

Tata Motors Passenger Vehicles Ltd. Conference Call Transcript - November 14th 2025

Operator: Good day and welcome to Tata Motors Passenger Vehicles Limited Q2 FY26 earnings call. Today we have with us, Mr. P.V. Balaji, CFO, Tata Motors Passenger Vehicles Group, Mr. Shailesh Chandra, MD and CEO, Tata Motors Passenger Vehicles Limited, Mr. Adrian Mardell, CEO, Jaguar Land Rover, Mr. Dhiman Gupta, CFO Designate, Tata Motors Passenger Vehicles Limited, Mr. Richard Molinue, CFO, Jaguar Land Rover. And we also have our colleagues from the Investor Relations team. Today we plan to walk you through the results presentation followed by Q&A.; As a reminder, all participants will be in listen-only mode and we will be taking the questions via the Teams platform. The same is already open for you to submit the questions. You are requested to mention your name and the name of your organization while submitting the questions. I now hand over to Mr. Dhiman Gupta to take over. Over to you, sir.

Management: Thank you, Anish.

Management: Good evening, everybody, and welcome to Tata Motors Passenger Vehicle Limited analyst call for Q2 FY26. It is a pleasure speaking to you as we report our first quarterly earnings as a listed entity. Next slide, please. The safe harbor statement is important, as it is the first quarter post the Commercial Vehicle (CV) demerger. There are a few hygiene accounting related matters to get out of the way. Our segment reporting will now comprise of automotive segments and others. The automotive segment will now comprise of JLR and Tata passenger vehicles business. Other than the CV segment moving out, there is no change there.

Management: Others will comprise the rest, the financially material ones being Tata Technologies and Tata Motors Holdings Limited, Singapore.

Management: Next slide, please.

Management: For the purpose of statutory reporting, the published income statement has been reclassified to comprise only the TMPV group for prior periods for a like-for-like comparison. However, the balance sheet for prior periods will include CV business assets and liabilities, and hence, not comparable. This is something for you to know. Next slide, please.

Management: Another accounting matter related to the demerger. As part of demerger accounting entries, we have recorded a profit of 83,000 crore on disposal of the CV undertaking, which is essentially the fair value of the CV assets, less the book value of net assets transferred. So the business was valued at 94,000 crore by third-party agencies. The book value that was transferred was 11,000 crore. So the delta is about 83,000 crore. But this is only a notional gain, as there is a contra entry of 83,000 crore as a deemed dividend. So there is absolutely no impact on either distributable reserves or on our net worth. Next slide, please.

Management: Key highlights: While overall it was an extremely challenging quarter with the cyber incident at JLR, there continue to be several bright spots which we will continue to highlight as we progress out of this incident. The Range Rover brand continues to have a strong brand recall. There has been a resurgence in the domestic demand post GST rate cuts, and the Tata passenger vehicle business takes its first bold steps in its international foray with the entry into South Africa. Next slide, please.

Management: Coming to our consolidated financial performance, with the loss of production for the entire month of September due to the cyber incident, the JLR revenues dropped by 24%, which was

partially offset by 15% top line growth in the India business and the translation benefit in GBP INR. The loss in operating leverage, carry over of US tariff impact from Q1, and increased Vehicle Marketing Expenses (VME) flowed through every other financial metric, resulting in a PBT loss of 5,500 crore for the quarter. There was an additional exceptional loss of 2,600 crore for certain expenses related to the cyber incident and the voluntary redundancy program at JLR. The Free Cash Flow (FCF) for the first six months of the year stood at 18,000 crore, and I am sure Richard will talk about how the efforts have been taken to keep liquidity at JLR at very comfortable levels. Next slide, please.

Management: Revenue and profits we have already spoken about in the last slide. The net auto debt has increased from a net cash position end of last fiscal to 20,000 crore, the increase primarily coming through at JLR. Other entities remain quiet. The domestic India business is net cash, which gives a lot of flexibility to fund the rich product investment cycle that will be coming through in the years. Richard, over to you to take on the section, please.

Management: Okay, thank you. And to the next page, please.

Management: So there is no denying this was a difficult quarter with disruption from a cyber incident. This is something that is happening to more and more companies that no company will ever wish for. It meant we had to close down our systems in one of the higher volume months of the year, the end of a financial quarter, the start of the FY26 model year Range Rover production, and a new registration plate in our UK home market. So even with July and August in line with our expectations, we ended up with 66,000 units of wholesale. The 24% reduction year over year with revenues down on the same percentage. This drove EBIT to negative 8.6%, PBT to negative 485 million, and free cash flow to negative 791 million. The PBT quoted there is before a 238 million pound exceptional charge, and that reflected both the direct incremental cost of the cyber incident and a voluntary redundancy program under which nearly 500 managers and employees are leaving the business as we resize our costs. From an H1 perspective, the quarter pushed us to a marginally negative profit position and 1.5 billion negative free cash flow. So it is a significant loss in Q2, but I do want to put it in perspective. The negative 485 million compares to a profit that we made in our last financial year of 2.489 billion. So this loss, while significant, is less than 20% of the profit that we made last year.

Management: Next chart, please. As is usual, I will skip over this. I will cover all the points during the presentation. It is there for your reference only. So next chart.

Management: From a brand perspective, as our shutdown was simultaneous across all of our plants, the declines are relatively proportional. Range Rover, Defender, and Discovery down between 20% and 25% on the previous quarter. Jaguar down 35%, continuing to reflect our planned rundown of production ahead of the brand relaunch. From an half one perspective, we are down 17% overall, but only a combined 10% on the dominant Range Rover and Defender brands, which would have been marginally up if it had not been for the September stoppage. And that is in a very difficult market. Next page.

Management: From a regional perspective, our long-lead markets were more protected in September as their vehicles were already in transit. So you can see China and overseas relatively flat quarter over quarter. The bigger pain was felt in the short shipment markets and those markets where processing of vehicles through wholesale and retail triggers was most impacted by our system shutdown: UK, North America, Europe in particular. From a half one perspective, we continue to focus on growing our overseas business, managing a difficult market in China, and starting pipeline refill for other regions as production again starts to flow. Next page.

Management: So this page shows and explains the EBIT walk from the 385 million or so that we had in the equivalent period last year to the 485 million loss just reported. The lost volume from the cyber incident, even with favorable mix, cost us 237 million pounds. The Trump penalty, even in a low volume

quarter, was 74 million pounds, meaning a cumulative 328 million pound penalty in the first half of the year. The 'Other' shown there of 40 million is largely the lost parts and accessories business from the attack and lower China JV returns. VME globally is on the rise and this had two effects. Firstly, the actual cost of cars retailed rose from 4.1% to 6.9%, with the biggest deterioration being in China due to the new luxury tax that was announced in mid-July, weak demand, and a fragile retailer base. But secondly, nearly half of the 257 million pound adverse is the secondary effect of having to accrue more for vehicles that retailers still had in stock. Within contribution cost, warranty spend remains stubbornly high even though the quality fault metrics continue to improve. Within structural cost, it is worth noting lower capitalization of engineering time as our CAD systems were down during the month of September. For our exchange, our hedge program protected us against a weakening dollar from an operational side, but the adverse euro move down to 1.14 impacted our balance sheet revaluations of both payables and debt. It is worth noting there also that the PBT shown is before exceptional items. We did have an exceptional item in the quarter of 238 million pounds. About 40 million of that was associated with a voluntary redundancy program as we resize our cost base. The rest was the direct incremental cost of the cyber incident during the month of September. Next chart.

Management: Turning then to cash, the cyber incident drove cash profit after tax down to effectively zero. It is really important to note that the third month in any quarter is normally strongly cash positive for us. So the timing of the system's outage could not have been worse. Investment was 828 million and working capital relatively flat as the beneficial effect of selling down stock was offset by lower payables from the production stoppage. So free cash flow in the quarter was negative 791 million. Next chart.

Management: Two things to note on investment. Firstly, the overall number of 828 million is lower than our run rate and this is due to the system's outage meaning we were not able to pay many capital invoices in September. These will flip back to payments in Q3. Secondly, you can see our engineering capitalization at 55% is lower than the 70% we had in Q1. My reference is that with our engineering systems down, work on the programs we are capitalizing did pause and hence the expense element of engineering rose. We reallocated and we put as many people as we could into incremental testing and validation, but this still had an effect. Next chart.

Management: Right, in the business update, I suspect the first thing that you will want me to talk about is the cyber incident, so I will do just that. Next page.

Management: I am really proud of how this wonderful company responded and restarted our business within a few weeks. Bad as it was, it could have been worse. We set crystal clear priorities as a business. First, customers and sales. So we focused our parts operation to get parts flowing to help clients and retailers and we restarted wholesale systems to allow as many cars to flow as possible. Second, pay suppliers and restart production. We paid thousands of invoices manually to help our supply base and we restored manufacturing from October 8. Third, engineering systems and then four, build beyond the Minimum Viable Product (MVP) that we had put in place. We have restarted at pace. The plants are already working at or close to capacity and the systems we have started are cleansed and clean. So I would like to take this opportunity not only to thank my colleagues for their amazing work, but also to thank our retailers, customers, suppliers and other partners for their patience and their support through this time.

Management: Next page.

Management: Looking now beyond the cyber incident to the macroeconomic environment. Our industry continues to be very challenging. Geopolitical tensions, regulatory surprises, supply chain shocks abound and threaten an industry based on lean global supply chains and schedules fixed weeks, if not months out. We will all have to adapt to the new realities, but this will take time and it will take cost. On the global demand side, while there are some pockets of growth, China's luxury segment continues to shrink, Europe is struggling and the US, while stable, is not in the position to absorb the scale of global

capacity from the other regions. Consequently, we anticipate VME levels to stay elevated for some time. On the supply chain side, the recent experience with Nexia appears to be resolving. Although stopping inbound wafer shipments from Germany to China may still create a period of shortages that works through their value chain. We have to imagine that this will not be the last such event. We will have to robust our supply systems accordingly, likely to only add cost and complexity over time. Next chart.

Management: In our new reality, delivering on our missions, these are the missions I introduced in our Q1 briefing, is even more important. We are moving forward with intensity and with focus. Those that have immediate impact have been our first priority, you can see them here, and we are making great progress in tariff mitigation, emission cost reduction, and driving our ex-works quality up and up. You can see a 25% reduction in vehicles off-road.

Management: On the high value missions, we have multiple teams dedicated to material cost reduction. We are taking circa 500 employees out of our admin base and focusing on lean in market China stocks to protect our margins and those of our retailers. In other areas, we are driving parts back orders down massively. We put 500 retailers through a very impactful program to properly leverage our high-end halo and bespoke products and we will keep driving these missions even harder.

Management: Next. So what does this mean? The production losses we experienced will also impact quite heavily on Q3. It is only in Q4 as our pipeline fill completion that we will return to normal and Q4 is always strong for us. For the full year, we expect EBIT to be in the range of 0% to 2% positive and free cash flow to be in a range of negative 2.2 to negative 2.5 billion. We will update you on FY27 after our next earnings release. On that note, I will stop and hand you back to Balaji and Dhiman. Thank you.

Management: Thank you, Richard. Moving on to the Tata Passenger Vehicles business. After a particularly weak Q1, the domestic Passenger Vehicles (PV) business has seen a strong rebound in Q2. Volumes grew 10% year on year for the quarter. The months of September and October where we hit all-time record off-take of 60,000 plus in consecutive months. There was a strong recovery in market share to 12.8% for the quarter. Post GST rate cuts, market share during the festive months were at 13.7% to 14%. Electric Vehicles (EV) came out particularly strong with penetration sharply improving from 12% to 17% and along with CNG accounts for almost 45% mix in our portfolio. That keeps our Corporate Average Fuel Economy (CAFE) well below the threshold.

Management: Next slide, please. EV off-take had plateaued at 15,000 to 16,000 a quarter for some time now, with much of the industry expansion coming from new launches between Q3 and Q4 last year. Nexon EV has garnered strong traction and the very successful launch of Harrier EV took our off-take to 24,000 for the quarter. Our market share has now been consistently clocking 42%. With a proactive product portfolio strategy, which we will soon add Sierra EV2x and a lot of other refreshes which will be improving the value proposition, we should look to further build from here in the coming quarters. Next slide, please. Revenue growth is coming back nicely at 15% year on year. Segment profitability is nearly back to FY25 levels, much of the improvement coming through from improving profitability of the EV business, though a fair ground remains to be recovered on the Internal Combustion Engine (ICE) piece. PBT of approximately 200 crore for the quarter, flattish year on year basis.

Management: Next slide, please. ICE margin came in at 6.4%, almost 2% down year on year, a combination of higher commodity cost and adverse pricing. EV profitability is beginning to come through well with better operating leverage, mix and the benefit of Production Linked Incentive (PLI). PLI accrued for the quarter was 125 crore. I must also add that the PLI accrued for the full year FY25 of 3,150 crore has now been received in cash from MH this quarter. In terms of profit walk, adverse realization has substantially offset the improvement in volumes and cost reductions. Year on year cost reductions you see are net of nearly 1% of commodity benefit we have taken in the last two quarters

and a bit more is expected to come through next quarter. In line with our previous guidance, ICE profitability will remain muted for another quarter and we will see improvement coming through in Q4 on the back of price increase, Sierra and Safari launch. EV profitability will continue to improve on the back of further PLI accruals from Nexon and Harrier EV, both of which have met the 50% Threshold Value Addition (TVA) threshold. Over to you.

Management: Thank you, Dhiman. So let me start with industry highlights for quarter two. The first five months of the fiscal year saw stress in demand for the industry with about 1.6% year on year degrowth in the period April to August 2025. Post that, we saw an improvement in the overall operating environment of PVs with the implementation of GST 2.0, which saw reduction of GST for PVs across the segments. GST reduction for PVs resulted in price drops up to 10% in some segments. Due to this reduced GST, the festive season and some pent-up demand post GST announcement, the PV industry has seen a sharp growth at 5% in September and more sharply in October at 17%. While there has been growth across all the sub-segments, it has been more pronounced in certain segments, example compact SUVs, which have received a strong boost due to the new taxation structure. Alternate powertrains continue to see industry-beating growth with 17% growth year on year for the CNG segment and 126% growth year on year for the EV segment. CNG growth has been driven by the growing City Gas Distribution (CGD) network and greater traction due to increased accessibility. EV segment growth is on the back of new launches, for example Harrier EV, which has added volumes and a general positivity on EVs. Coming to Tata Motors, the actions that we have been taking the last 18 months on structural business processes and service have yielded strong returns and a data foundation for us to drive growth in the coming months and quarters. In terms of key highlights in quarter two, we saw double-digit year on year growth in our sales, which was driven by a watershed month in September 25. In September, we achieved many milestones including record overall volumes, CNG volumes, and EV volumes. Therefore, we were able to drive steep 47% growth in September year on year. We were also the number two player in the industry with 14% market share, a 200 basis points improvement in market share. In terms of products, we saw strong demand for all of our products, and specifically Nexon emerged as the number one product in India. Harrier and Safari saw record volumes and Punch also witnessed strong interest among consumers. We were also able to see very strong booking traction with doubling of bookings post 20 in September, which created a very strong pipeline for coming months as well.

Management: Slide change, please. I also wanted to talk about our performance in September and October just in order to give you a complete picture of how the festive season has spanned out for us. I already spoke about performance in September. In October, we leveraged our robust pipeline to continue our strong performance with 61,000 units of wholesale which was our highest ever. We also had a blockbuster festive season where we delivered over 1 lakh vehicles between Navratri and Diwali, which was a 33% growth over last year. In terms of alternate powertrains, we also saw record retails for our EVs and CNG at 9,000 and 25,000 units respectively. On the back of our record retails, we were able to drive sharp reduction in dealer inventories, which are now at a very healthy level of under 30 days. To be very specific, it is about 27 days. In terms of Vahan market share, we sustained our position as the number two player with 13.7% market share. Our products continue to see very strong traction, as Nexon was the number one model in October as well, on the back of strong demand across all powertrains for the product. Punch also saw very strong demand with 40,000 plus retails over two months. Harrier Safari continues to see very strong volumes on the back of the newly launched Adventure X version and strong demand for Harrier EV. Looking ahead, we will aim to continue the growth momentum by leveraging our robust demand pipeline. And this will be supported by comprehensive marketing campaigns that will amplify brand visibility and maximize our retails in quarter three, which will ensure lean inventories as we step into the next calendar year.

Management: In addition to the growing traction for our portfolio, we will drive strong volume growth on the back of new product launches that will strengthen our portfolio. One launch of Sierra on in

November 25 will be one of the key drivers for volume increase and profitability improvement for the business, as Dhiman also mentioned. Harrier and Safari petrol variant will expand their addressable market to unlock volume potential in markets. In EVs, we will sustain our growth momentum by strengthening our portfolio with more rapid product interventions as compared to ICE. At the same time, we will drive mainstreaming through key actions to expand consideration for EVs and ecosystem actions, example, expanding charging infrastructure with Tata.ev mega chargers. As we grow our volumes, we enhance profitability through operating leverage, enhanced mix, on the back of new launches in GST impact, and we will accelerate our cost reduction efforts. At the same time, we will continue our structural actions to strengthen our network and customer service which will act as a force multiplier driving long-term sustainable growth. So that is all from my side, handing over to you, Balaji.

Management: Yeah, thanks, Shailesh. Rapidly wrapping it up, I think from a free cash flow perspective, we have 1,600 crore of free cash flow coming this quarter, with a cash profit of tax more or less covering off the investment base despite the significant step-up in investment that you are seeing on the EV side. And as volumes are picking up, obviously there is a working capital turn coming our way as well, which you see in the payables slide. Next slide, please. Investment spending as I said earlier continues to be strong and we intend to keep it this way as growth picks up as well. And with the product offensive that is already planned, obviously all these are likely to continue to remain elevated but there is no stress on our cash flows there. Looking ahead, I think as Richard alluded, the global demand situation continues to remain challenging and it is fair to say that this situation from a demand perspective is not likely to abate in the coming quarters. So therefore we need to be prepared for driving up demand through actions from our side. On the domestic side, on the other hand, we are clearly seeing a resurgence in the demand and this also means as the product offensive continues which Shailesh alluded to, we would expect to see the domestic side's second half likely to be pretty strong. It is fair to say that for all of us, H1 performance has been disappointing and of course Q2 has been particularly challenging at the JLR end. So we anticipate in this situation a stronger H2 as the JLR recovery actions kick in and the product actions kick in on the domestic PV side. From a priorities perspective, particularly on the JLR side, the next phase of recovery is what we are focused on, wrapping our production, stepping up engineering intensity and of course hardening the system landscape so that the situation does not recur. And of course navigating this global demand environment by building the power of our brands is what we will be focused on. And at the same time, cash flows need to be improved and therefore the enterprise missions are a very critical way of delivering that. PV EV side Shailesh has covered it extensively so I wouldn't want to repeat it and I can already see a lot of questions coming through on the line so maybe we are ready to take on the questions that are coming up.

Management: So let me first start, Richard, maybe I will pass it on to you. There is a fair number of questions coming your way. Why would we not take all the questions of JLR in one shot? There is a fair amount of repetition coming in as well. And let me start with the most liked comment. It is coming from Binay Singh, Morgan Stanley. I think you are starting with Sorry, let me hold off, let me probably back it give it back to you. Would you comment on the Harrier EV run rate and outlook number one, and PLI? Are you getting PLI for Harrier EV and are you seeing any price recovery actions going forward?

Management: Yeah, so as far as Harrier EV is concerned, our run rate is about 2,500 a month. And we have a very strong booking pipeline. Waiting period is somewhere between 16 to 18 weeks. As far as PLI is concerned, what was the second question? I think, are we taking PLI approval? So Harrier EV is right now under AT certification. We believe it meets the greater than 50% TVA threshold but it will take time to complete the process and we expect the accruals to happen in Q4.

Management: Okay and what are any other discount? This was the two questions. Yeah, any of the pricing recoveries. Yeah, so you know in January quarter four, we will take the price increase, typically what we generally do. For the last nine months we have not been able to, with the commodity prices increased, we need to pass it on, so that will be the timeline. Of course, after the December is over

when the whole industry will be starting with clean stock, the whole discounting environment should also go down. So that is what we expect.

Management: The VME should also go down.

Kapil Singh - Nomura: Thanks, Shailesh. Richard, coming on to you, a question from Kapil Singh, Nomura. What is the Q3 build rate and can the management please guide on the full year volume range on which you are basing your margin guidance? And have the full cyber costs been taken or more to come in Q3? What is the outlook on VME and tariff? And does the long-term EBIDT margin guidance of 10% hold or does it need to be reviewed? There is a lot of questions in that.

Management: There certainly are. Q3 build rate. So look, during the month of October, we said we started production at our engine facility on the 8th. We have started all of our plants subsequently. We would expect production, well, production in October was circa 17,000 cars and as of now, our plants are operating pretty much at capacity levels. And we will keep them at capacity levels from now through to the balance of the year. In terms of volume range, I think, to be honest, you have probably got enough information from that to be able to work it out, but I will lay it out more clearly for you. So we had a month where we sold where we produced nothing, September, and we had a month where we produced 17,000 where we would normally produce considerably more. So the total lost production you will be able to work out for yourselves from that is around 50,000 units.

Management: Of that, you will note that we took a hit of about 20,000 units in Q2 coming down from a volume of 87 to one of 66. The logic of that is that the balance is going to occur in Q3. Q4 for us will be a normal quarter and you can see from historical numbers what a normal quarter for us means in terms of volume. So I think from that you have enough to be able to work it out.

Management: I am not going to give a specific range, but you can work it out from that. Have the full cyber costs been taken? Essentially, you can take the same answer. So the cyber incident did hit us also in Q3. So there will be another considerably smaller exceptional charge in Q3, but the big effect on Q3 is going to remain the volume pull through. As I say, we will be operating at capacity in terms of production capacity through the balance of the year. So the fundamental question then is look, what is going to happen in FY27? How much are you going to be able to get back and not? And it is this industry at the moment, it is difficult to forecast what is going to happen in a month, let alone 17 months. So we have not set our plans for next year now. On the one side, we will enter the year with a very low pipeline stock. On the other hand, the pressures of geopolitics, demand and supply chain resilience will not immediately abate. So we will have a better picture when we get to our next earnings announcement as to how the balance of those forces will operate through FY27. And it is only in FY27 that we really have the opportunity to build back even if the demand is there.

Management: Have I covered everything? VME.

Management: Sorry, VME, we would expect given where demand is at the moment, and the overcapacity that exists in the industry, we are not anticipating VME is going to get any easier in future quarters. It might a little for us because our pipeline stock is now extremely low as a result of this incident, so we do not have the same volume pressure. But from an industry perspective, there is little to assume that it is going to come materially down. And in terms of tariffs, the Q2 numbers that I presented there include most of the reductions down to 10% tariffs from the UK and 15% from Europe. There will be a little bit more improvement in Q3, but it is certainly an awful lot better than it was in Q1, but still very painful.

Management: Does the long-term EBIDT guidance of 10% hold or does it need to be reviewed? I think my same comment there is as of FY27, we are going to look at our plans now that we have recovered from this incident, and reset budget for next year and walk from there. So, no comment either way on

that one at this point in time.

Rakesh Kumar - Individual Investor: Thank you. Just staying with you, a question from Rakesh Kumar. Do you think the US tariff and China luxury tax have structurally brought down margin outlook? And could you comment on your order book? And then, as of the FCF hit of 2.2 to 2.5 billion, how much of it do you expect to recover? And any changes to the Range Rover electric and Jaguar launch timelines, presuming due to the cyber incident?

Management: Yes, okay. On the first point, the answer is probably yes. I don't think the process in the US of tariffs feeding through into consumer prices has yet fully concluded. US inflation remains relatively benign despite the tariffs. And I think that is because the price effects will occur over a 15 to 18 month period, rather than immediately. So at the moment, it looks from what I can read of US inflation data, as if companies are taking the majority of the tariff costs at least for the moment. China luxury tax, absolutely. There, I think virtually all manufacturers that operate in that luxury segment above 900,000 RMB, which is where the new base has been set, are at least for the moment taking those costs.

Management: So from where I stand at the moment, yes, I do think they are probably structural changes. Can we share the order book? We have stopped doing that now. The order book was a really critical piece of information for us when we were supply constrained. That is no longer really the case. So it is not something that we are going to report on every quarter. On the recovery of the free cash flow hit, I think that that goes back to my comment on FY27. We do not have the opportunity, given the fact that we will be running our plants at capacity between now and the end of March, we do not have the opportunity to recover much of it this year. How much of it we can recover next year, we will work through and report back to you when we get back in, I guess late January, very early February. And then any changes to the Range Rover electric and Jaguar launch timelines? No. I think if you look at what happened during the cyber incident and the priorities I mentioned, we did prioritize getting sales and production up ahead of engineering. So the engineering systems were down for a little bit longer. That meant that CAD was a little bit behind, but then we put people to work in terms of extra testing and validation work. So how the balance of those two things impacts we will see, but nothing to communicate at this point in time.

Management: Thanks, Richard. Let me get back to PV here and I will come back to you as well. Get a breather in between. India PV, why was, this is from Ginesh, why was India PV realization down despite the rising share of EV and CNG? What is your estimate for second half volume growth for the industry and TM PV and how are discounts shaping up post festive?

Management: Yeah, so the realization per car has increased. As you rightly said that the share of EV and CNG has increased. So realization per car actually would have increased by 15%. The exact number, you know, we can ask once. But you might be referring to the chart which Dhiman had shown where because of the higher discount and VME, there was a drop. So that is the incremental change in VME that was shown. So that is the answer to the first part of your question. The second is what will be the estimate of the second half growth for the industry. So I believe that this should be in double digits. The way we have seen in September and October, the industry has grown by 5% and 17%. Even if I take out the festivity demand, which would have grown because of the festive period or the pent-up, which still continues to flow through in November and December should also be strong. My estimate is that it should be a double-digit growth. So overall in financial year, because the first half had seen a decline of 1.6% before the festive period, so overall it should be in the zone of 5% or so. Third question is how discounts are shaping up post festive. I already answered this that from January onwards we should start seeing increases, but post festive so far, the discount has remained more or less the same.

Management: Thanks, Shailesh. Probably a question that I will take. Has there been any actions taken at Tata Motors PV and other group companies so that this doesn't happen in the future? This is from

Kapil, who I agree. I think this is a critical development and therefore, all learnings that are coming out of JLR are indeed being shared to the extent that it is possible and relevant to the concerned companies. And of course, there is also a group-wide initiative that is also kicking off to ensure how do we harden the system, how do we make ourselves more resilient and how fast we can bounce back. So this will obviously, all these learnings will be factored in our planning, not just at a company level, even at a group level. And therefore that is being led out on Tata Digital, the head of Digital for Tata Group, she is leading it herself and therefore you should expect to see a lot of action from at a group level as well as much as we are doing work with the respective companies including Tata Motors PV as well as JLR.

Binay Singh - Morgan Stanley: Richard, coming back to you. Binay Singh, Morgan Stanley. JLR top line, any backlog built up due to production cuts? Then on JLR expenses, raw materials ex-US tariff as a percentage of sales are also up sharply this quarter, quarter on quarter basis. What drove that? And why did US duties impact fall sharply in Q1 this quarter? Why is VME which I think you have already talked about, and the full impact of cyber security which also you have talked about.

Management: All right, so let me try and cover the bits that I have not already spoken about. In terms of backlog, look, I think I have referenced the amount of production that we have missed and how much of that we will actually get back will be determined in FY27, which is the first opportunity we have to build beyond the quantity that we currently have.

Management: Raw materials, look, I think there is nothing specific in the quarter that impacts raw materials. The foreign exchange rate of the euro down to 1.14 certainly did not help in the quarter as a significant percentage of our raw materials are euro based. So there is nothing particularly there to report. Then US duties fell sharply, that is two things. One is the volume, because obviously it is a per unit charge. The second is that in the first quarter, the tariffs were largely 25% for all imports including from both the UK and from the EU. It is only in Q2 that we see the effects of the deals that were struck between the EU and UK governments and the Trump administration that took the UK rate down to 10% and the EU rate down to 15%. So there are two impacts there. One is the lower volume, but secondly there is the deals done between the various governments to take the rates down to levels which are less penal. Do note that even though they are less penal, it is a 300% increase in tariffs for vehicles sent from the UK and a 500% increase in tariffs on vehicles sent from the EU. Then VME I have covered, China I have covered, and the cyber security thing I have also covered, it does go into Q3.

Analyst: Thank you. I think, Shailesh is coming back to you. I think this is on E20. With E20 becoming mandatory by December 25, early consumer concerns around mileage drop and corrosion on the pre-23 models, any comments you have? Have you observed any measurable impact on that all the old vehicles? And are there any proactive measures you are planning to take?

Management: See, it is true that there is a bit of mileage drop, that is for sure. And 2025 onwards whatever we are selling is E20 compliant. So there is no risk of any material getting damaged, but yes, of course the cars which have been made before that, first we are respecting the warranty terms of whatever cars we have sold earlier, so that is not a problem. We have also tested the components which might have the potential of failing but there is not going to be a big cost item per se. But the availability of items and all will be made sure. So there is no specific product in terms of extended warranty or something which we have come specifically for this.

Management: This is like ongoing maintenance that can take care of this. As far as resale value is concerned, frankly, I have no data to share on this. Resale value remains strong. The greater impact we have to measure post the GST, the prices which have gone down. Still all these have to be assessed but not because of the E20 issue we are seeing any issue as far as resale value is concerned.

Analyst: Thank you, Shailesh. I will probably stay with you. One minute, hold on. Mr., first congratulations to you for your role, this is from Kapil Singh, Nomura, for your for the new appointment that is coming through as the President of Society of Indian Automobile Manufacturers (SIAM). Great to see EVs bouncing back and what was the FY26 full year PV industry outlook? How should one see that? And how is the current demand and footfalls, I presume it means post the festive season? And industry discount you already talked about.

Management: Yeah, so thank you for the wishes and compliments, thank you so much. It is definitely an honor to be elected as the President of SIAM. As far as EVs are concerned, it is just a comment so I don't need to answer that, but as far as growth is concerned, PV industry growth in FY26, I just said that second half I expect that the growth will be in double digits. That is my estimate and therefore at a full year level the growth rates would be about 5% or so, around plus minus 2% you can say. The next question part of the question was, you covered the question. Yeah. But the question was also on the mix if it has changed a bit or footfalls.

Management: So are you seeing footfall? Of course, it is weaker than the festive period but stronger than what we typically see in November, so that remains strong which indicates that there will be growth versus last year. And in terms of mix change, post GST, we clearly see that the compact SUV segment is seeing greater attraction as compared to other segments, but traction is all across all the segments, but there is more traction that we see in the compacts.

Analyst: There are a few more questions on demand coming up which I will cover later. This one is from Nishit Jalan. Richard, coming to you, a critical question. Apart from the cyber issue, big reasons for cutting margin on FCF guidance seems to be due to higher VME led by weaker demand globally and the luxury tax issue. Have these issues worsened since Q1 results and if not should we not have cut guidance last quarter itself?

Management: Yes, they have worsened since Q1 results is the bottom line. I think demand continues to deteriorate in China and doesn't get any better in other regions. So I think the reality is, even excluding the cyber incident, we almost certainly would have been amending guidance at this point. But this is the right point for us to be amending it.

Analyst: Thank you and again staying with you for a minute with the cost reduction efforts what could be the reduction in breakeven levels that you are targeting from what 300,000 units earlier? Did you want to comment on the 300,000 except to begin with. Yes, so look I think the big issues that we have got at the moment is trying to make sure that those break even levels don't rise as global demand falls and VME levels increase. So that is the purpose of the missions is to make sure that those break even levels don't actually rise to dangerous levels. So I don't think at the moment it is the question of having it drop, it is a question of stopping it rising.

Analyst: Thank you. Shailesh, coming to you. Can you talk about the segments that you are seeing demand growth in the India PV business particularly post the GST cut, I presume? And is the consumer coming back specifically, you talked about the compact segment, but is it more broad-based, maybe you want to take one segment at a time?

Management: Yes, so see the steepest drop in terms of percentage reduction has come in the less than 4 meter. But so is the case for the higher series also, so actually the traction is therefore across the board that we are seeing. Also, there have been new launches also in certain segments, so there is attraction coming because of that also. But as I said that I think compact SUV segment and also the sub-compact SUV segment where the price drops have been also significant, not only in terms of percentage but also absolute value, we are seeing greater traction and that is the reason you have, as I was speaking about Punch and Nexon having done significant retails in September and October, clearly indicates that these two segments have been quite strong beneficiaries of this introduction of GST 2.0.

Analyst: Thank you. Coming to India EVs, what percentage of EV revenues are eligible for PLI currently? And is there a combined upper limit for the 6,300 crore of PLI over five years for PV plus CV or both can they claim separately?

Management: Yes, so right now we are accruing PLI only on three of our products, which is Tiago, Tigor Fleet, and Punch. Cumulatively they only contribute to only 30% of our volumes. The bulk of our portfolio which is Nexon and Harrier EV as I previously mentioned we start accruing in Q3 and Q4. In terms of cumulative cap, the 6,500 crore cumulative cap is there will apply to the passenger vehicle business and the commercial vehicle business together because we had applied originally in 2021 as a group.

Analyst: Okay. Staying with you on PLI for a minute, what percentage of EV volumes in the second quarter qualified for PLI and will the third quarter have the full EV portfolio enjoying it?

Management: So as I mentioned in Q2, 30% of our volumes qualified for PLI. In Q3, we have Nexon EV also qualified, we should probably add another 25% of our volumes. And Harrier EV will follow through in Q4. That would only mean that Curvv will not come under PLI because it is manufactured outside in our joint venture does not come under the PLI scheme. Yeah.

Analyst: And I think there is again a question. Maybe given to you, other businesses ex-India PV and JLR had a PBT of 389 crore. Can you give a breakup of this? If you want to take it offline. We will take it offline. We will reach out to you. Yeah. Richard, coming your way. I think you already covered this from Janesh Gandhi, they expect the further cyber incident cost, you already covered that. Where do you expect depreciation to settle and when do you expect it to start rising as the new product launches start?

Management: I just read me other one. Okay, so I expect depreciation to settle roughly where it is at the moment and obviously it will start rising when the new products start launching. The first of the new products will still be the Range Rover electric and that will be next year. So until that point in time it will stay where it is and then it will progressively tick up as our new vehicles launch. And then world production at the JLR is normalizing next year. Okay, so next year, I think the political tension seems to be dissipating so the China authorities have opened up exports to auto manufacturers. So that is generally good news and I think that we should welcome it. I don't think it is necessarily the end of the issue because you have to look at Nexia's value chain. What they actually do is they produce the wafers in Germany, ship them to China for processing and then export them from China. So during the period where they have had this, let's say power struggle, those shipments from Germany haven't necessarily occurred and I think they ship about 8 billion wafers a year out of Germany. So it is more than possible that there will still be a supply hole as their value stream adjusts. We haven't seen it yet, but I am fearful of it. So we are keeping very aggressive in the market to make sure that we can find alternative chip sources just in case that happens. So generally positive but I would say we are not out of the woods on Nexia yet. And I think I have answered the last question around.

Analyst: Yes, you have. And Shailesh, what is the next impact on PV here?

Management: Yes, so immediate impact we don't see. We have also been mapping our exposure to Nexia on different components. No immediate exposure but we are watching very closely. We are taking alternative actions to see that our impact is less if there is going to be a real issue continuing with Nexia. Okay. Maybe I will get this question on to you in terms of margins of the PV business. Can you talk about how do you reach a double digit in our PV portfolio? Is there a scope to improve margins on existing products or we expect profit improvement only because of new launches?

Management: It will be a combination of both. Not too long back in FY24 we were at a 9% margin. The last two years has been a tough operating environment given that our portfolio was largely less than 4

meter which saw the maximum amount of stress and also discounting. So we have lost value in terms of adverse realization coming through over the last two years. Commodity hit has also been fairly high this year for which we have not been able to take a price increase. So we should see a reversal of that next fiscal. There is a strong cost reduction program that we run which gives us anywhere between 1% to 2% year on year benefit every year. It is just not visible because of all the other losses that we have got. Sierra should then make it more positive starting Q4. So definitely we have a pathway to a double digit margin.

Analyst: Okay. Thank you. I think there is one question on that is coming in which probably I will take it from Chandra Mouli, a good one. Could you share an update on the cell manufacturing plans in India and Europe? Any timelines here? I think this timeline is originally indicated, Chandra continues. So by end of next year is what we expect to stand up India first and followed by Europe soon thereafter. So timelines obviously we are running against the clock on this one. It is stressed but we will do our best to reach there. On the rare earth supply situation, would you want to pick up the piece here?

Management: Yeah, so on the rare earth, we had taken several actions as alternatives to ensure that this does not become a disruption for us. So initially, it started with securing inventories and all but later on, we also found alternatives in terms of substituting the high rare earth in certain components and we continue to do that in terms of exploring eventually to be high rare earth free in many cases. So there are multiple initiatives that we have undertaken. But we don't see any exposure as far as the situation is concerned.

Analyst: Staying with you, after the GST cut, this one from Kapil Singh, is there a rise in first time buyers? How much are the numbers?

Management: So frankly, I would not have specific data on this but there has been not a significant change in percentage of first time buyers so far. And remember that typically we see consideration to retail cycle of 60 days. So we still need to get those new customers who are not thinking of buying a car. It will take them 60 days to really start getting access or delivery of the car because they would have started considering after Say, September 5. So still that part is going to play out. Right now what we have seen that all the customers who had already thought of buying a car were inquiring about cars. They have found this opportunity to upgrade themselves for a higher segment car or a higher trim. So that is the feature that we have seen. But not a significant change I have seen in terms of percentage of first time buyers. I will have to again re look at it if there is any change that I am seeing in the data and letting you know.

Analyst: We also then talk about CAFE norms and why does the new draft have a lower credit for EVs?

Management: So see as an industry, we have already represented to keep it at a level of four. Possibly the current proposal would have just carried forward by default what was in CAFE 2. So the representation has gone asking for higher super credit for EVs given the extent of investments that we have to do in EVs as compared to any other alternative technologies and the ecosystem challenges that we have. So there will be there is already a proposal which has gone.

Management: Thank you. I think with this we come to the end of the Q&A; session. Also, we are on the clock. So thank you all of you for the probing questions. It is fair to say a difficult quarter and a quarter that will ensure that we learn from what we have gone through and then bounce back harder. So thank you for that and look forward to continuing to engage with you. Bye.