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Bandra (East), Mumbai 400 051

February 3, 2026
Sc no.- 32

Dear Sir/Madam,

Sub: Transcript of the Earnings Discussion/Conference call

Pursuant to Regulation 30 read with Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further to our letter bearing sc no. 24 dated January 19, 2026, we are enclosing herewith the transcript of the earnings/conference call conducted after the meeting of Board of Directors held on January 29, 2026 on the Audited Standalone Financial Results and Unaudited Consolidated Financial Results of Tata Motors Limited (*formerly TML Commercial Vehicles Limited*) ('the Company') for the third quarter ended December 31, 2025.

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

This is for information of the Exchanges and the Members

Thanking you.

Yours faithfully,

Tata Motors Limited
(*formerly TML Commercial Vehicles Limited*)

Sudipto Kumar Das
Company Secretary

Encl: as above

TATA MOTORS LIMITED

Formerly *TML Commercial Vehicles Limited*

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Tata Motors Limited (Formerly known as TML Commercial Vehicles Ltd)

Q3 FY26 Earnings Call transcript

Management:

- MR. GIRISH WAGH, MD & CEO, TATA MOTORS LIMITED
- MR. G.V. RAMANAN, CFO, TATA MOTORS LIMITED

Presentation

Sneha Gavankar

Good evening. Welcome to Tata Motors Q3 FY '26 Earnings call. I have with me Mr. Girish Wagh, Managing Director and CEO; GV Ramanan, CFO and the Investor Relations team. Today, we'll walk you through the results presentation followed by Q&A. As a reminder, all participants will be in listen-only-mode, and we'll be taking questions via the Teams platform. The same is already open to you for submitting questions. You can mention your name and the name of your organization while submitting questions. I hand over to Mr. GV Ramanan. Over to you sir.

GV Ramanan

Thanks, Sneha. Good evening everyone. For the standards safe harbour statement, I would like to draw your attention to the last paragraph on the left side. We've had a few exceptional items this quarter. And just if you look at it, the impact has been on account of new labor code impacting us by around ₹603 crore. Demerger cost has been around ₹960 crore. And both these are going to be one-time for us. We don't expect this on a recurring basis. It's an exceptional item. And we also have an acquisition cost, which is part of our IVECO acquisition, around ₹82 crores. The impact of all of these and other items stood at ₹1,500 Cr in our standalone financials and at ₹1,600 Cr in our consolidated financials.

Key highlights for Q3, as you can see, our Iveco acquisition is progressing as planned with all the regulatory approvals anticipated to be received by end March. As we laid out the timeline earlier, the deal should get finalized by Q1 FY '27. On the business front, a very eventful and exciting last week, wherein we had launched around 17 new next-gen trucks. I think I don't want to take the fizz out of it - Girish will share more as part of the business update. We broadened our portfolio with the introduction of Prima 3540.K, our most powerful tipper at EXCON 2025. Also showcased our new Euro 6 range and our growing markets in Middle East and North Africa. We delivered the cutting-edge Prima, range of electric prime movers to Enviiro wheel, driving advancement clearly in progressing on the zero-emission trucking. And with a view to strengthen India's LNG trucking ecosystem, partnered with THINK Gas.

Can we go to the next slide.

Looking at the overall Q3 wholesale performance, this slide clearly details by period and product line. In Q3, the wholesale reached 116.8K units, a 20% Y-o-Y increase over last year. All the product lines registered a growth on a Y-o-Y basis, with HCV, ILMCV, and SCV registering double-digit growth. HCV grew at 23%, ILMCV around 26%, small commercial vehicles grew at 15% and our CV passenger business grew at 4% on a Y-o-Y basis. International business continued its

growth trajectory with a Y-o-Y growth at 70%, mainly led by sub-Saharan Africa countries and SAARC, especially Sri Lanka, which is kind of coming back as the economy is bouncing back.

Go to the next page, please.

On the Q3 financial highlights, revenue for Q3 reached ₹21,533 crores, marking a 17% year-over-year increase, primarily driven by higher volumes. Margins continued to expand, with EBITDA margin rising by 30 basis points. In the same quarter last year, there was an impact of maiden PLI gain of ₹169 crores, which had an impact of 90 basis points. I'm also pleased to share that this is the 10th consecutive quarter of double-digit EBITDA margin delivery. The CV segment also achieved the milestone of a double-digit EBIT margin for the first time, which now stands at 10.6%. The profit before tax and exceptional items rose to ₹2,300 crores, an increase of ₹600 crores compared to last year. And we recorded the exceptional items in this quarter, which I already shared with you as part of the safe harbor. The free cash flow was strong in Q3 at approximately ₹4,800 crores, outperforming the corresponding quarter last year. As of December '25, net cash stands strong at ₹3,900 crores, providing momentum for future growth.

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Financial highlights on year-to-date basis. Revenue for YTD December reached approximately ₹57,000 crores, representing a 6% Y-o-Y increase. EBITDA margins improved to 12.4%, a rise of 80 bps compared to the previous year, while EBIT margin increased to 10.1%, which is a 130 basis points improvement year-on-year. Profit before tax and before exceptional items was ₹5,600 crores, reflecting a growth of approximately ₹1,200 crores compared to the prior year.

Company achieved a strong YTD cash flow performance to-date, generating around ₹5,200 crores in FCF. Return on capital employed continued its upward trajectory and stood at a robust 53% as of December '25, supported by higher profitability. Investment expenditure amounts to ₹2,000 crores, which has been pretty consistent with the guidance provided earlier.

Next page, please.

Now, where did all this come from? So, this is the EBIT walk. The PBT rose by ₹610 crores Y-o-Y, mainly due to higher volumes and better realization. Material and other costs increased largely on account of precious metal volatility, and fixed cost savings were lower largely due to D&A coming down by around ₹193 crores and partly offset by a ₹120 crore increase in employee costs due to an annual wage or salary inflation. PLI and other incentives was down by ₹75 crores. As I shared - last year, we had taken a one-time accrual gain as FY'24 and FY'25 was accrued together. So, last year it was ₹169 crore, this is receipt of the PLI claims which had come through. Now, this has been partially offset by a gain on EPCG incentive accrual in Q3 FY'26. Overall EBIT margin improved by 100 bps due to stronger net realization, model mix and fixed cost saving.

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Cash flow has been strong and consistent in Q3. We generated a cash of around close to ₹4,800 crores. The achievement was driven by strong cash PAT and significant working capital reversal owing to increased offtake and consequently higher production level.

Strong FCF performance and a continued net cash position led to a net finance cost gain of around ₹27 crores compared to a charge of ₹125 crore in Q3 last year. The year-to-date FCF stands at ₹5,200 crores with a robust cash profit after tax of ₹6,300 crores, controlled capital

expenditure, and a much lower interest expenses. Disciplined working capital management helped unlock working capital gain on a YTD basis also. With Q4 typically our strongest quarter still ahead of us, we will continue to strengthen cash flows.

Next slide.

On a consolidated basis, Q3 revenue reached ₹21,800 crores with an underlying EBITDA margin of 12.5% and profit before tax and before exceptional items of ₹2,600 crores. Q3 PBT reflects a mark-to-market gain of ₹295 crores on our investment in Tata Capital as against a loss of ₹2.35K crores in Q2. On a consolidated basis, net cash stood at ₹6,100 crores. The CV business continues to demonstrate resilience and is well-positioned to capitalize on upcoming growth.

With this, I now hand this over to Girish to take you through the business slides. Over to you.

Girish Wagh

Thank you, Ramanan. And on the first page itself, first slide, you see the range of electric trucks that we launched. Last week on 20th, we launched 7-ton, 9-ton, 12-ton, as also a 28 and 55-ton trucks and tippers in the electric category. In fact, as I also mentioned, we have been working very closely with the customers for very specific deployment of each of these vehicles. I think also very important is these trucks have been developed on the Intelligent Modular Electric Vehicle architecture, which consists of modular base platforms which we use on ICE also. In addition to that, modular battery packs, in-house battery management systems, and e-axles that we have developed, which gives us good flexibility to deliver solutions that meet specific requirements and also ranges.

Going to the next Slide.

In addition to the electric trucks, we also launched, let me go one by one, 17 new trucks, which also included those five electrics on the first slide. So, we introduced the Azura series, which is a completely new platform launch for ILMCV segment, right from 7-tons to 19-tons. It gives state-of-the-art cabin, walk-through features with comfort and convenience required for long-distance travel. I spoke about the EV trucks, the left-hand side at the bottom, you can see the launch of all the truck cabins that meet the European safety standards R29 03, with which we bring higher safety on the roads, especially for the occupants, which is the drivers. And I think also something that all the transporters look forward to, which is increased payload as well as increased fuel efficiency in the multi-axle rigid trucks and also tractors, is something we have launched in the heavy commercial vehicle segment. So, those were the new launches, which cover almost entire range and the most important expectations or requirements of the customers.

Moving on.

So, on market share, there was a 100 bps recovery from Q2 to Q3, essentially led by strong growth in heavy commercial vehicle, which is for us 3-axle and above trucks, 28-ton and above. Intermediate light, medium, which is 7-ton to 19-ton, also saw a fair bit of recovery. SCV and CV passenger, I think both the shares kind of remained same over the previous quarter at 26.3 and 35.9, respectively.

Moving next.

In terms of fleet utilization, post GST, one has seen increased demand, especially in specific sectors like auto, consumer durables, etc. And that has therefore led to increase in utilization of HCV cargo. Infrastructure projects also getting back on track post the rainy season, extended rainy season. The tippers also are seeing higher utilization.

MCV cargo, ICV trucks also doing well due to e-commerce and the manufacturing segment uptick as also as LCV buses continue to do well as we see. More importantly, over a period of three years, there has been a significant improvement in the fleet utilization. As you know, this is actually based on the data that we have internally, based on around 1 million Fleet Edge installations in trucks and buses. Based on some other data points, we have seen that the freight rates have also firmed up. And in fact, we have seen in rigid trucks, in heavy, medium, as well as intermediate commercial vehicles, one has seen a 2% to 5% growth in freight rates post GST 2.0 and therefore has led to some improvement in the transporter profitability, especially in the segments that I spoke about.

I think also very important to note is the diesel consumption continues to be at a high level and has grown Y-o-Y. More importantly, the E-way bills rose almost 23% December on a Y-o-Y basis. It also indicates availability of higher freight, or one can also say the higher number of trips.

Moving on, specifically by segments in trucks, the trucks, I think the segment grew significantly after a flat H1. Our volumes grew by 24.2%, with HCV at 23.2%, and ILMCV growing at 26%. All the segments have also witnessed a quarter-on-quarter improvement in sentiment index. Sentiment index is a combination of satisfaction with the current state of business and how do the transporters expect the future state of business. And this is also essentially led by increase in demand in certain sectors post GST rate rationalization. There was a strong inventory build-up also happening in certain sectors. Generally, after monsoon, the infrastructure activity has gone up. I have already spoken about freight rates, how they have inched up, which also augurs well as we go ahead.

In buses, I think we have seen a strong momentum now with multiple tender wins, accounting to total of almost 6,000 units, which we will now deliver over period of next 10 to 12 months. Notable amongst these have been the Maharashtra State Road Transport Corporation, Gujarat State, Northwest Karnataka, Telangana. I think these are some of the tenders that we have won. These are all in ICE buses.

We've also seen private segment volume growth specifically in MCV buses, but also more in our vans that is Magic and Winger. While we had bid for the earlier 10,000 tender, we are also going to bid for the new 6,300 CESL tender that has come up. In addition to that, we have also been bidding for the small tenders which have been coming outside CESL.

On the small vehicles, we had new launches, of course, first Ace Pro which happened towards the end of Q2. In Q3 we launched the Ace Gold in the Lean NOx Trap technology. I think both have got established well, and in fact Ace Gold Diesel used to be the mainstay of our volumes till BS4 as I've been saying, I think these products have started picking up volumes and in fact have been instrumental in growing volumes. Our Q3 retails were almost at 45,000, highest since Q1 of FY'24.

Going to the other segment. The parts and services business continue healthy double-digit growth on a Y-o-Y basis. In Smart City we now have, more than 3,600 buses, having covered now almost 50 crore kilometres. We continue to deliver uptime addition of 95%. In terms of

decarbonization, almost 280,000 tons of CO2 has been reduced with these buses operating on the roads.

In digital, as a part of Fleet Edge, we have come up with new subscription plans which are branded as Lite and Prime. And actually, this also becomes the most attractive value proposition in this particular industry for logistics. And this has therefore led to doubling of the subscription renewals of Fleet Edge, so absolutely on the right track.

International business has been doing well. This year the shipments have grown 70% on a year-on-year basis. And the main contributors have been SAARC with Sri Lanka coming back on track now. So, Sri Lanka has been contributing well. As also Middle East and North Africa, so the new markets that we have entered in; North Africa also doing well, followed by Sub-Saharan Africa.

Next.

As we look ahead for Q4. I think Q3 has witnessed very good uptick and sales momentum as also overall sentiment. And as the consumption continues to be at a higher level post GST 2.0 leading to expansion in some of the end-use sectors and infrastructure activity by government, we are looking at improved levels of demand in Q4 as well across all the segments.

And also buses demand will increase now, especially because they are cyclical and do well in Q4 and Q1 of each financial year. Therefore, going ahead, I think on trucks, the sharp recovery in Q3, we are certainly looking forward to continue this momentum in trucks. And in fact, with the launch of these 17 new trucks, we will accelerate the volume growth and increase our presence all the segments. In buses and vans, as I said, we will now start deliveries against the strong government tender wins that we've had in the last two quarters. Small commercial vehicles; clear agenda of volume ramp-up, Ace Pro, Ace as well as Intra. Parts and services, international business, both growing well this year we will let sustaining the momentum in this quarter and even ahead, and therefore overall, we will continue to drive strong financial performance and consistent delivery of a set of metrics rather than looking at one or two metrics in isolation.

So with that, thank you and over to you, Sneha for the Q&A.

Questions And Answers

Sneha Gavankar

Thank you, Girish. Let's start with the Q&A. The first one is from Gunjan, Bank of America. Can you talk about the commodity inflation impact that we've had in the quarter and how is it going to be a headwind going ahead? How significant is it, and have you taken any price hike to offset it? And second realization has come off. So I think Gunjan, you mean ASPs. ASPs have come off quarter-on-quarter despite the better M&HCV mix. What explains this?

Girish Wagh

Yeah. So let me take this. The first one on commodity inflation, we've seen commodity inflations specifically on the PGM or the Precious Group Metals, I think these are the first ones where we have seen higher inflation followed by non-ferrous metals led by copper. I think these two groups have been the main headwind, if I may say so. I think the total hit for us Q3 has been around 50 bps.

As we look forward into Q4, these are the same set of commodities which are posing some headwinds and steel prices also in open market have gone up. But this is something I think which will continue to be a point of discussion with the steel mills. We don't know how it is going to play out, and maybe from Q1 of FY'27. So, I think in Q4 we are looking at similar kind of an impact due to non-ferrous metals and precious group metals. To mitigate this, we have taken a price increase of 1% in the month of January from 1st January across the range, and therefore, main purpose of this price increase has been this commodity inflation.

With regards to your second question, which is the ASPs, I mean, you said realization but it's more of ASPs going down. So, see I think while the HCV numbers have gone up, yes, you are right, but at the same time, the ILMCV numbers have also gone up, so have the small commercial vehicle numbers have gone up. And even in buses and vans, being a mean quarter for buses, actually, the small van volumes have gone up. And therefore, net-net, a mix has actually led to the realizations or ASPs going down. But on a Q-on-Q basis, actually, we have been able to increase the realization.

Now, coming to your question on replacement demand, see, while I had said last time that we are trying to develop some robust understanding on the replacement demand, so we continue to try to do that, but I can give some more flavour to you. In this quarter, the replacement demand for trucks is most likely gaining momentum post GST 2.0 because it has prompted the fleet operators to initiate vehicle replacement that were previously delayed. The shift has become more financially viable due to lower EMIs resulting from lower initial prices. I must, however, say that some large operators are still assessing the best approach to input tax credit under the new GST regime. The tax processes are yet to be fully streamlined. We expect better clarity, much smoother procedures in FY'27, which can possibly accelerate this replacement activity. Overall, this trend is likely to support positive cash flow for transporters, the improved financing terms and tax benefits should improve their overall financial position and therefore maybe push replacement demand.

If I may also add, I think a similar trend is being observed in the bus segment, where replacement demand could be a key structural driver, with several states actually prioritizing the phased replacement of aging fleets across both intercity services and within city. This is also likely to support the demand as we go ahead into the next year.

So, that's the response Gunjan to all your three questions.

Sneha Gavankar

Next question is from Pramod Amte, and there are two sets of questions, so maybe I will break up one set for you, Girish and one for you Ramanan. So, Girish for you, you've seen market share recovery from low of June, what has driven it, and is it sustainable? What are your ambitions for the next two, three years? And how is the truck operator profitability and health now versus pre- GST, and how is your supply chain to cater for any demand surprises, and what parts are a challenge?

Girish Wagh

Okay, so Pramod, on market share recovery, as I said, I think this has been led by heavy commercial vehicles and some of the factors, first is the growth in the tipper market where our

share is higher, we in fact have driven our shares further higher in tippers because of their revenue salience. We've also had specific actions in specific micro markets during the quarter, which have also supported market share recovery. In terms of what do we see going ahead, I already spoke. I think the new launches that we have done, they address almost every category or most important categories for logistics and transportation, and that should help us grow further.

In terms of outlook that you have asked for our ambition, I think, as we have said, that we are not looking at market share as one metric alone, we are looking at a basket of metrics now, which indicate profitable growth, it would be market share at times, revenue share as we calculate internally, it would be profitability, it would be the free cash, etc. And I think we have therefore ambition to drive this profitable growth agenda. That is the response to the first question.

In terms of truck operator profitability, I think as a response to Gunjan's question, to a large extent, this has got addressed.

In terms of supply chain situation, if I may say, I think with increase in demand across almost all auto sectors, whether it is two-wheeler, three-wheeler, cars, commercial vehicles, at some suppliers and specifically in the area of castings, one has seen the capacity bottlenecks being reached. And therefore, I think there are specific de-bottlenecking actions which have already initiated in the supply chain. While I mentioned castings, in some other areas there could be few more items, but this is what is the higher level indicator in terms of supply chain capacities at this juncture. We don't expect a surprise, as you have mentioned, because I think there has been a good supply chain mapping which has been done. I must however add that the rate at which the demand has gone up and therefore production at all the OEMs is something which is quite significant, which has led to some stress.

There is a working capital question for Ramanan.

Sneha Gavankar

Yes. So, two questions actually. One is, what has been your spend on the new product launches? Has it changed your CapEx plans for FY'26 and FY'27? And on working capital, the release has been quite big. Is it sustainable?

GV Ramanan

Yes. So, Pramod, your question on CapEx, I think our guidance, we continue to remain within the guidance that we had given. And we have been pretty disciplined in terms of our CapEx spend and without compromising on the need for new tech. So, in terms of CapEx, I think we will continue to be within our guidance.

Now, coming to your question on cash, I also see Kapil also has a same question on FCF. So, I will probably combine the two. We have been working to clearly smoothen the volatility in cash flow and have been FCF accretive since YTD Q2 this financial year. Strong FCF that you see in this quarter is a clear result of strong operating profit, efficient working capital management, and disciplined spending. And as we kind of go forward, even on cash flow, we did give a guidance and we are pretty confident that we will meet the guidance that we had given on cash flow. And generally it's a known thing, always, the second half of a year in a cyclical business like CV is

always favorable from a cash standpoint. And we will continue to kind of watch out for this and maximize.

Thank you.

Sneha Gavankar

Next question, Girish, there are quite a few questions on the bus business, so I'll just probably combine all of those. So one is, can you share some color on the growth outlook for the bus business? And recently you had mentioned an increase in bus bodybuilding capacity. Can you talk about what is your current capacity and utilizations? And also on the EV buses, how are the bus orders? And would you think of consolidating all your bus bodybuilding businesses into one entity?

Girish Wagh

Yeah, so Jeehan, let me first talk of bus business growth. So first of all, I think Q4, Q1 are traditionally high demand quarters, and that's how we are seeing these two quarters. Overall, next year you should see the bus business growing at a higher single-digit is what we are looking at, at this juncture. In terms of bus bodybuilding capacity, yes, I did mention about increasing the capacity by debottlenecking, so it is roughly around 15% increase that we have done in anticipation of higher demand in Q4 and Q1.

Your next question is about, allocation of buses. So see we have two bus bodybuilding facilities. One is the Tata Motors Body Solutions Limited, and the second one is Automotive Corporation of Goa Limited. So, generally there are specific set of models that we do at the two entities, although we have fair bit of flexibility. To get in efficiencies, we have allocated certain specific models in these two. As far as EV is concerned, currently EVs have been productionized only in Tata Motors Body Solutions Limited. But as we go ahead, yes, of course, we are going to productionize that in Automotive Corporation of Goa Limited also.

Sneha Gavankar

So, just staying on the bus business, there's a question from Jinesh as well. How many bus tenders did Tata Motors win in the recent 10,900 E-buses? Any reason for being cautious, as this tender was under PM-e Sewa?

Girish Wagh

Yes, so Jinesh. See, as we have said very clearly in this tender business, we are going to look at three things based on our experience of running these buses in multiple cities. First is the payment security mechanism, which was addressed in this 10,000-odd tender. We are also looking at an asset-light model, which was addressed indirectly in this tender, and therefore we participated through a consortium model. So in most of our bids, a consortium partner who is a bus operator was front-end, front-face. Part of the buses we also bid directly from Smart City. And there is a third thing that we are looking at, of course, financial prudence and accordingly we quoted in these tenders.

We are not L1 in any of these tenders, and I think we will continue to stick to three requirements that I have spoken about is payment security, asset light and financial prudence. As we go ahead, we will get more and more knowledge on each one of these three and see how we participate in the tenders. We want to be very patient for this business because this is just the beginning.

As you know, the government has already said that almost close to 850,000 buses will be converted into electric as we go ahead, and we have a sufficient runway ahead. I think, on one hand, we are building a very strong, stable business of running these buses, get robust systems in place and therefore create a model with which we will start getting into also operations of these buses. So, that's where we are, Jinesh, as we go ahead. I think he has some more questions, also. If you want, I can take those.

Sneha Gavankar

The other question was on the capacities that we have on M&HCV and ILMCV.

Girish Wagh

Yeah. So, see, as far as M&HCV, ILMCV trucks capacity is concerned, we have fair bit of flexibility in the sense we can manufacture these in four of our plants, Jamshedpur, Lucknow, Pune and Dharwad. And as far as in-house capacity is concerned, there is no concern. What I answered some time back, was with the sudden increase in demand across all the auto segments has led to some capacity press in specific areas like castings, etc. So, we are watching the situation, wherever decisions are required from longer term perspective, we are going ahead with that. And we are at a fairly okay levels in terms of utilizations prepared for the higher demand as it comes next year.

Sneha Gavankar

Next question is from Kapil. What should be the direction of margins and what are going to be the drivers for the same?

Girish Wagh

So Kapil, I mean, in terms of drivers, you know better than all of us. So realizations, of course we have been focusing on that. On the cost side. I think in the call we've spoken at least in two, three questions about where the commodity challenge is being seen. And to address that we've already taken a 1% price increase from 1st of January. I think Ramanan has also explained in his presentation. What are the other cost elements which have hit us in Q3? Some of those are of course one time. Therefore, we will start getting benefit as we get into the next quarter from here. So yes, I think we continue to work on a further margin improvement. I think as demand goes up, further scale benefits will also come in.

Sneha Gavankar

Next question from Raghu of Nuvama and some of these have already been addressed so I'll only pick those which are new. Can you indicate if the double-digit growth is likely to continue till September? And the share of tippers has gone up. Do you expect tipper demand to remain

robust ahead? In HCV cargo utilization is at about 80%. At what level of utilization do you think fleet operators start to add trucks? And another question on delinquencies and availability of finance.

Girish Wagh

Yes, so thank you, Raghu. And, frankly, I'll be delighted to give a one-word answer to your question two and three, which is yes, right? But I think I look at it like this, the Q3, which has gone by and Q4 we are seeing a Y-o-Y growth also because of the base effect. And I do see that base effect continuing in H1 of next year also, right? And therefore if GDP continues to grow at this rate, consumption remains at a higher level, the infrastructure mining activity continues at this level, then I think we should see this kind of a growth.

Share of tippers yes, indeed it has gone up. And it is not only mining and infrastructure activity, but also the urban construction activity is also leading to an increase in tipper and the RMC products that we see. And with the focus of government on these sectors, we see this demand to remain focused ahead.

Your next question, Raghu, is in HCV cargo utilization is at 80%, at what level of utilization? Frankly, we still don't have that kind of data and solid backup to say that, yes, I think we are close to this. But as I answered earlier, I think with the drop in initial prices and some of the customers, especially the fleet owners, are looking at which of the GST regime they should take, they should follow, right? And therefore, this is something which should get clear as we get in towards Q1. And that is also something which should help replacement demand, probably.

You also have asked a question on can you indicate ease of finance availability for operators, trends and in delinquencies? So, I know, yes, there was one report which was released in the quarter gone by on increasing delinquencies, etc. But that was actually based on data which was at least a quarter prior to that. Our direct connection with the financiers clearly indicate that the delinquency trends have stabilized, and are improving over the past few months, with clear green shoots visible across major financiers. And in fact, see, I mean, this kind of a growth, 25% of the growth isn't going to happen unless the financiers bring in 25% more money. I must also say the various delinquency buckets that they look at, 30 to 90 days or 91 to 180 days past due, have actually moderated compared to the earlier stress periods, supported by stronger collections, tighter underwriting and more disciplined risk management. I had also highlighted some stress in UP, APTS and Karnataka. Even in these states, there has been an improvement, although they still remain a bit behind other states comparatively. I hope, , Raghu, this answers all your questions. I think he has asked another question.

Sneha Gavankar

I will go to that. I will give you a break, and I move to Ramanan. So, warranty cost has increased by ₹94 crores. How much was the warranty cost to revenue this quarter, and what is the reason for the increase?

GV Ramanan

I think Raghu, thanks for that question. The increase in warranty cost is largely on account of revision in rates, taking into account our claim trends and also the part price cost, right? In terms of the warranty as a percentage YTD, we are trending at around less than 2%.

Sneha Gavankar

I will move to the next question from Nishit on exports. Exports have recovered sharply over the last few quarters, which markets are driving this? And our exports are still much lower than the peak that you saw in FY'17. So, is it fair to expect strong double-digit growth in exports over the next two, three years as well?

Girish Wagh

Yes, so see. You're right. Exports have recovered sharply. And in terms of numbers, yes, we are still behind or much behind the peak in FY'17. But I think in terms of revenue, you're already very close to that.

Going ahead, yes, I think we should see a strong double-digit growth, and I can certainly speak for the next year. And current markets which are driving this growth, which I also explained in the presentation, essentially Sri Lanka, SAARC, and also to some extent recovery in Bangladesh.

Also there is fresh demand in Middle East and North Africa. I think in this whole thing our basket of international business markets have got pretty well balanced. In FY'17 Nishit, we had a very, very high salience of SAARC, very high salience. I think it has moderated significantly now and we are happy with the market mix that we have now, which we would like to continue to build upon. And then recently new set of products, which have launched international markets as well as some of the domestic ones, which can also go. Yes, we will continue to drive growth in the international markets.

Sneha Gavankar

Next question from Amyn Pirani on buses. Unlike most segments in trucks, buses have already crossed the pre-COVID levels in terms of volumes. How should we think about growth in this segment? Is it a structural category or will there be a cycle here as well going forward?

Girish Wagh

So, see in buses, especially in MCV buses, we know half the demand comes from government tenders, STU, etc. And I think that post-COVID one has seen a very strong demand coming from a lot of STUs. I spoke in my presentation about the new tenders, which we will now be fulfilling over the next one year. I do feel that yes, this should continue for some more time, and we are also seeing a good demand coming from the school vans kind of a category. In addition to that, I would say electric buses, which are just at I would say very, very initial stages of growth, can also be a category to look forward to in terms of higher growth as we go ahead. So yes, I do look forward to growth coming in buses as well.

Sneha Gavankar

Just a couple of questions which are unanswered from Raghu. One is what are the current levels of discounts? And would you expect reduction in discounts given that there is a strong demand? And then can you talk of cross-selling opportunities between Tata and Iveco products in major regions?

Girish Wagh

So Raghu, on the first point, I think see we have been ensuring that we keep on increasing the value proposition and the value being delivered to the customers. Even in the recently launched products, we have been able to deliver significant profitability improvement to the customers. And then once that is established, then we see how much of that value we should be sharing between the customer and us. And I think, therefore, going ahead, yes, there will be possibility of the discounts moderating further. But this is something which will depend very specifically on segment to segment, market to market, a behaviour which will continue to be different in combination of geography and a particular segment.

In terms of cross-selling opportunities, Raghu, I think I will not be in a position to give more details than what has already been said. But possibly, I think when we meet next or maybe one quarter after that, I think we should be in a position to give much better clarity on where all our products could be sold.

I can only add that recently signed EU FTA, we could benefit to this particular lever, not only on the products, but it will also see good benefit on the components or aggregate that we are sourcing from Europe. Not to a great extent from revenue perspective, but still a good possibility and also vice-versa.

Sneha Gavankar

The next question from Gunjan, are you seeing a shift from used market to primary new market due to the GST revision and superior efficiency in the newer trucks, now that BS4 trucks have aged?

Girish Wagh

So, Gunjan to an extent not so much, because as I mentioned last time also, we now have 11 operational Rewire centres, most of the inflow there is more of cars, we do have inflow of trucks, but it is still low. What it means is the fleet owners are buying newer trucks and probably selling them off to the second user just before the end of the warranty period, and they are therefore selecting more profitable newer trucks. Older trucks which pass on to the second owner at some point of time, maybe third owner, then gets deployed over a shorter route, shorter duty cycle. That is the kind of behaviour we are seeing.

And in terms of overall replacement, I think you had asked the first question, which I have already tried to answer, because the answer is not fully satisfactory, I know, but this is the only thing that we know as of now.

Sneha Gavankar

Next question from Amey, which segment will see higher competitive intensity and peers have also been aggressive in product portfolio expansion and heavier segments.

Girish Wagh

I think in every segment, we'll see competitive intensity, yes the intensity may vary a bit from segment to segment, but I can't see of any segment which will have very low intensity or competitive intensity.

Sneha Gavankar

Will you be able to provide any guidance across segments for growth for the next financial year?

Girish Wagh

I think as I mentioned in the last analyst call also, I would certainly like to see how this whole quarter pans out. And then when we meet next, of course, we will be in the position to do a better guidance for next year. But as it appears, as the momentum continues, next year first half, we should see good growth on a Y-o-Y basis also because of the base effect of the year that we are in.

Sneha Gavankar

I'll just check for the queue if there are any

Girish Wagh

Pramod has asked, how is the participation from STO. Probably, he means small fleet owners.

So Pramod, if your question is about small fleet owners, we have seen participation across and in fact, I mentioned, I think large fleet owners are some of them are in fact deciding which credit route they should be using for GST, but otherwise, small fleet owners are certainly coming ahead.

And his next question, how do you see cyclical of industry evolving?

Sneha Gavankar

We will take it offline.

Girish Wagh

Yes

Kapil has asked, bus tenders, is there a cost pass-through clause?

No. Kapil, no.

Sneha Gavankar

All that we have in questions. Well then thank you for participating. Any questions that remain unanswered, we can take it offline. Thank you.