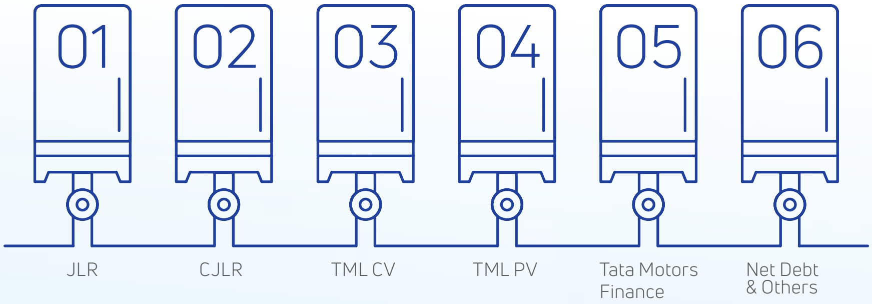
6 CYLINDERS OF OUR VALUE-CREATION ENGINE

As part of our strategy, we have prioritised six areas for the Tata Motors Group, which form the six cylinders of our value-creation engine. The six cylinders represent our key value drivers. Identifying these drivers will help us take focused actions on areas that will have the greatest impact on value.



Did you know?

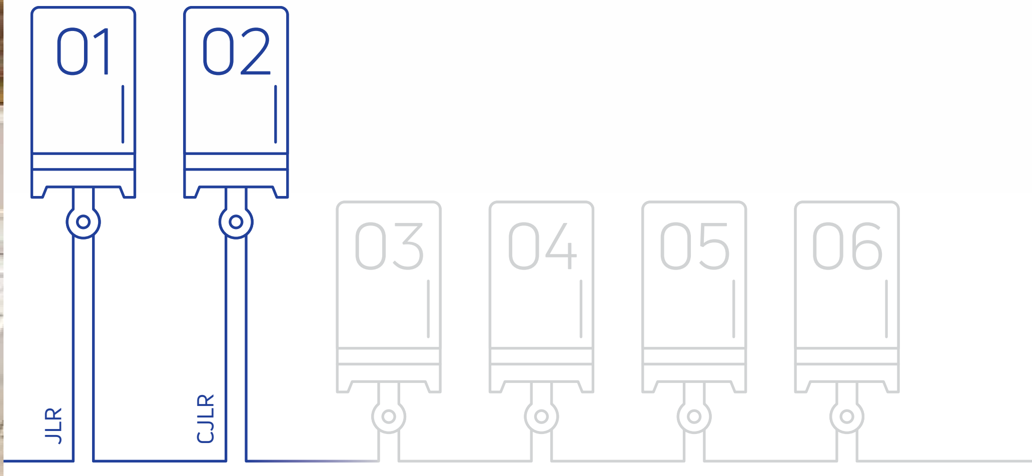
Tata Motors was the first to introduce a unique indigenous Vehicle Tracking and Bay Scheduling (VTAB) system for customers to keep a track of the repair or maintenance work being performed on their vehicles while being ensconced in the customer lounge at a Tata Motors service centre!

Jaguar was the creator of the world's first disc brake in 1953, an industry leader in aluminium lightweighting and closed-loop recycling.

Land Rover has 70 years of off-roading experience providing extensive know-how and patented technologies, such as Dynamic Stability Control and the industry-leading Terrain Response.

JLR and CJLR

A PLAN TO TURNAROUND AND TRANSFORM



JLR has created an outstanding, award-winning product portfolio, grown as a global player in the premium car segment and delivered a solid business and financial performance over the decade of Tata Group's ownership. JLR vehicles represents a compelling combination of British design and engineering integrity. Chery Jaguar Land Rover (CJLR) is a 50:50 JV formed between Chery Automobile Co Ltd. and JLR. CJLR manufactures world-class products, which include Range Rover Evoque, Discovery Sport, Jaguar XFL, Jaguar XEL and Jaguar E-Pace.

The foundation is strong with two iconic premium brands. Jaguar is one of the world's premier luxury sports saloon and sports car marques. Land Rover is the world's leading manufacturer of premium SUVs. Recent successful model launches, including award winning I-Pace, Hybrid Range Rover, Range Rover Sports and the new Range Rover Evoque, have broadened the product range to existing and new customers in established and emerging segments. The excitement continues with the iconic Defender to be launched later this year.

Jaguar Land Rover has delivered solid performance over the long term, through exciting products, strong profits and investing in its future. Between FY 2010-11 and FY 2018-19 JLR has:

- Increased revenues to GBP 24 BN (12% CAGR)
- Generated PBT of over GBP 13 BN (before exceptional items)
- Generated ~GBP 27 BN of operating cash flow before investment of ~GBP 25 BN in new products, technology, capacity and infrastructure

JLR has witnessed unprecedented challenges in the last fiscal, which includes weak market conditions in China, muted industry conditions in other markets, geopolitical uncertainty with rising populism, and tariff and trade tensions, along with high fixed cost structure: all of which severely impacted the financial performance.

Given the above challenges, JLR is gearing up for the next phase of its turnaround and transformation through: **Project Charge** and **Project Accelerate**.

PROJECT CHARGE

JLR has launched Project Charge in response to the unprecedented market, technological and regulatory challenges that are impacting its current financial performance. The objective of this programme is to identify and implement at speed, short-term gains to improve cost, cash, revenue and profitability.

Positively charged

Through decisive actions, JLR will reduce investment spending by GBP 1 BN, improve working capital by GBP 500 MN and make GBP 1 BN of profit growth and cost efficiencies, all by the end of FY 2019-20. Project Charge is on track to achieve its GBP 2.5 BN target, with GBP 1.25 BN of benefits already delivered during FY 2018-19.

These comprise the following:

- A GBP 700 MN reduction in investment (of GBP 3.8 BN versus the GBP 4.5 BN originally anticipated) following rigorous spend reviews to identify non-core and non-product investment savings without compromise to JLR's revenue-generating product plans;
- GBP 400 MN of working capital improvements, with inventory reduced by GBP 800 MN since September through actions including improved production and demand management enabled by advanced forecasting and analytics; and
- GBP 150 MN of savings in costs including labour overhead savings through a workforce reduction programme.

Paving the way to a sustainable, profitable future

Reducing the size of JLR's global workforce by 6,000 is expected to deliver over GBP 400 MN of ongoing cost efficiencies, starting from FY 2019-20, with further cost savings expected as Project Charge continues its review of costs, including commercial, purchasing and marketing activities. Project Charge will also maintain a focus on investment spend and working capital to identify, deliver and sustain the additional savings necessary to meet JLR's GBP 2.5 BN target.

The cost and cash improvements achieved by Project Charge enable vital ongoing investment into next generation ACES products and services to deliver experiences that people love, for life.

JLR and CJLR

CHARGE ON TRACK

JLR has already taken significant steps towards reducing investment spending and identifying various cost reduction opportunities. Out of the target GBP 2.5 BN, GBP 1.25 BN benefits have already been delivered in FY 2018-19.

PROJECT ACCELERATE

The focus of Project Accelerate is medium to long term.

The key focus areas of the project are to enhance sales performance, deliver competitive variable cost, reduce delays and improve quality. JLR launched Project Accelerate to simultaneously drive large-scale systemic and structural change with root-and-branch reviews of all of its processes and working practices. It has planned a set of actions for each of these focus areas.

Reducing delay and improving quality

As a medium- to long-term plan, improving quality and reducing delays become crucial. In order to meet these objectives, JLR plans to optimise resource planning. Improved quality is also related to the commonality between products and the drive consistency between them. Modularity will help in consistent production planning and reducing delays. That said, these objectives cannot be met without bringing in a process discipline and vendor collaborations and stepping up risk management and change management. Underpinning all these action areas is the way JLR brings in process quality and brings about a change in enterprise-wide systems.

Delivering competitive material cost

To deliver competitive costs, JLR will focus on purchase lifecycle planning and customer value-driven standards. At the same time, it would like to minimise per unit manufacturing costs by making a strategic choice between 'make' or 'buy'. This would require a change in the global material sourcing strategy. JLR makes the 'should cost' and 'should design' analyses with a thorough benchmarking process.

Enhancing sales performance

JLR plans to work on the pricing, positioning and launch approach of its products, while providing value-added products and features to its customers. JLR is also focusing on customer marketing effectiveness, while expanding the network coverage. The goal is to improve customer perception of product quality and services. JLR seeks to 'fix right first time' with rapid diagnosis and prompt issue resolution.

JLR is also reviewing its organisational design and business behaviours to improve role and process clarity. By evaluating and improving its core systems, its culture and the ways it works, JLR will create greater efficiency and drive a relentless focus on quality and competitiveness throughout the organisation.

PRIORITIES FOR THIS YEAR

JLR has clearly laid down its focus areas to be implemented this year.

- Successful launch of the iconic Defender
- Implementing the flexible Modular Longitudinal Architecture (MLA)
- Turn around the performance in China
- Drive sustained benefits through Project Charge
- Deliver fundamental transformation through Project Accelerate

Further JLR is also focusing on achieving the investment efficiency through:

- An emphasis on core portfolio, together with a rationalisation of niche, non-product spend (like Evoque Convertible and Range Rover SV Coupe)
- A simplified offering by reducing powertrain complexity (like >50% certification reductions and no V6 in Jaguar XE/XF)
- Innovative collaborations (like Waymo and I-Pace, BMW and EDUs)

Steps towards safeguarding the future

JLR through its two iconic brands, future generation product portfolio, technical capabilities and turnaround and transformation programmes will pave its way towards Consistent, Competitive and Cash-accretive growth.

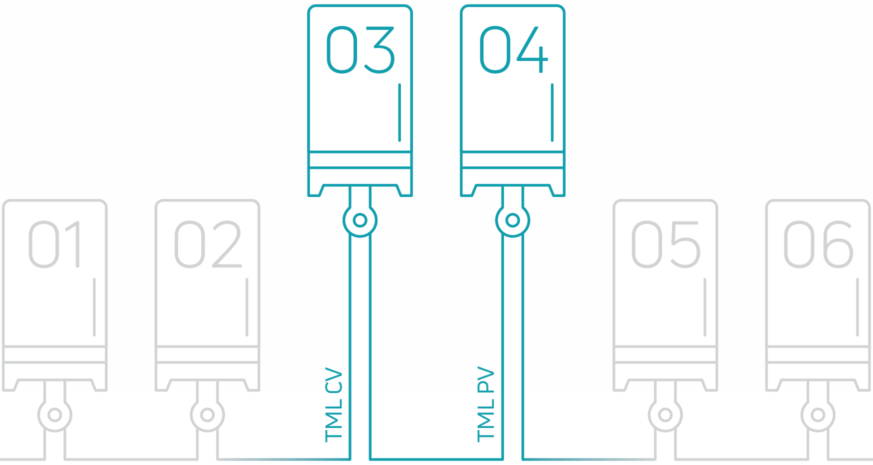
Key capital trade-offs and interlinkages of the Turnaround and Transformation plan

A pragmatic interplay across Financial Capital, Human Capital and Manufactured Capital will help drive long-term profitability and efficiency.

Social and Relationship Capital has been enhanced through improved customer service quality, improved dealer management and collaborations with vendors for sourcing efficiency. This will also result in enhanced Financial Capital.

TML CV and PV

THE TURNAROUND 2.0 STORY



With the launch of Turnaround 2.0, TML intends to drive its journey towards Competitive, Consistent and Cash-accretive growth. TML has been successfully navigating the headwinds in the Indian automotive market with its Turnaround 2.0 plan. The broader objectives of the plan are: 'Win Decisively' in CV, 'Win Sustainably' in PV, 'Win Proactively' in EV and 'Embed the turnaround culture'. The roadmap to meeting these objectives is guided by the six identified strategic focus areas that underpin the Turnaround 2.0 plan.

3.8% (+330bps)
EBIT GROWTH (Y-O-Y)

+₹1,539 crore
POSITIVE FREE CASH FLOW IN SECOND SUCCESSIVE YEAR

+20.3%
REVENUE GROWTH (Y-O-Y)

Strategic focus areas of Turnaround 2.0

To continue the Turnaround 2.0 success, TML has identified six focus areas:

- Volume growth ahead of industry
- Pricing ahead of net inflation; ensuring secure mix
- Reduce business breakeven, through aggressive savings
- Drive efficiencies for best-in-class cash conversion cycles
- Prudent and proactive capex to drive cash accretive growth
- Stress test plan to deliver value even in downturns

+17.2%
VOLUME GROWTH (WHOLESALE DOMESTIC)

+12%
MHCV

+23%
ILCV

+24%
SCV AND PUs

+4%
CV PASSENGER VEHICLE

22.6%
RETAIL EXPANSION

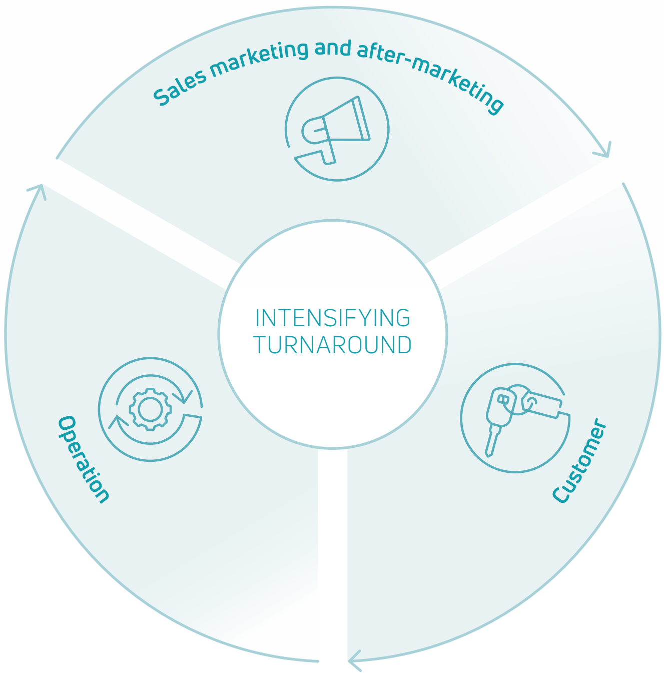
+11%
STABLE EBITDA MARGINS

+61
NET PROMOTER SCORE (AS COMPARED TO +57 IN FY 2016-17)

88
SALES SATISFACTION INDEX (AS COMPARED TO 83 IN FY 2016-17)

WIN DECISIVELY IN CV

The success of the Turnaround 2.0 initiatives is evident in the CV space, where CV continued to deliver strong margins while upholding the EBITDA margins in challenging market conditions. All the four segments of TML's CV business – MHCV, ILCV, SCV and PUs, and CV Passenger Vehicles – saw improved performance driven by all-round execution. Market share was gained across three of the four segments: MHCV at 55% (70bps growth year on year), ILCV at 45.4% (50bps growth year on year) and SCV and PUs at 40.1% (70bps growth year on year).



Intensifying turnaround

The turnaround in the CV segment is intensifying with enhanced sales productivity and market activation. This is driven by TML's 'Dealer Centre of Excellence' in SCV and 'Go to Market Excellence' initiatives. A slew of focused marketing initiatives will further strengthen the brand. There is also an accelerated focus on dealer performance and profitability to become the most attractive franchise. In addition, TML is undertaking a multitude of actions to improve customer experience, like improving last-mile service networks. TML plans to improve the CV after-market share and drive sustainable and profitable growth, particularly in parts and aggregates. Leveraging digital at the front end and delivering impactful products for its customers are some of its other priorities, along with intensified cost reduction efforts and maintaining world-class quality.

TML CV and PV

WIN SUSTAINABLY IN PV

The PV business is on track to 'Win Sustainably' by getting the basics right. TML's PV business continued to gain market share. In the year under review, market share improved, and volume growth was ahead of the industry average. This has been mainly driven by TML's relentless focus on strengthening its business fundamentals. TML was able to overcome the seasonality of the PV market through new product launches. Within 51 days during the festival season, TML introduced Tiago NRG, Nexon KRAZ, Tigor Refresh and Tiago/Tigor JTP. These interventions helped to attract additional set of customers and sustain market buzz.

Another significant development was the adoption of 'Impact' design, which supports best-in-class features and user experiences, which, in turn, improve brand perception. In the PV segment, TML's focus has been on adoption of best-in-class designs, safety features and closer engagement with dealers.

Overall market share stood at 6.3%, a 60bps growth year on year and breakeven was achieved with regard to EBITDA.

+13.9%
VOLUME GROWTH (WHOLESALE DOMESTIC)

9
QUARTERS OF INDUSTRY OUTPERFORMANCE

+4.4%
RETAIL EXPANSION

5
EXCITING PRODUCTS LAUNCHED IN 51 DAYS

NEXON
BECOMES THE FIRST CAR TO ACHIEVE 5-STAR GNCAP RATING

EBITDA
BREAKEVEN ACHIEVED

2ND RANK
JD POWER CUSTOMER SATISFACTION FOR THE 2ND CONSECUTIVE YEAR

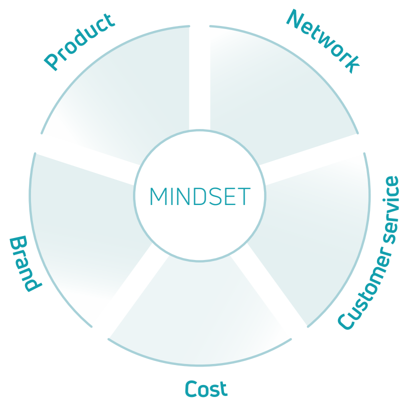
+20
NET PROMOTER SCORE (AS COMPARED TO -1 IN FY 2014-15)

Intensifying turnaround

To intensify focus as well as counter the near-term headwinds in the industry, TML has launched 'multiple angles of attack'. These include:

- Leveraging new architecture (Alpha and Omega), gaining more from less
- Improving brand resilience
- Driving rigorous cost reductions
- Aiming to be the most customer caring company with a focus on quality of service, personnel training and equipment
- Bringing about a paradigm shift in the mindset from wholesale to retail

MULTIPLE ANGLES OF ATTACK



WIN PROACTIVELY IN E-MOBILITY

TML's approach to 'Win Proactively' in e-mobility broadly encompasses four aspects:

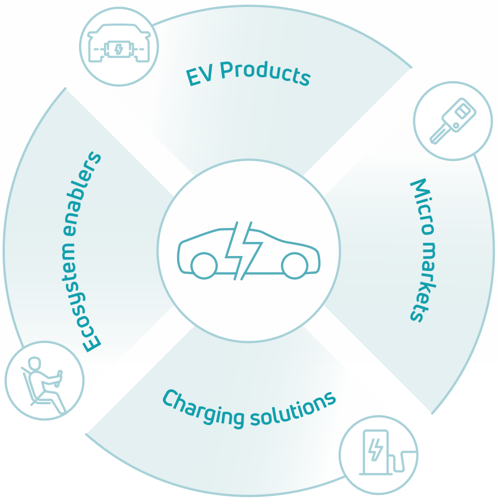
- Providing full ecosystem solutions;
- Building a comprehensive range in EV to create excitement among consumers;
- Delivering a compelling value proposition that breaks barriers; and
- Leveraging partnerships and new business models .

'FUTUREADY': STEPPING UP THE GAME

The Turnaround continues as TML is getting FutuReady with a roadmap for sustainable growth. The new rule of the game – 'Aspiring leadership' by decoding the Indian growth story – will require being globally competitive, providing solutions for the Indian customer and staying ahead of the curve. In order to drive volume growth, improve market share and enrich branding, the TML's strategy will include five key levers.

- **Developing products** of global design standards with Impact 2.0
- **Increasing scale** while focusing on productivity through modularity, using common platforms for different products and driving volume growth
- **Focusing on cost competitiveness** through faster, better and cost-effective products manufactured leveraging new architectures
- **Leading on the technology front** and remaining ahead of competitors
- **Encouraging 'digital first'** thinking across the value chain

KEY FOCUS AREAS



Preparedness for BS VI emission norms

- Full portfolio migration commencing from January 2020
- In-house capability to build, test and accredit new homologations
- Differentiated BS VI solutions
- Ready with BS VI compliant engines across the board
- Unbeatable powertrains for multiple applications

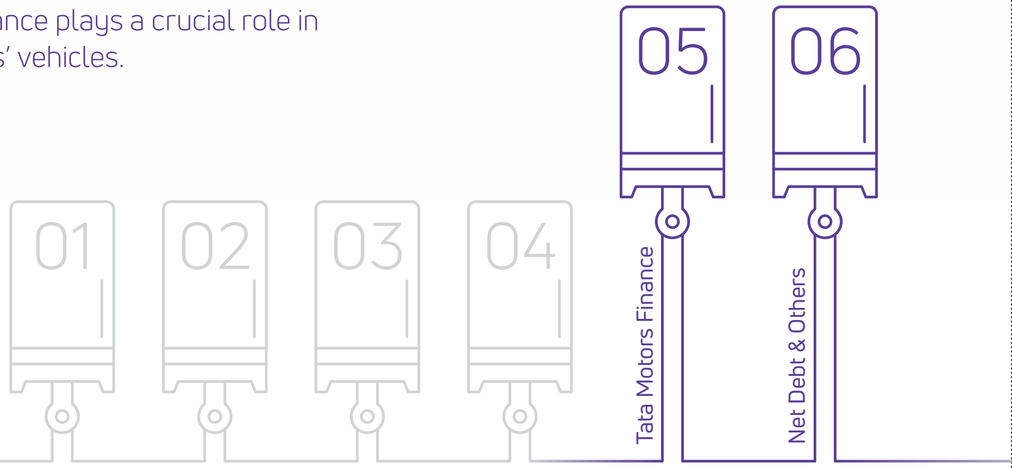
Key capital trade-offs and interlinkages of the Turnaround 2.0 plan

Enhanced Intellectual Capital in terms of introduction of new designs, manufacturing platforms, and new products, led to an improvement in Social and Relationship Capital with better-quality customer perception of the brand. This, in turn, augmented Financial Capital. At the same time, operational efficiency measures also improved Financial Capital

Tata Motors Finance Limited and Net Debt & Others

FOCUS ON FINANCING AND MANAGING DEBT

One of the key value-driving aspects of Tata Motors is Tata Motors Finance. Facilitating the financing process for customers and enabling the sales process, Tata Motors Finance plays a crucial role in supporting the sales of Tata Motors' vehicles.



TATA MOTORS FINANCE

TMF Holdings Limited (TMFHL) became the holding company for the financial services business under the TML umbrella. Tata Motors Finance Limited (TMFL) undertakes the new vehicle financing business and is the captive financier for TML's vehicles. On the other hand, Tata Motors Finance Solutions Limited (TMFSL) is engaged in used vehicle financing business that has strong operational linkages with TML's pre-owned vehicles. TMFSL is also actively engaged in corporate lending wherein it provides both short-term and long-term financing to dealers and suppliers of TML.

Tata Motors Finance focuses on two major segments of vehicle financing: new vehicles and used vehicles. Leveraging the familiarity with the Tata Motors ecosystem, Tata Motors Finance is in a position to mitigate any risks effectively and enjoys 26% market share in Tata Motors' volumes.

By 2024, Tata Motors Finance targets to have Assets Under Management (AUM) worth ₹75,000 crore and a Return On Equity (ROE) of 20%, while maintaining Gross Non-Performing Assets (GNPA) at 2.5%. Moving towards this target, it has identified a few action areas which include reducing collection delays and enhancing disbursals.

₹38K crore
AUM (AS ON MARCH 31, 2019)
37% Y-O-Y GROWTH

2.6%
GNPA (REDUCED FROM 4.0% IN FY 2017-18)

Key action areas

While focusing on enhancing disbursals, Tata Motors Finance is improving its collection strategy in light of the implementation of Ind-AS. It is also widening its liability franchise to manage its cost of borrowings.

Tata Motors Finance is focused on growing its AUM, which recorded a sharp 37% increase in FY 2018-19 from FY 2017-18 levels. Meanwhile, GNPA fell from 4% in FY 2017-18 to 2.6% in FY 2018-19.

NET DEBT & OTHERS

The Tata Motors Group is focused on reducing net debt. The Group's focus is on bringing down the gross debt to EBITDA ratio, improving business performance and reducing the debt through focused and identified divestments.

Key capital trade-offs and interlinkages for Tata Motors Finance

Improved Social and Relationship capital, in terms of customer relationships and reduced collection delays had a direct impact on financial capital.

₹21,993 crore
DISBURSED IN FY 2018-19 (+43%)

+38%
NEW VEHICLES DISBURSALS

+86%
USED VEHICLES FINANCING

2.3
JLR'S DEBT TO EBITDA RATIO

3.3
TML'S DEBT TO EBITDA RATIO

Outlook

GEARED FOR THE FUTURE

As we move ahead with our turnaround plans, we will continue enhancing our value with the six cylinders—our key value drivers. Based on the challenges and opportunities globally, we have charted our medium- to long-term plans.

OUTLOOK – MEDIUM TO LONG TERM

We remain committed to Competitive, Consistent and Cash-accretive growth over the medium to long term. For our key businesses, TML and JLR, we have set targets around volume growth, EBIT and cash flow for FY 2020-21 and beyond.

FY 2020-21	FY 2022-23	BEYOND
3-4% EBIT	4-6% EBIT	7-9% EBIT
> PREMIUM SEGMENT VOLUME GROWTH	> PREMIUM SEGMENT VOLUME GROWTH	> PREMIUM SEGMENT VOLUME GROWTH
NEGATIVE, IMPROVING FCF	POSITIVE FCF	POSITIVE FCF
UP-TO GBP 4 BN INVESTMENT SPENDING	UP-TO GBP 4 BN INVESTMENT SPENDING	11-13% OF REVENUE INVESTMENT SPENDING

TATA MOTORS

FY 2020-22	BEYOND	
4-6% EBIT	5-7% EBIT	COMMITTED TO COMPETITIVE, CONSISTENT AND CASH-ACCRETIVE GROWTH OVER THE MEDIUM TO LONG TERM
> MARKET VOLUME GROWTH	> MARKET VOLUME GROWTH	
POSITIVE FCF	POSITIVE FCF	