

## Strategic roadmap

# Driven by agility, Inspired by transformation

Our operating environment remains challenging with the pandemic continuing to weigh on consumer sentiments.

At TML, we have implemented a strategic Business Agility Plan to address the short-term challenges by keeping our costs low and ecosystem viable while delivering innovative mobility solutions across product customer segments. Strong transformative actions and proactive measures across various segments have supported our business continuity endeavours.

With structured product intervention and timely upgradation, the strategy is to enhance targeted markets and strengthen customer association through stylish design, safety and new technology driven products. In the EV segment, cost optimisation, newer models and infrastructure development pave the way for TML to consolidate its position as the market leader in India.

We remain committed to delivering consistent, competitive, cash accretive growth while deleveraging our balance sheet.

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36 TML

44 Jaguar Land Rover



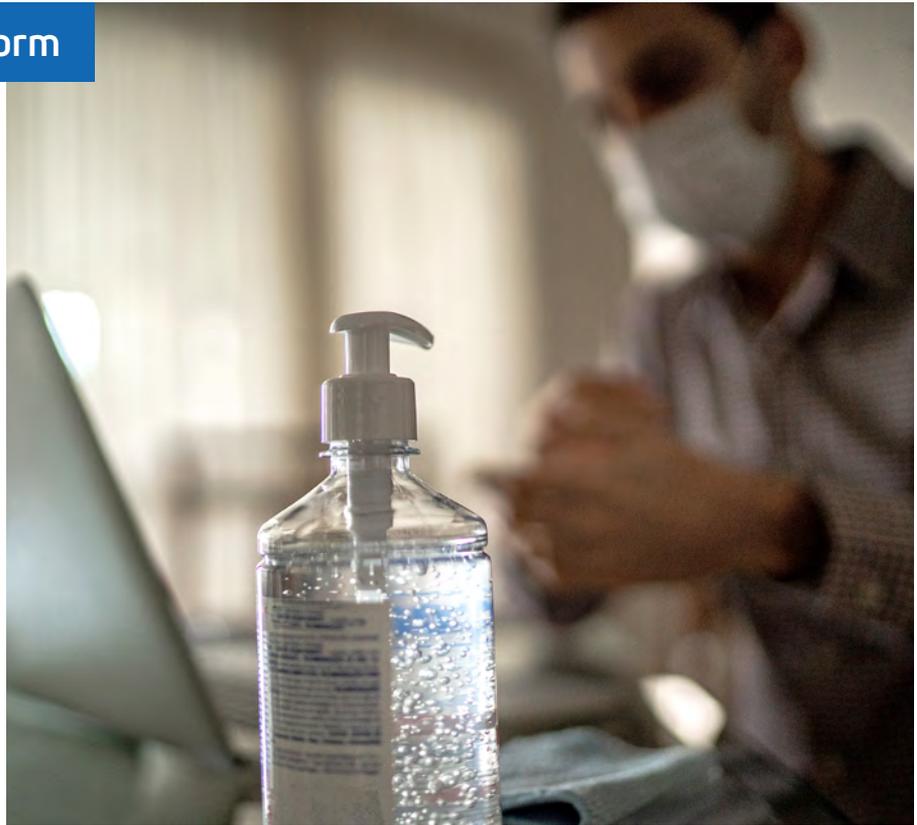


## Strategic roadmap – TML

# Winning with perseverance and prudence

### Bracing the COVID-19 storm

The COVID-19 pandemic, in 2020, brought with it an unprecedented impact across businesses and countries. Our operations were also impacted, as the nationwide lockdowns, disrupted supply chains and dampened demand. TML instantly took measures to maintain Business Continuity with a three-pronged approach of Survival-Recovery-Growth.



### Surviving the Challenges

Our initial response to the pandemic was of maintaining business continuity and standing along with our stakeholders staying connected to them virtually.

#### RESPONSE TO THE PANDEMIC



##### CUSTOMERS

- Virtual connect with customers/ stakeholders
- Capturing new trends of safe, convenient mobility



##### EMPLOYEES

- Ensuring health, safety and well-being of our employees
- Strong focus on employee engagement and upskilling



##### DEALERS

- Interacting continuously to address pain points
- Briefing and aligning to our Business Continuity Plan (BCP)



##### COMMUNITY RESPONSE

- Enabling safety kits and essentials
- Supporting driver's livelihood



##### GOVERNMENT & LOCAL AUTHORITIES

- Strong alignment on SOPs and ensuring safety



##### MANUFACTURING AND SUPPLY CHAIN

- Rigorous cost reduction and cash conservation
- Showing agility in supply chain management

## Accelerating the Recovery

With robust action plans in place, we moved fast to serve customer demand as economy opened up. Our upgraded BS VI range of Commercial Vehicles and “New Forever” range of Passenger Vehicles witnessed strong demand. With strong actions focused to ensure ecosystem viability and focussed structural cost reductions, we ended the year on a strong positive note with improvement in EBITDA and EBIT margins and positive free cash flows.



### Key Highlights

**EBITDA MARGINS**

4.3%

**IMPROVEMENT IN EBIT MARGINS**

370 bps

**FREE CASH FLOWS**

₹2,730 cr.

**CASH AND COST SAVINGS**

₹9,300 cr.

## Building the future comprehensively

Our strategy is not just about accelerating the turnaround and meeting challenges – but about building the future comprehensively and achieving a structural transformation. Our strategy revolves around following aspects:



**DESIGN**

Taking TML design language to a higher level. Augmented focus in the commercial vehicles segment, with cutting-edge designs reflecting a sense of purpose coupled with strength and quality.



**MANUFACTURING**

Improving manufacturing process leveraging technology with application of Industry 4.0 and Logistics 4.0. Taking integrated sales and operating plans to the next level to drive efficiency along the value chain.



**SALES & MARKETING, SERVICE**

Digitally transforming stakeholder engagement through tech-driven sales, marketing and service. Taking efforts to increase dealer profitability and decrease breakeven volume point.



**SUPPLY CHAIN**

Focussing on connected supply chain with an online defined system providing increased visibility and integration leading to improved efficiencies and significantly rationalised supplier base. Ensuring strategic sourcing and early supplier involvement for better supply chain management.



**ENGINEERING**

Improving engineering efficiency with a more for less strategy to leverage cost benefits. Adoption of ACES\* and making technology affordable and introducing new features for the benefit of customers



**PEOPLE AND RESOURCES**

Co-creating the future culture for people and resources using mainstream data analytics tools for building data-driven decision making.

\*Autonomous, Connected, Electric and Shared Vehicles

# Win Decisively in CV



The commercial vehicle industry witnessed major headwinds with volumes falling to the lowest over last decade, reaching the FY 10 levels. We undertook a number of measures to navigate the downturn and ensure our readiness for quick response during subsequent recovery phase. We prioritised strategic actions to rationalise our costs, to enhance our product performance to boost adaptability of BS VI vehicles, to expand our product and service offerings and to strengthen our S&OP process for tighter inventory control. Our Cost reduction

initiatives included additional measures related direct material cost reduction, fixed cost restructuring and judicious deployment of CAPEX. Similarly to drive better realisation, we also offered a number of value added services such as Fleet Edge (our next generation connected vehicle solution) and uptime guarantee to deliver greater benefits to our customers. We undertook extensive ecosystem engagement actions, including channel partner engagement initiatives, extended financial tie ups, product demos to establish superiority of our BS VI range and

focused on green-shoot microsegments. As a result, our widest range of BS VI vehicles, offering best in class TCO and profitability, was well received in the market with strong response. In parallel, we ramped up our supplies in line with the market recovery, strengthened S&OP to cater to volatile demand situation and focused on viability of the overall ecosystem. This resulted in us being able to complete the year on a strong positive note.

## Key Highlights

**EBITDA MARGINS**

5.3%

↑130 bps

**EBIT BREAK EVEN REDUCED**

25%

**MHCV MARKET SHARE**

58.1%

↑70 bps

**SALES TOUCHPOINTS**

1,553

**SERVICE TOUCHPOINTS**

2,892

**NET PROMOTER SCORE (NPS)\***

68

\*11 pts improvement in 3 years

**DEALER SATISFACTION INDEX**

722



## Future focus areas

Looking beyond the short-term challenges, we continue to focus on the megatrends impacting the CV industry and our strategic actions are aligned to leverage the emerging opportunities and to counter the potential threats. Our future focal points include increasing efficiency, market development and exploration of new opportunity as we prepare the business to leverage the upcoming market trends.

### EFFICIENCY

**PRODUCTION COST OPTIMISATION**  
**OPERATIONAL EFFICIENCY**

### MARKET DEVELOPMENT

**TIGHTER EMISSION REGULATION**  
**ELECTRIFICATION**  
**AFTER SALES SERVICE**

### NEW OPPORTUNITY

**CONNECTIVITY**  
**ALTERNATE POWERTRAINS**

### DRIVING EFFICIENCIES

We continue to work on optimising our input costs through sustained efficiency improvement actions across our value chain. Our cost optimisation efforts are pivoted to customer value addition, while we critically review each cost element for potential optimisation opportunity. As we continue on this journey with a systematic value management approach, we remain focused to sustain the cost reduction benefits and maintain breakeven point at lower levels.

### MARKET DEVELOPMENT

Further to our successful transition to BS6 in FY 21, we are continuing with our actions on new product development and infrastructure enhancement to meet the upcoming stringent Real Driving Emissions (RDE) norms. We continue with our focus on delivering enhanced value to our customers by bringing innovative solutions and enhancing customer satisfaction. Our aim continues to go beyond mere compliance, to enhance the product performance and thus to improve the overall competitiveness.

Our aftersales and service offerings through 'Sampoorna Seva' initiative continue to provide holistic support to our customers delivering enhanced productivity and earnings. Our aim is to constantly enhance our Sampoorna Seva offering through expanded scope and features.

### NEW OPPORTUNITIES

We endeavour to deliver on the continuously rising customer expectations for improved performance, better turnaround time, lower cost of ownership and refinements. We aim

to leverage on the success of our connected solution "Fleet edge" and have strong a digital roadmap which will improve customers' business.

We are continuing with our Research and Development activities related to advanced propulsion systems and are committed to drive actions in the areas related to alternate fuel options for the sustainable future. We are exploring solutions on alternative fuels such as Ethanol E10/E20, Bio-diesel blends, LNG, H-CNG as well as zero emission Battery Electric Vehicles and Fuel Cell Electric vehicles.

### CONTINUED SUCCESS IN COMMERCIAL EV SEGMENT

With Electrification picking up progressively in India, we have made significant progress on developing comprehensive EV bus solution for public transport application. We currently have 350+ Buses deployed on Indian roads under FAME-I and II scheme which have cumulatively covered distance of more than 10 million kms demonstrating strong performance. We have already received orders for another 500 Buses under GCC model (FAME- II). To enable faster adoption of EVs across emerging segments, we have embarked on a journey to create EV ecosystem through Tata Group synergies. Going forward, in addition to the Bus segment, we continue to engage with key customers for deployment of EVs in last mile transport application. As part of our commitment and journey towards zero emission transport solutions, we are also participating in FCEV bus tenders by leveraging our in-house capabilities and leveraging support from ecosystem partners.

## Future financial targets

We have activated the Business Agility Plan to navigate the challenges of recent COVID-19 pandemic wave in India. We remain committed and focussed to Win Decisively with our extensive product range and continue to lead the market developments.

**ACHIEVING  
DOUBLE-DIGIT  
EBITDA**

**LONG-TERM  
CAPEX AT 3-4%  
OF REVENUE**

**STRONG  
POSITIVE FCF**

# Win Sustainably in PV



The passenger segment has seen a very strong rebound in demand post opening up of the lockdown. Our strategic intervention to reposition our brand, expand capacity and launch of New Forever range placed us well

to capitalise on the revival in demand. Going forward also TML is well positioned to grow across segments with a strong portfolio of stylish and exquisite design, best in class safety, superior driveability and features.

Strong transformation actions undertaken over the past years have aided the robust turnaround in the PV business.



**AGILE MARKETING ACTIONS**



**CHANNEL MARKET TRANSFORMATION**



**SMART PRODUCT INTERVENTION**



**DEMAND-SUPPLY SYNCHRONISATION**



**FOCUSED ACTION IN IDENTIFIED MICRO-MARKETS**



**SALES TEAM EMPOWERMENT**

## Key Highlights

**HIGHEST SALES IN**

8 years

**VOLUME GROWTH (AGAINST INDUSTRY DECLINE OF 2%.)**

69%

**MARKET COVERAGE**

63%

**EBITDA**

2.2%

↑1160 bps

**ABSOLUTE EBITDA IN LAST 10 YEARS**

Highest Ever

**SALES TOUCHPOINTS**

906

**SERVICE TOUCHPOINTS**

608

## Pillars of future success plan

Our future growth amidst increased competition will be driven by the five core pillars.



### BRAND

There has been strategic focus to consistently increase brand health indicators. There has been increase in the NPS with sharp decrease in detractors and passives. NPS increased from 23 in 2019 to 30 in 2021. The brand has grown consistently on both Awareness and Consideration scores. Enhancing brand continues to be a key strategic initiative and it will play pivotal role in driving aspirational quotient of products in the minds of new age customers.



### PRODUCT STRATEGY

TML product approach ensures comprehensiveness and competitiveness of portfolio with new products with smart product intervention and timely refreshes. The strategy is to enhance targeted market and strengthen customer association through stylish design, safety and new technology features driven products. The recently launched New Forever range has seen excellent market response and the portfolio of products is well positioned in the growing segments.



### RE-IMAGINING FRONT END

TML front-end is being given an image overhaul and repositioned across the four key planks of customer-facing product life cycle - sales, dealer processes and resources, after sales and, customer experience. Digital technology will be extensively used for seamless and best-in-class experience by creating an emotional and lasting connect with customer, while alternative channel will be used in rural areas. Micro-market strategy, continuous dealer monitoring and support, increased channel partner competitiveness will also be used for better customer management. The process will not only provide an overall enhanced customer experience but will also establish strong foundations for next evolution in sales formats and service models.



### STRUCTURAL MARGIN IMPROVEMENT

We will continue to implement multiple initiatives undertaken in recent past to structurally improve margins and strengthen profitability. This includes, Value Analysis and Value Engineering (VAVE) process implemented to optimise outputs by crafting a mix of function performance and costs. Initiatives like feature rationalisation, alternate sourcing, and so on used to consistently deliver margin improvement. Our focus has been on product innovation, optimisation of product mix for increased contribution and growth in the non-vehicle segment performance. We will achieve economies of scale with increased modularity and localisation of key components will also be enhanced for increased margins.



### MANUFACTURING AND QUALITY LEADERSHIP

We will leverage existing assets to cater to increasing demand, while ramping up production aligned to future market demand with proactive debottlenecking actions to maintain market dominance. We will adopt Industry 4.0, robust software maturation to reduce defects and attain flawless launch. We will deploy specialised teams for quick-turnaround in customer and supplier problem resolution, and regular supplier quality check for an enhanced in-service experience.



## Future financial targets

We remain committed to navigate short term challenges, and focussed to Win Sustainably and securing Podium finish in PV's. We are unwavering in our resolve to achieve our financial working plans.

**HIGH SINGLE  
DIGIT EBITDA  
IN THE NEXT  
3 YEARS**

**LONG-TERM  
CAPEX AT 5-6%  
OF REVENUE**

**FCF BREAKEVEN  
BY FY 23 &  
POSITIVE FCF  
THEREAFTER**

## Win Proactively in EV



TML is strategically placed to benefit from the increased demand of personal mobility, with an early mover advantage in the segment and has already having established itself as a market leader. Nexon EV has established a niche for itself, having changed the perception of EVs among Indian customers. Nexon EV is driving the growth of EV industry in India with 65% of total sales in FY 21.

### Key Highlights

#### MARKET SHARE

71.4%

#### VOLUME GROWTH

218%

#### NEXON EV SALES SINCE LAUNCH

4,000

#### CAPTIVE CHARGING POINTS

100+

#### CHARGERS (PUBLIC CHARGING NETWORK)

355+

#### AC CHARGERS

3,000+

#### PRESENCE ACROSS CITIES

50+

#### SALES TOUCHPOINTS

93

#### SERVICE TOUCHPOINTS

97

## Tata UniEVerse

A comprehensive EV ecosystem Tata UniEVerse was launched in FY 20 providing a unique collaboration platform ('One Tata') for Tata companies to leverage mutual competencies to support e-mobility in India. There have been significant efforts made to accelerate the EV adoption and lot of actions are underway.

### TATA POWER

- 355+ public chargers inter and intra-cities have been setup, the plan is to expand to 700 public chargers by mid of FY 22
- Home charging installation support is being provided across all cities to support TML EV customers

### TATA CHEMICALS

- Evaluating technical partners for establishing Lithium-ion cell manufacturing plant
- Pilot plant is operational for Lithium-ion battery recycling

### TATA AUTOCOMP SYSTEMS LTD

- Battery Manufacturing plant operational for Nexon and Tigor
- Exploring EV Motor manufacturing facility in India with global partner

### TATA Motorsfinance

- Structured solutions for large fleets being made to adopt EVs
- Low risk offerings due to increased financing risk of customers during COVID-19



## Retaining Competitive advantage in EVs

Driven by cost structure optimisation, increased number of models and infrastructure growth, TML aspires to strategically retain its dominant share in EVs in the Indian market.

### OUR STRATEGY FOCUSES AROUND 4 KEY AREAS:



#### PRODUCT

- Widening portfolio offering with different body styles and focus on driving ranges
- India specific product specifications with a differentiated value proposition
- Transitioning toward a modular multi-energy platform



#### SALES & MARKETING

- Driving higher penetration in micro markets
- Brand building for awareness creation and driving aspiration



#### CAPACITY BUILDING

- Acquiring capabilities in-line with strategic plans
- Leveraging Tata Group EV Ecosystem



#### ECOSYSTEM SOLUTIONS

- Exploring partnerships to enable comprehensive charging offering
- Localising and aligning with government mandate