the luxury tax.

**Richard Molyneux**

Okay, let's talk about BEV timing first. I think that's the first point. So we're still lucky in that our main vehicle application, the ones that sits under Range Rover / Range Rover Sport is fully ICE BEV flexible. The vehicles go down the same trim and final line. They go down virtually the same body shop line. So, we are really flexible. We can launch when we're ready and when our customers are ready. We expect it to be on sale next year. Our rollout of BEVs will go from there. For Jag, the on sale date is going to vary a little bit by market. I think what's really important, especially where demand is that in both cases we are not going to compromise on the quality of the vehicles or their capability. It's really important for us that these BEVs are in fact true Range Rovers, true Defenders, true Jaguars. They will be brilliant exemplars of their brand and that's why we are confident that we can make them successful not just in the western markets but also in China. In terms of demand in China at the moment it's still, I mean the change in luxury tax was we had about 48 hours notice like the rest of the industry and it came in mid to late July I think, so only two, maybe three weeks ago. So, a little bit early to see what's happened. What we have done for the moment for the interim is we have told our retailers who we know are not in the best financial shape generally that's not something that's specific to JLR, that's industry wide. We have told our retailers that for the short term we will take the cost of that luxury tax. The network, the retailer network over there is fragile enough without having to take that. So in the short term before we come up with a medium term plan but in short term we will take the cost of that. It is an extra 10% on the list price of the vehicle.

**P.B. Balaji**

Thank you, Richard. Maybe we'll skip to another topic, this from Chandramouli, Goldman Sachs. Let me try and skip to EV and I'll come back to JLR in a minute. There appears to be a year-on-year drop in EBITDA margin for electric cars. Could you elaborate the rationale? At the same time, given the low volume growths, will the discounting be high throughout FY26?

**Shailesh Chandra**

So, year-on-year EBITDA margin for electric cars. It's not the right question.

Yes, so I'm going to cover the PV one which is 1% to 2% PV volume growth plus this potentially. So see we have been seeing that there are clear segments, there are specific models where we are seeing a significantly high level of discounts. Main pressure is, in this less than Rs. 10 lakh segment is where I sit, where the demand is under stress. It has seen a nearly 15% decline, as compared to last year. So this segment is under stress and we'll continue to see discounting. We are also now started seeing, kind of a flattish trend in SUVs and that is also something which we need to watch out for. How the discounting environment would be. I think, where the trend will remain strong. We have seen in the first quarter CNG continuing to do well with 20% growth this year. We also see that EVs are going to see about 70%-75% growth.

The next question is around when you expect the demand environment internally. We already talked about how we are going to, how with the new model launches, our growth is going to be better. Hopefully, from now on industry – in hatches, as I said that while industry is declining by 14% we are



seeing growth here. There are new launches, Harrier Petrol, Safari Petrol is going to come. Harrier EV is doing well. Then we have Sierra which is going to come. So I think we have a lot of launches in the coming quarters. So I think it should significantly improve from here on.

**P.B. Balaji**

Thanks Shailesh. Richard, coming to you a different one on the tariff. This is more about the quotas. 100,000 units per annum imports into US from the UK that can be done at 10% duty. Would that cover all of our imports into the US coming from UK? And also how do we intend to manage it? What are the kind of price increase, mix benefits that we are planning to manage this?

**Richard Molyneux**

So it's 100,000 units as you say, at 10%. We think that that will be enough to cover the volume that we would do within the US for this year. The deal effective 8 May, if you do a pro rata from 8 May to the end of the year the quota is 65,200 vehicles. We think again that will be sufficient in terms of the mechanism for the purposes of this year. It's going to be on a first come, first serve basis. Next year we're working with the UK and US teams to make sure there are some rules and structure brought in. The free for all almost certainly will do nobody any good. So for this year we think we're okay for next year we'll be working with the governments to try and come up with something which is a little bit more organised than a free for all.

**P.B. Balaji**

Thank you. Shailesh, coming to you this is from Kapil, what do you think worked well for Harrier.ev?

**Shailesh Chandra**

Yes. When you compare with any high SUV segment cars, irrespective of whether it is an EV or ICE, this is a car which is significantly superior in terms of not only performance but all the kind of new tech features which has gone inside this car. Whether you talk about the whole Dolby experience or the kind of screens that has been given, 540 degree view, or for example, the APA which is auto parking summon mode and all this is something which people did not imagine in this kind of a car. And on top of that, this is the first trim which is an army drag. And people saw its capability that elephant rock climb, people were just amazed and surprised with the capability that an EV can really deliver. So those were the primary reason and that's the reason why this is being completely compared, not only compared with ICE, but it is being seen significantly superior to 50% more in terms of torque what you get in this segment. So that has been really taken well and from a EV perspective, when I see from that lens the barriers which used to be around range, this delivers a 500 kilometer range, real range, which breaks the barrier around range, you know which used to be a concern. Range anxiety we used to call. Then all of this comes at no incremental price. This is at price parity rather if not slightly better than ICE. So I think it has just ticked all the boxes what people could imagine or it has more than ticked the boxes that people expect in this kind of a category of car. And this has become a highly desirable vehicle in the segment.

**P.B. Balaji**

Thanks Shailesh. Girish, coming to you. This is from Jinesh Gandhi from Oaklane . Can you talk about the upcoming CSL tender for 10,900 E-buses? Do they address your two concerns and do we intend to participate again?

**Girish Wagh**

Right, so yes, I think we have been engaging with the government for almost last three years and therefore over the last three years we are not participating in the tender. We had two specific requests. One is a payment security mechanism and herein we worked with CESL and some of the other

government agencies and a payment security mechanism based on the one used for Solar Energy Corporation has been worked out and it is there currently in the tender document. So this to a large extent meets our requirement on payment security guideline. Our second requirement was about having an asset light model. While this has not been addressed fully and exactly the way we want, but even this to a good extent addresses what we were expecting. But herein I think this will now call for a formation of a consortium with an operator who can run the buses and a financier who can bring in capital. And therefore I think we will now be working with financier as well as operators, whom we can bring together form a consortium and our Smart City subsidiary, then will be part of that particular consortium and OEM Tata Motors will sell buses to this consortium. So that's something that we will work out. Meanwhile, I think there is a good understanding that we now have on the profitability for operating the buses. I think we have been able to develop or build this model over the last three years with good experience and therefore we know what are the value creating quotes, etc. which is what we will participate in the upcoming tender.

Balaji, he has another question on ACE Pro?

**P.B.Balaji**

ACE Pro and ACE Pro EV, what are the feedback on ACE and ACE Pro EV and how do you think is likely to ramp up your volumes?

**Girish Wagh**

Yeah, so I must say that ACE Pro EV and also ACE Pro Bifuel Petrol, all three the feedback has been very good. I think the value proposition has been appreciated very well, especially the price at which it has been launched and the capability and features that have been given. We also had a very unique launch wherein we did launches in 10 cities across the country. It was a two-day affair wherein not just the media but we also got in the influencers, key customers, financiers, all of them there and all of them were also made to drive the vehicle. So we have very extensive feedback from these drive sessions. Generally, the participants have appreciated the pickup, the comfort, suspension, power and I think many of them have felt that it actually offers a very good option for intra city last mile transportation. In terms of capacity and ramp up we don't see any issue and we are going to in fact start ramping up from this month itself. Not just EV but even the bifuel and petrol version.

Balaji, I'll just also answer Jinesh has asked one question about, pre buy due to AC Norm's introduction. So Jinesh, I would like to tell you that frankly, we have not seen any pre buy. There has been no pre buy whatsoever in HCVs and ILMCVs due to the AC norms which in my view is a good thing. I mean it shows the maturity in the market and in terms of your question about how the market will pan out over the next nine months. Since the Q1 has been more or less flat, the 3% to 5% growth that I have spoken about should now happen over the next nine months. Balaji, back to you.

**P.B. Balaji**

Thank you, Girish. Richard, coming to you maybe to wrap the whole tariff impact up question from Kapil. Now that the tariffs are clear both in EU and in UK, how much will the impact be? How much will it reduce from the current quarter in term of bps? How are you assuming this?

**Richard Molyneux**

Okay, on the assumption that the 15% reduction for Europe does become effective on or around the 1st of August. Remember that is the one uncertainty still in the market. We think this year when you take it in the whole for a full FY26 year, you're probably talking somewhere between GBP500 million and GBP600 million effect of tariffs for the year net of the offsetting measures that we put in, on a

more perpetual basis on a 10% and 15% basis, probably more around 300, 400 range. However, I will caveat that by saying look a lot of it will depend on how the market reacts in terms of demand and in terms of pricing. So, those would be sort of the type of estimates that I would use.

**P.B. Balaji**

Just staying with you there. You had good US retail trends on a year-on-year basis even in July. Is it because dealers are selling pre-tariff inventory or customers expecting full pass through on tariffs happening in the coming months? What's the read there?

**Richard Molyneux**

I think there probably is a little bit of an expectation by customers that prices are more likely to be rising than falling. So, getting in there now also typically around this time of year in the US there's the move from '25 model year to '26 model year cars. So retailers will be trying to sell their '25 model year cars before '26 lands on their stores. So there's a little bit of seasonality that normally happens in the couple of months before you change your model year-over in the US.

**P.B. Balaji**

Yeah. Thanks Shailesh, coming to you in terms of Nexon.ev powertrain for the higher wattage, are we looking to shift supplier base to India and when do you expect it to be 100% local source?

**Shailesh Chandra**

See we are you know as far as battery pack is concerned and the e-drive is concerned it is completely localized, so it is already being made in India.

**P.B. Balaji**

Yeah. Okay. Richard, a comment on Forex. If you did not pick up, this is basically with the USD appreciation. I suspect you're referring to pound appreciation here. How much impact of dollar weakness is already in the P&L and assuming that due to hedging bulk of the impact is yet to come?

**Richard Molyneux**

Yes, look, we have a reasonably good hedge portfolio. Actually the thing that we're most exposed to is the dollar-euro cross because we're long dollar short euro. So the move of that over the last months or so during the quarter, I know it's currently at 1.15. I think it was probably at 1.04-1.05 at the start of the year. That's the one that hurts us more. And we're keeping a close eye on that cross to make sure it does not get any worse for us.

**P.B. Balaji**

Okay. I think Vinay's questions, most of it we have covered already. We've covered accounting, we have covered PLI, we talked JLR, VME. I think they covered everything there. So let me see if there's any other questions that you have not covered.

It's an interesting question from Kapil, Girish coming to you in terms of consumer sentiment, how exactly we measure it because one would expect that with the good monsoon the sentiment should have picked up but that's not playing out as you as one would expect. What are we missing?

**Girish Wagh**

Yeah, so as I've been saying, I think the sentiment is actually a combination of two factors which is satisfaction with the current status and how do they look into the near future, say next three, six months. And I think what we've seen across the segments, apart from maybe ILCV, I think the satisfaction with the current status is something which has dropped from Q4 to Q1. But the good thing is that the expectations from the future still remains optimistic. So I think that's how I would break

down the sentiment survey again in almost all the segments.

And I think to a large part, I would say it is also expected in the sense I think the early onset of monsoon have in a manner of speaking also given us the Q2 sentiment scores into Q1. I think that's a timing change which has happened this year.

**P.B. Balaji**

Okay, this is Richard coming way on financing. One is the cash flow recovery in the rest of the year. What would be the key drivers for it? Any year-end inventory upswing expected because of managing the quotas and any refinancing plans that you have in place. We haven't talked about the UKEF financing. Maybe you could cover that as well as part of that.

**Richard Molyneux**

Yeah, why don't I do that first? So, we signed a few days ago a GBP1 billion UKEF backed loan facility in the UK to boost our liquidity. That is not yet drawn but it's going to be available very shortly. Our next maturity is a \$700 million bond that is due in October. So, we boosted our short-term liquidity. The question in the first question, cash flow recovery. So, obviously we paid a couple of hundred million pounds in tariffs in Q1, and that will be significantly smaller in future quarters. We will have working capital come back in our favor again. Remember out of our GBP758 million hit in the quarter in terms of operating cash, GBP616 million is working capital and the vast majority of that is cyclical. Also normally for us we would have higher wholesale volume in the second half of the year than the first half of the year. So there's a few things that I would play on in that.

The question around, are we planning on adjusting delivery timings for the first set? Remember, the first quota is the 65,000 that is applicable up until 31st of December this year. At the moment, we're not anticipating that the UK industry will breach that. So, we're not changing our plans. As of next year, The way the quota works is it's actually a quarterly quota of 25,000 units. Any part of the first quarter that isn't used gets added to the third quarter's number. Any part of the second quarter that isn't get used doesn't get used, gets added to the fourth quarter. So there is some flexibility during the year and we'll manage that as we get through 2026. My intent, as I mentioned beforehand with our intensive company, is to work with the UK and US governments to have something that is absolutely not a brief rule by the time we start next year's 100,000 unit on batch three.

**P.B. Balaji**

Great, thanks. I think with this we have come to the last of the questions. Once again, thanks all of you for your probing questions. Just to summarize, a very challenging quarter on multiple fronts, particularly on the JLR side. But I think we are coming out of as we get finish this quarter and come out into this Q2 and then subsequently into the second half, lots of things that are underway in terms of interventions, be it in JLR, CV or in PV, which will help us sequentially start improving from here on. And one does expect to have a pretty strong second half as these things come into place. So thank you once again and more than happy for clarifying any further questions that you may have. Do feel free to reach out to the investor relations team. Thank you. Speak to you soon.