

## ELECTRIC-FIRST APPROACH

# TaMo's JLR drives up investment to ₹1.9 trn

20% increase till FY28; firm eyes double-digit Ebit of 10% by FY26

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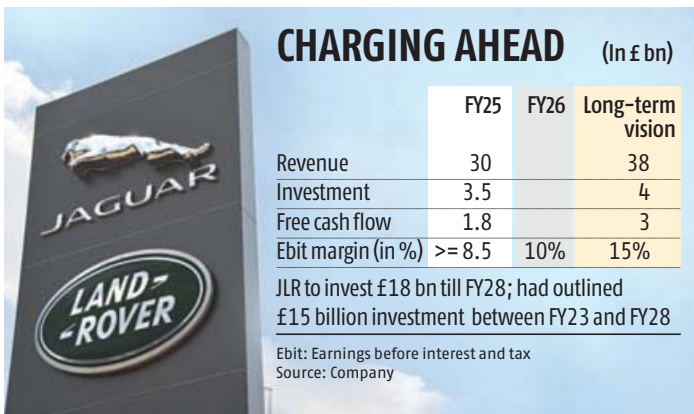
Tata Motor's British luxury vehicle brand Jaguar Land Rover (JLR) has announced plans to invest £18 billion (₹1.9 trillion) until the financial year 2028 (FY28), 20 per cent more than its earlier announced plan of £15 billion.

A significant portion of this investment will go into product development.

In April 2023, JLR had outlined an investment plan of £15 billion over the next five years until FY28 as it planned to reposition itself as an electric-first, modern luxury carmaker by 2030.

In FY24, the company invested £3.3 billion, and in FY25 it aims to invest £3.5 billion. In the same year, the automaker expects to turn net cash-positive.

According to an Investor Day 2024 presentation shared by the company, JLR is targeting to achieve an earnings before interest, taxes (Ebit) margin of over 8.5 per cent in FY25 and improve it further



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to 10 per cent in FY26.

Last year, JLR's Chief Executive Officer Adrian Mardell said the company, as part of its Reimagine strategy, would reposition itself as an electric-first, modern luxury carmaker by 2030 as it makes strides towards its financial goals of achieving a net cash-positive position by

FY25 and double-digit Ebit by 2026.

JLR delivered a strong financial performance in FY24 with record revenue of £29 billion.

Much of JLR's investment is going towards enhancing its product portfolio with an electrification road map.

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### JLR...

A new battery electric Range Rover is coming soon, and there are plans to invest further in the Range Rover and Defender portfolios, the firm has said.

Investments would be made to enhance its industrial footprint, vehicle programmes, digital technologies as well as people skills.

The company said it was in the delivery phase of its electrified future with physical testing underway across all its three vehicle architectures.

JLR has three architectures — the Modular Longitudinal Architecture (MLA) that underpins Range Rover Electric and enables Internal Combustion Engines (ICE), mild and plug-in hybrid powertrains; the Electrified Modular Architecture (EMA); and Jaguar Electrified Architecture (JEA) solely for battery electric vehicles.

Besides investing in product development, the company has been focusing on margins and return on capital employed (RoCE). The Ebit margin improved from 8.6 per cent in Q1FY24 to 9.2 per cent in Q4FY24.

The free cash flow also increased during this period, from £451 million in Q1FY24 to £892 million in Q4FY24.

Average revenue per unit was above £70,000 in FY24, JLR noted in its investor presentation. The company also said it was trying to improve its RoCE from 21.3 per cent in FY24

to over 22 per cent in FY25.

It is trying to reduce working capital by reducing inventory and work-in-process, as well as reducing early payments to suppliers.

### Poverty...

Later in June 2014, a committee under the chairmanship of C Rangarajan also submitted its report on the poverty line and fixed it at a monthly per capita expenditure of ₹1,407 in urban areas and ₹972 in rural areas for 2011-12. This resulted in higher poverty lines and consequently higher poverty rates compared to the earlier Tendulkar Committee's estimates. The panel report was not formally accepted by the government.

Recently, the government started using the MDPI, which calculates poverty based on 22 indicators, besides income. According to the latest NITI Aayog report released in January this year, 248.2 million Indians are projected to have come out of multidimensional poverty between 2013-14 and 2022-23.

Debroy also pointed out that the new HCES data, released by the ministry earlier this month, would also help determine inequality estimates. He highlighted that it was important to look at state-wise Gini coefficients to determine inequality levels as a countrywide estimate may not present the full picture.

### Vadhavan...

Vadhavan Port will be developed as an all-weather green-field deep draft major port. The

