# Q1 FY 18
# BUSINESS REVIEW


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I] **SNAPSHOT OF FINANCIALS**

| Particulars | NET REVENUE * | | | PAT ^ | | |
|---|---|---|---|---|---|---|
| | Q1 FY18 | Q1 FY17 | Y-o-Y change | Q1 FY18 | Q1 FY17 | Y-o-Y change |
| TML Consolidated (Rs Crores) | 58,651 | 65,115 | (9.9%) | 3,200 | 2,260 | 41.6% |
| TML Standalone (including Joint Operations)(Rs Crores)# | 9,207 | 10,393 | (11.4%) | (467) | 26 | NM |
| Jaguar Land Rover PLC (IFRS) (GBP Million) | 5,599 | 5,355 | 4.6% | 472 | 304 | 55.3% |

| USD Million@ | | | | | | |
|---|---|---|---|---|---|---|
| Particulars | NET REVENUE * | | | PAT ^ | | |
| | Q1 FY18 | Q1 FY17 | Y-o-Y change | Q1 FY18 | Q1 FY17 | Y-o-Y change |
| TML Consolidated | 9,082 | 10,083 | (9.9%) | 495 | 350 | 41.6% |
| TML Standalone (including Joint Operations)# | 1,426 | 1,609 | (11.4%) | (72) | 4 | NM |
| Jaguar Land Rover PLC | 7,293 | 6,975 | 4.6% | 615 | 396 | 55.3% |

**#Joint Operations included in Standalone financials are Tata Cummins Private Ltd and Fiat India Automobile Private Limited**

*Net Revenue is excluding excise duty and other income,

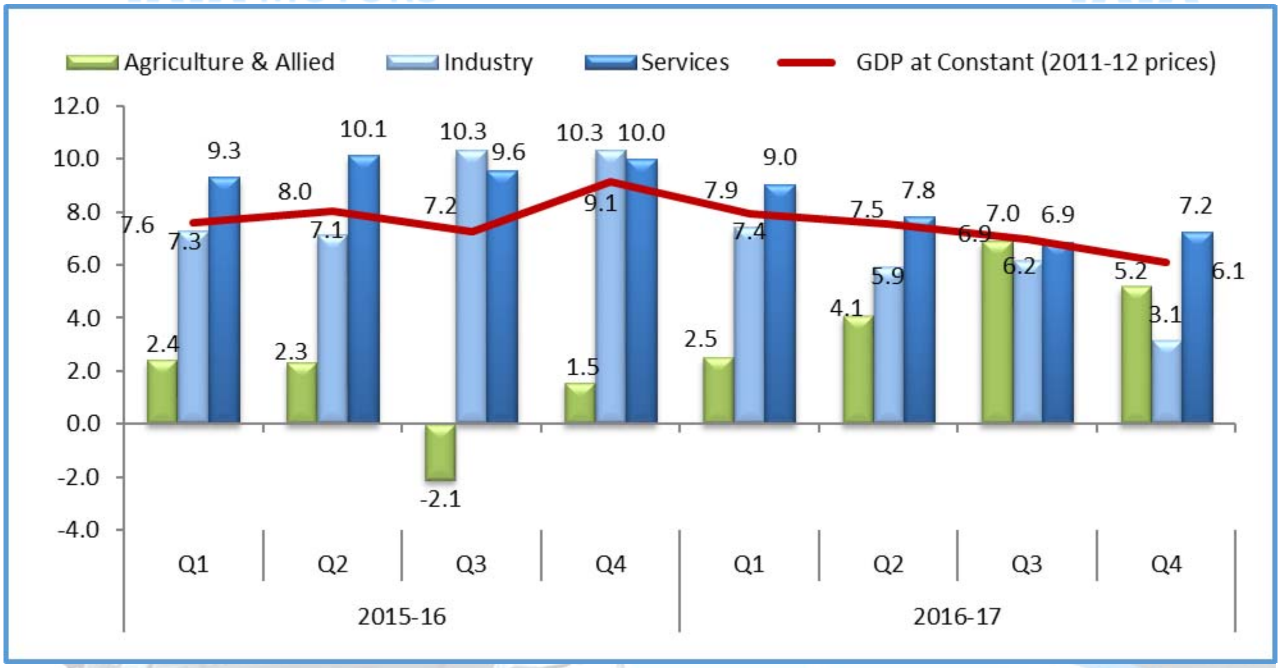
^ PAT is after share of Profit/ (loss) in respect of Joint Ventures & associate companies,

@ At conversion rate of 1 USD = 64.5813 INR; 1 GBP = 1.3025 USD

## II] INDIAN ECONOMIC SCENARIO: KEY HIGHLIGHTS OF Q1 FY2017-18

*Source: Tata Department of Economics and Statistics (Tata DES)*

### 1. GDP Growth




### 2. GDP by expenditure (% change y/y) in real terms

| GDP by expenditure (% change y/y) in real terms | GDP | Private final consumption expenditure | Government final consumption expenditure | Gross capital formation | Exports, Goods & Services | Imports, Goods & Services |
|---|---|---|---|---|---|---|
| Q1 FY16 | 7.6 | 2.8 | 0.9 | 2.7 | (6.2) | (5.9) |
| Q2 FY16 | 8.0 | 5.2 | 4.3 | 3.2 | (4.1) | (3.4) |
| Q3 FY16 | 7.3 | 6.7 | 4.2 | 9.6 | (8.7) | (9.9) |
| Q4 FY16 | 9.1 | 9.3 | 4.1 | 7.1 | (2.3) | (4.3) |
| Q1 FY17 | 7.9 | 8.4 | 16.6 | 6.6 | 2.0 | (0.5) |
| Q2 FY17 | 7.5 | 7.9 | 16.5 | 2.0 | 1.5 | (3.8) |
| Q3 FY17 | 7.0 | 11.1 | 21.0 | 1.0 | 4.0 | 2.1 |
| Q4 FY17 | 6.1 | 7.3 | 31.9 | (2.3) | 10.3 | 11.9 |

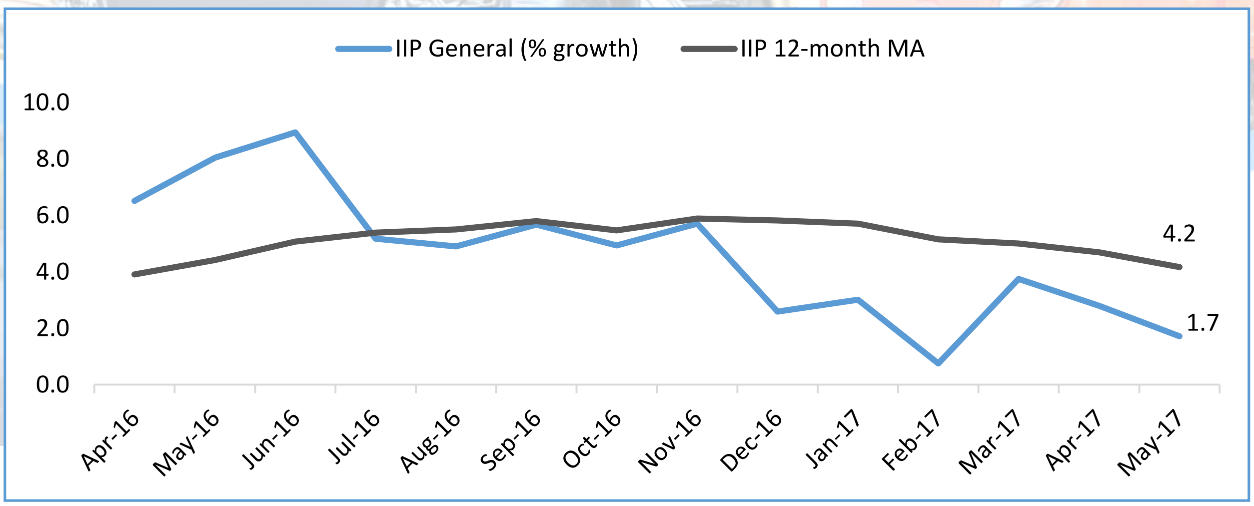
As per the provisional estimates of national income of the Central Statistical Organisation (released on May 31, 2017), The Indian economy registered a real GDP growth of 6.1% (year-on-year) during Q4 2016-17 i.e. Jan-Mar'17 over Jan-Mar'16. In FY 2016-17 GDP grew by 7.1% as compared to 7.9% in FY 2015-16. This lower growth of GDP is primarily because of the temporary consumption shock induced by demonetisation and the lower investment growth. The deceleration was seen in two sectors, particularly in the industrial sector. The slowdown in manufacturing has been particularly severe. The government has been trying to give a thrust to the investment by allocating a higher sum towards capital expenditure.

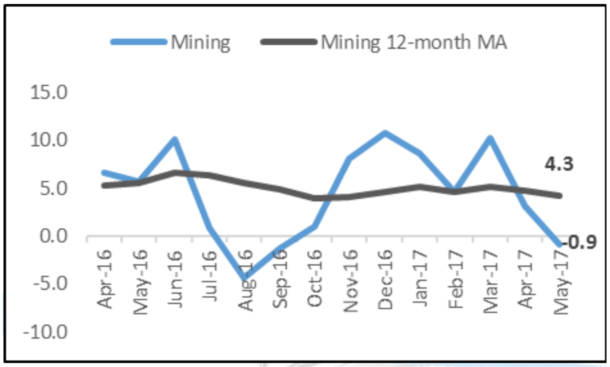
### 3. Industrial Growth

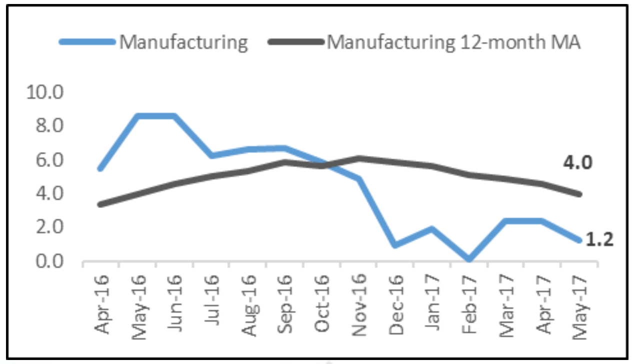
**IIP and its categories**

| Base:2011-12* | Categories | Apr-May FY 2017-18 (%) | Apr-May FY 2016-17 (%) |
|---|---|---|---|
| IIP | General | 2.3 | 7.3 |
| | | | |
| Sectoral | Mining | 1.1 | 6.2 |
| | Manufacturing | 1.8 | 7.1 |
| | Electricity | 7.1 | 10.1 |
| | | | |
| Use-based | Primary | 3.2 | 8.4 |
| | Capital | (3.9) | 11.1 |
| | Intermediate | 2.3 | 2.3 |
| | Infrastructure/construction | 2.5 | 4.2 |
| | Consumer | 2.0 | 9.9 |
| | - Consumer Durables | (5.0) | 14.3 |
| | - Consumer Non-Durables | 8.2 | 6.3 |

*Source: MoSPI, * MoSPI has revised the base of IIP from 2004-05 to 2011-12.*
*The use-based classification has been re-framed by replacing "Basic Goods" with "Primary Goods" and introducing a new "Infrastructure/ Construction Goods" category.*

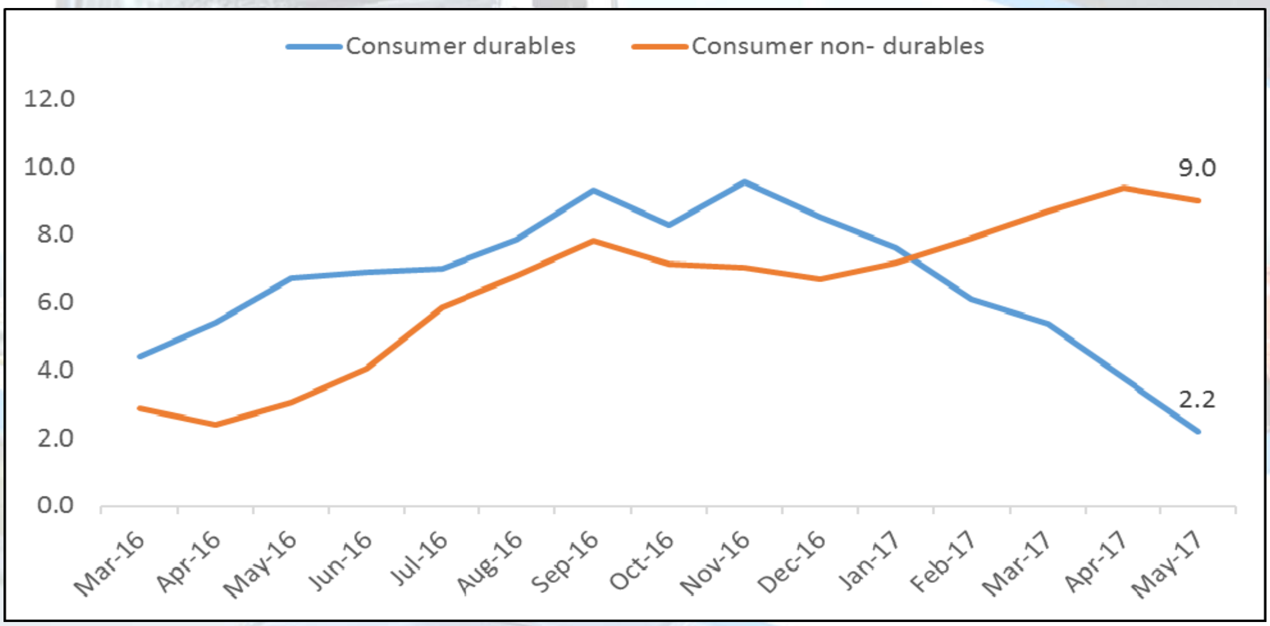


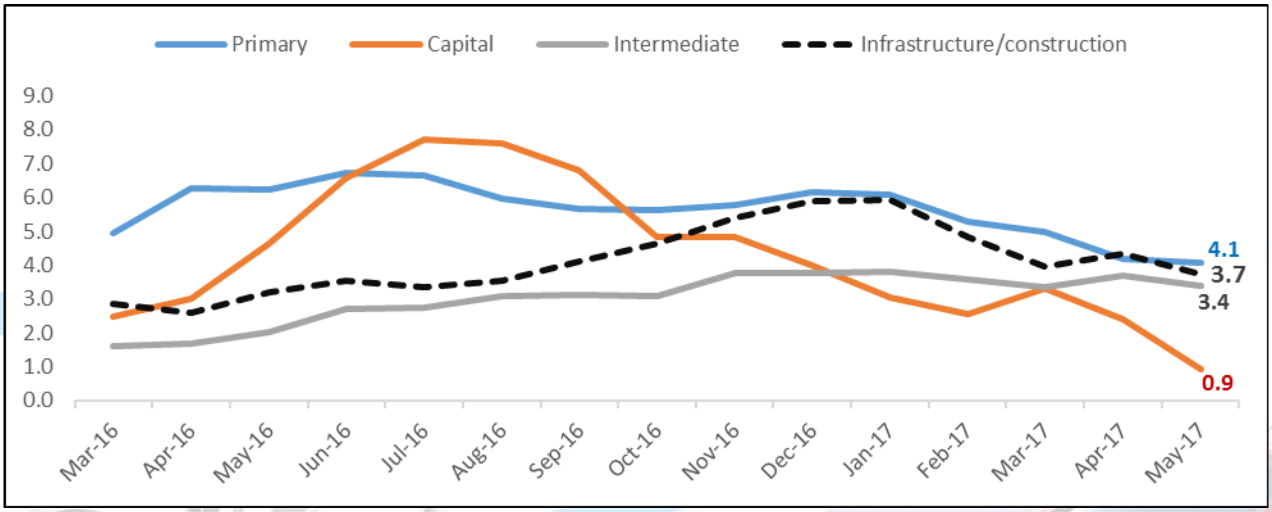



According to the new IIP series (base year 2011-12), the IIP recorded 1.7% y/y growth in May' 17, lower than 2.8 % y/y in Apr' 17 and 8.1% y/y growth in May'16. This lower growth is due to a steep decline in capital goods production reflecting subdued investment scenario. An extended decline in consumer durable goods also added to the weakness in IIP growth. Manufacturing growth has been impacted due to lack of investment, coupled with weakness in capital goods sector. In manufacturing sector, only 12 out of the 23 industry groups reported positive growth during April 2017. Low levels of production growth in the consumer durable goods and capital goods sectors have led to low growth in demand for the intermediate goods sector's output.

## 4. 12 monthly moving average






## 5. Infrastructure Index

**Performance of Core industries**

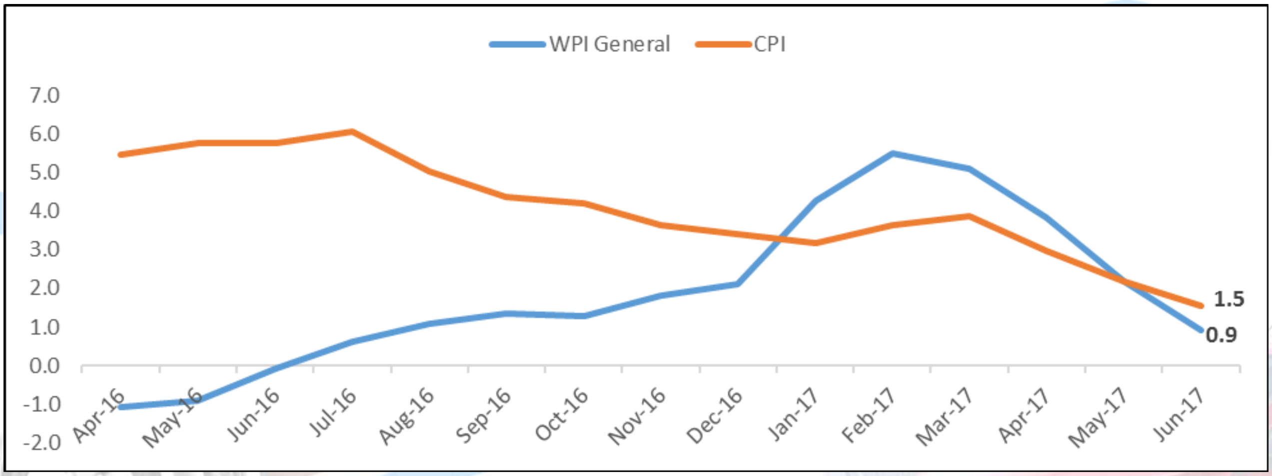
| Sector | Weight (%) | Apr-Jun 2017-18 | Apr-Jun 2016-17 |
|---|---|---|---|
| **Overall Index** | 40.270 | 2.4 | 6.9 |
| **Coal** | 4.161 | -4.4 | 5.3 |
| **Crude Oil** | 3.618 | 0.2 | -3.3 |
| **Natural Gas** | 2.769 | 4.3 | -5.8 |
| **Refinery Products** | 11.291 | 1.8 | 8.9 |
| **Fertilizers** | 1.058 | -1.9 | 3.3 |
| **Steel** | 7.215 | 6.2 | 9.0 |
| **Cement** | 2.163 | -2.9 | 5.8 |
| **Electricity** | 7.995 | 4.9 | 10.0 |

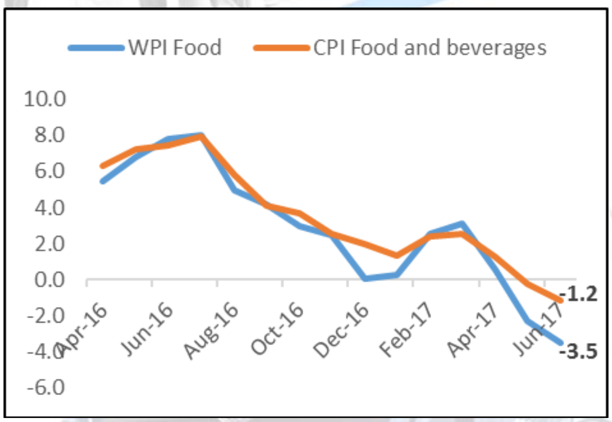
*(Source: GOI- MINISTRY OF COMMERCE & INDUSTRY)*

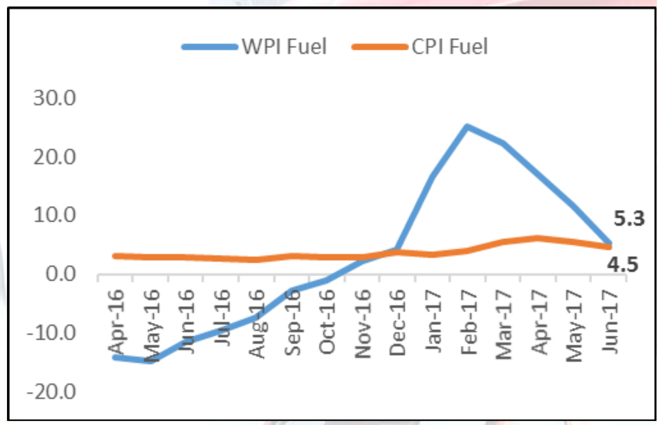
Core Industries index which is an indicator of infrastructure industries performance reported considerable dip during Q1 FY2017-18 relative to the same period last year. This dip was driven by an unfavourable base effect that contributed to the worsening contraction in output of coal and cement, and the sharp deterioration in the performance of electricity generation and refinery output. Inventory trimming pre-GST could have contributed to a contraction in industrial output.

## 6. Inflation

**Year on Year growth rate of WPI and CPI**




The ministry of commerce and industry has revised the base year of WPI from 2004-05 to 2011-12. According to the new series, WPI inflation averaged 2.3% in Q1FY2017-18 as compared to -0.7% in Q1 FY2016-17. In Jun’17, it was 0.9% higher than -0.1% in Jun'16. Retail inflation recorded 2.2% for the Q1 FY2017-18 much lower than 5.7% in the same quarter of previous fiscal, led by falling food inflation.

While food inflation both at retail and at wholesale continues to decline, the fuel inflation continues to remain high, particularly at the wholesale level that has been translated into higher retail prices. This is in alignment with higher international fuel prices.

7. **Interest rates**

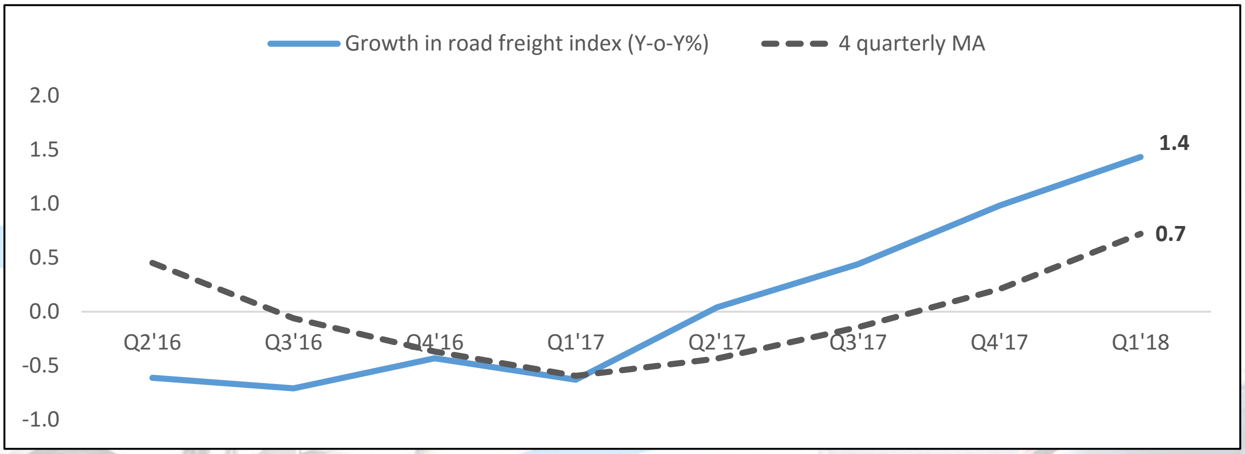
**Movement in Key Policy Rates (%)**

| Policy Date | Reverse Repo Rate | Repo Rate | Cash Reserve Ratio |
|---|---|---|---|
| 15-01-2015 | 6.75 (-0.25) | 7.75 (-0.25) | 4.00 |
| 04-03-2015 | 6.50 (-0.25) | 7.50 (-0.25) | 4.00 |
| 07-04-2015 | 6.50 (0.00) | 7.50 (0.00) | 4.00 |
| 02-06-2015 | 6.25 (-0.25) | 7.25 (-0.25) | 4.00 |
| 29-09-2015 | 5.75 (-0.50) | 6.75 (-0.50) | 4.00 |
| 01-12-2015 | 5.75 (0.00) | 6.75 (0.00) | 4.00 |
| 05-04-2016 | 6.00 (+0.25) | 6.50 (-0.25) | 4.00 |
| 07-06-2016 | 6.00 (0.00) | 6.50 (0.00) | 4.00 |
| 09-08-2016 | 6.00 (0.00) | 6.50 (0.00) | 4.00 |
| 04-10-2016 | 5.75 (-0.25) | 6.25 (-0.25) | 4.00 |
| 07-12-2016 | 5.75 (0.00) | 6.25 (0.00) | 4.00 |
| 08-02-2017 | 5.75 (0.00) | 6.25 (0.00) | 4.00 |
| 06-04-2017 | 6.00 (+0.25) | 6.25 (0.00) | 4.00 |
| 07-06-2017 | 6.00 (0.00) | 6.25 (0.00) | 4.00 |
| 02-08-2017 | 5.75(-0.25) | 6.00(-0.25) | 4.00 |

Note: 1. Reverse Repo indicates absorption of liquidity and repo indicates injection of liquidity.
2. Figures in parantheses indicate change in policy rates in per cent.

RBI has taken few steps in the past few days to step up liquidity and foster transmission of lower interest rates into the economy. In the third bimonthly review of FY 2017-18, RBI reduced the policy rates - repo rate from 6.25% to 6.00% and the reverse repo rate from 6.00% to 5.75%. This will lead to bank having more money. RBI continued to keep its stance on monetary policy 'neutral' with the objective of achieving the medium-term target for consumer price index(CPI) inflation of 4% within a band of +/-2%, while supporting growth. Transmission of policy into bank lending rates is gradually happening which bodes well for the EMI-dependent sectors like housing, automobiles.

8. **Freight Rates**




Road freight rates show some signs of recovery. Average road freight rate index for Q1 (Apr-Jun) FY18 posted a growth of 1.4% even though the 4 quarterly moving average remains lower reflecting lower freight availability. However, logistics demand may pick up in the current fiscal with increased efficiency and reduced logistic cost post GST.

**9. National Highway Development Project (NHDP)**

**Status of NHDP**

There has been progress on road projects; work has started on NHDP phase 6 after a gap of 6-7 years. There is also progress on port connectivity projects.

| Status of NHDP & other NHAI Projects (31st May 2017) | Total length (kms) | Completed | Under Implementation | Balance to be awarded | |
|---|---|---|---|---|---|
| GQ | 5846 | 100 | 0 | 0 | |
| NS – EW Ph I & II | 7142 | 92.0 | 4.2 | 3.8 | |
| NHDP Phase III | 11809 | 64.5 | 18.3 | 17.2 | |
| NHDP Phase IV | 13203 | 30.7 | 45.8 | 23.4 | |
| NHDP Phase V | 6500 | 39.4 | 22.0 | 38.6 | **NHDP** |
| NHDP Phase VI | 1000 | 0.0 | 18.4 | 81.6 | |
| NHDP Phase VII | 700 | 3.1 | 13.4 | 83.4 | |
| Port Connectivity | 435 | 88.0 | 12.0 | 0.0 | |
| **NHDP Total** | **46635** | 58.0 | 22.0 | 20.0 | |
| Others (Ph I, II & Misc.) | 2048 | 85.1 | 14.9 | 0.0 | |
| SARDP-NE | 110 | 100.0 | 0.0 | 0.0 | |
| **Total by NHAI** | **48679** | 59.3 | 21.7 | 19.1 | |

*Source – National Highway Authority of India*

## 10. Outlook by Tata DES (Tata Department of Economics and Statistics), 2017-18

- DES' projections suggest that in 2017-18, GDP growth will be between 7%-7.5%. Demonetisation along with paper trail created in GST in the medium term could increase the tax base and the tax to GDP ratio. This shall help in bringing the informal part of the economy to the formal part. There would then be greater accountability and a larger portion of the money can now be channeled towards financial savings.

- Transmission of lower policy rates into effective lending rates is gradually happening. With the inflation projected to remain under control, interest rates should become more affordable during FY 2017-18.

- RBI continued to keep its stance on monetary policy 'neutral' with the objective of achieving the medium-term target for consumer price index(CPI) inflation of 4% within a band of +/-2% in FY 2017-18, while supporting growth.

- Broad Money supply, M3 (which includes currency with public, demand deposits of public in banks and time deposits of public in banks) growth was at 7.2% for the week ending 7th July 2017. Growth of M1, a component of M3 (which includes currency with public and demand deposits of public in banks) reported y/y growth of 1.5% for the week ending 7th July 2017. Money supply is expected to remain subdued until normalcy is restored.

- At the moment INR is overvalued. This over valuation is largly on account of inflows into Indian capital market. We expect this will get corrected and INR will be range bound in 64-65/USD in Q2 (Jul-Sep) FY 2017-18.

## III] A] TATA MOTORS GROUP CONSOLIDATED FINANCIALS IN RS. CRORES

| *Rs. Crores* | Q1 FY18 | Q1 FY17 | Y-o-Y change |
|---|---|---|---|
| Tata Motors + JLR sales | 229,776 | 247,609 | (7.2%) |
| Revenue+ | 59,818 | 66,166 | (9.6%) |
| Revenue (Net off Excise duty)+ | 58,651 | 65,115 | (9.9%) |
| EBITDA# | 5,777 | 9,899 | (41.6%) |
| EBITDA Margin | 9.9% | 15.2% | (530 bps) |
| Other Income | 154 | 174 | (11.2%) |
| Profit before exceptional items and tax | 117 | 2,061 | NA |
| Exceptional Items (gain)/ loss | (3,620)~ | (491) | NA |
| Profit before Tax | 3,737 | 2,551 | NA |
| Net Profit (PAT) ^ | 3,200 | 2,260 | NA |
| Basic EPS – Ordinary Shares | 9.36 | 6.57 | |
| Basic EPS - 'A' Ordinary shares | 9.46 | 6.67 | |
| Gross Debt | 80,786 | | |
| Net Automotive Debt | 22,924 | | |
| Net Automotive Debt / Equity | 0.33 | | |
| Inventory Days | 60 | | |
| Receivable Days | 19 | | |

The Company has adopted Ind AS for its Standalone and Consolidated financials with effect from April 1, 2016, with comparatives being restated. Accordingly, the impact of transition has been provided in the Opening Reserves as at April 1, 2015 and all the periods presented have been restated accordingly.

# EBITDA is calculated on Net Revenue (i.e. net of Excise duty)

+ Excludes Other Income;

^ PAT is after Non-controlling interest and share of Profit/ (Loss) in respect of Joint Ventures & Associate companies

~The exceptional credit of ₹3,609.01 crores (£437 million) for the period ended June 30, 2017, relates to the amendment of the Defined Benefit scheme of Jaguar Land Rover Automotive Plc.

EPS reported in the tables above for the quarter is not annualized.

## B] TATA MOTORS GROUP CONSOLIDATED FINANCIALS IN USD MILLIONS

| USD Million@ | Q1 FY18 | Q1 FY17 | Y-o-Y change |
|---|---|---|---|
| Global Sales(Units) | 229,776 | 247,609 | (7.2%) |
| Revenue + | 9,262 | 10,245 | (9.6%) |
| Revenue (Net off Excise duty) + | 9,082 | 10,083 | (9.9%) |
| EBITDA # | 895 | 1,533 | (41.6%) |
| EBITDA Margin | 9.9% | 15.2% | (530 bps) |
| Other Income | 24 | 27 | (11.2%) |
| Profit before exceptional items and tax | 18 | 319 | NA |
| Exceptional Items (gain)/loss | (561)~ | (76) | NA |
| Profit before Tax | 579 | 395 | NA |
| Net Profit (PAT) ^ | 495 | 350 | NA |
| Basic EPS – Ordinary Shares | 0.145 | 0.102 | |
| Basic EPS - 'A' Ordinary shares | 0.146 | 0.103 | |
| Gross Debt | 12,509 | - | |
| Net Automotive Debt | 3,550 | - | |
| Net Automotive Debt / Equity | 0.33 | - | |
| Inventory Days | 60 | - | |
| Receivable Days | 19 | - | |

The Company has adopted Ind AS for its Standalone and Consolidated financials with effect from April 1, 2016, with comparatives being restated. Accordingly, the impact of transition has been provided in the Opening Reserves as at April 1, 2015 and all the periods presented have been restated accordingly.

# EBITDA is calculated on Net Revenue (i.e. net of Excise duty)

+ Excludes Other Income;

^ PAT is after Non-controlling interest and share of Profit/ (Loss) in respect of Joint Ventures & Associate companies

~The exceptional credit of (£437 million) for the period ended June 30, 2017, relates to the amendment of the Defined Benefit scheme of Jaguar Land Rover Automotive Plc.

EPS reported in the tables above for the quarter is not annualized;

@ At conversion rate of USD 1 = 64.5813 INR for reference only

## C] TML CORPORATE CREDIT RATING

| Credit Rating Agency | Long Term Rating as on 30th June 2017 |
|---|---|
| Moody's | Ba1 / Stable |
| S&P | BB+/ Stable |
| CRISIL | AA / Positive |
| ICRA | AA / Positive |
| CARE | AA+ / Stable |

## IV] TATA MOTORS GROUP STANDALONE BUSINESS (including Joint Operations) AS PER INDAS

## A] FINANCIALS IN RUPEES CRORES

| *Rs. Crores* | Q1 FY18 | Q1 FY17 | Y-o-Y change |
|---|---|---|---|
| Total Volumes: A+B+C(Units) | 111,860 | 126,841 | (11.8%) |
| CV (Units)-A | 66,397 | 78,693 | (15.6%) |
| PC (Units)-B | 35,931 | 34,330 | 4.7% |
| Exports (Units)-C | 9,532 | 13,818 | (31.0%) |
| Revenue * | 10,375 | 11,435 | (9.3%) |
| Revenue(net of excise duty) * | 9,207 | 10,393 | (11.4%) |
| EBITDA # | 3 | 670 | NM |
| EBITDA Margin | 0.03% | 6.4% | (637 bps) |
| Other Income | 640 | 625 | 2.5% |
| Profit before Tax | (467) | 38 | NM |
| Net Profit (PAT) | (467) | 26 | NM |
| Basic EPS – Ordinary Shares | (1.38) | 0.06 | |
| Basic EPS- ‘A’ Ordinary shares | (1.38) | 0.16 | |
| Gross Debt | 22,778 | | |
| Net Debt | 20,290 | | |
| Net Debt / Equity | 1.00 | | |
| Inventory Days | 56 | | |
| Receivable Days | 19 | | |

# EBITDA is calculated on Revenue net of Excise duty

* Excludes Other Income;

EPS reported in the table above for the quarter is not annualized;

Joint Operations included in Standalone financials are Tata Cummins Private Ltd and Fiat India Automobile Private Limited.

## B] TATA MOTORS GROUP STANDALONE BUSINESS (including Joint Operations) AS PER INDAS FINANCIALS IN USD MILLIONS

| *USD Million@* | Q1 FY18 | Q1 FY17 | Y-o-Y change |
|---|---|---|---|
| Total Volumes: A+B+C(Units) | 111,860 | 126,841 | (11.8%) |
| CV (Units)- A | 66,397 | 78,693 | (15.6%) |
| PC (Units)- B | 35,931 | 34,330 | 4.7% |
| Exports (Units)-C | 9,532 | 13,818 | (31.0%) |
| Revenue * | 1,607 | 1,771 | (9.3%) |
| Revenue(net of excise duty) * | 1,426 | 1,609 | (11.4%) |
| EBITDA# | 0.5 | 104 | NM |
| EBITDA Margin | 0.03% | 6.4% | (637 bps) |
| Other Income | 99 | 97 | 2.5% |
| Profit before Tax | (72) | 6 | NM |
| Net Profit (PAT) | (72) | 4 | NM |
| Basic EPS – Ordinary Shares | (0.21) | 0.01 | |
| Basic EPS-'A' Ordinary shares | (0.21) | 0.02 | |
| Gross Debt | 3,527 | | |
| Net Debt | 3,142 | | |
| Net Debt / Equity | 1.00 | | |
| Inventory Days | 56 | | |
| Receivable Days | 19 | | |

# EBITDA is calculated on Revenue net of Excise duty

* Excludes Other Income;

EPS reported in the tables above for the quarter is not annualized;

Joint Operations included in Standalone financials are Tata Cummins Private Ltd. and Fiat India Automobile Private Limited

@ At conversion rate of USD 1 = 64.5813 INR for reference only

## C] COMMERCIAL VEHICLES BUSINESS

*VOLUMES*

| Period/ Segments | Q1 FY18 Volumes | Q1 FY17 Volumes | Y-o-Y change |
|---|---|---|---|
| M/HCV | 23,142 | 35,504 | (34.8%) |
| LCV | 43,255 | 43,189 | 0.2% |
| Total CV | **66,397** | **78,693** | **(15.6%)** |

*Note: For the analysis- LCV Includes Ace, Magic and Winger*

## D] PASSENGER VEHICLES BUSINESS

*VOLUMES*

| Period/ Segments | Q1 FY18 Volumes | Q1 FY17 Volumes | Y-o-Y change |
|---|---|---|---|
| Micro | 872 | 2,437 | (64.2%) |
| Compact | 30,203 | 28,294 | 6.7% |
| Premium/ Luxury | 182 | 143 | 27.3% |
| Utility Vehicles | 4,674 | 3,350 | 39.5% |
| Vans | 0 | 106 | NA |
| **Total PV** | **35,931** | **34,330** | **4.7%** |

*Source: SIAM Industry Data and Company analysis*

*Note: Volume does not include Fiat Sales, For the analysis - 'Micro' comprises of Nano; 'Compact' comprises of Indica, Vista, Bolt, Indigo CS, Zest, Tiago &Tigor; 'Premium/Luxury' includes Jaguar vehicles sold in India; 'Utility Vehicles' comprises of Safari, Sumo, Xenon, Aria, Hexa and Land Rover Vehicles sold in India; 'Vans' comprises of Tata Venture*

## E] EXPORTS

*VOLUMES*

| Period / Segments | Q1 FY18 Volumes | Q1 FY17 Volumes | Y-o-Y change |
|---|---|---|---|
| Commercial Vehicles | 9,219 | 13,154 | (29.9%) |
| Passenger Vehicles | 313 | 664 | (52.9%) |
| **Total Exports** | **9,532** | **13,818** | (31.0%) |

## F] HIGHLIGHTS

### COMMERCIAL VEHICLES

- Total CV volumes (including exports), down 17.7 % YOY in Q1FY18
- In Q1FY 18, the domestic CV industry de-grew by 8.4%, due to de-growth in M&HCV Truck (32.2%), M&HCV Buses (27.1%), LCV Buses (14.0%). However, LCV Truck grew by 13.4%.
- In Q1 FY 18, the CV segment of TML de-grew by 15.6% led by de-growth in M&HCV Truck (36.0%), M&HCV Buses (25.1%), LCV Buses (13.5%) which is partially offset by growth in LCV Truck 4.4%
- M&HCV (Truck) witnessed de-growth due to-
  - Pre-buying (Q4 FY17 ahead of the BS IV roll-out)
  - Deferment by fleet operations before GST roll-out
  - Supply disruptions because of limited availability of components for BS IV vehicles.

### PASSENGER VEHICLES

- Total PV volumes (including exports), up 3.6% YOY in Q1FY18
- Passenger vehicle industry witnessed a growth of 4.1% y-o-y in Q1 FY 18, mainly led by growth in Car segment 3.5% and UV & Van segment by 5.7%.
- Domestic volume of TML in passenger vehicles segment grew by 4.7% in the same period, outperforming the industry in UV & Vans segment with a growth of 35.2% and growth in the Car segment by 1.2%.
- Tiago, Tigor and Hexa continues to drive sales growth in the quarter.

## G] KEY LAUNCHES & EVENTS IN Q1 FY 18:

- In April 2017, Tata Motors bagged an order for 500 new next-generation low-floor Urban city buses from the Ivory Coast and handed over first lot of 117 buses. The buses are being financed under the EXIM Bank of India for operation by SOTRA – Abidjan Transport Company.

- In April 2017, Tata Motors launched AMT (Automated Manual Transmission) technology in fully built Tata Motors buses. AMT technology is launched in its Starbus and Ultra brand buses, ranging from 9-12 meters and a seating capacity of 23 to 54 passengers and which are BS4 compliant.

- In April 2017, Tata Motors announced readiness of SCR (Selective Catalytic Reduction) and EGR (Exhaust Gas Recirculation) technologies for BSIV compliant engines, powering its range of Commercial Vehicles. Exhaust Gas Recirculation (EGR) technology adopted by Tata Motors in 2010 will continue to power small-to-medium category of commercial vehicles with engine power requirements up to 180HP. Additionally, Tata Motors has adopted the globally proven SCR technology since 2014 for its Medium and Heavy-Duty Commercial vehicles ranging from 130HP to 400HP.

- In April 2017, Tata Motors signed a contract for supply of 3192 units of the Tata Safari Storme 4×4 to the Indian Armed Forces, under a new category of vehicles - GS800 (General Service 800).

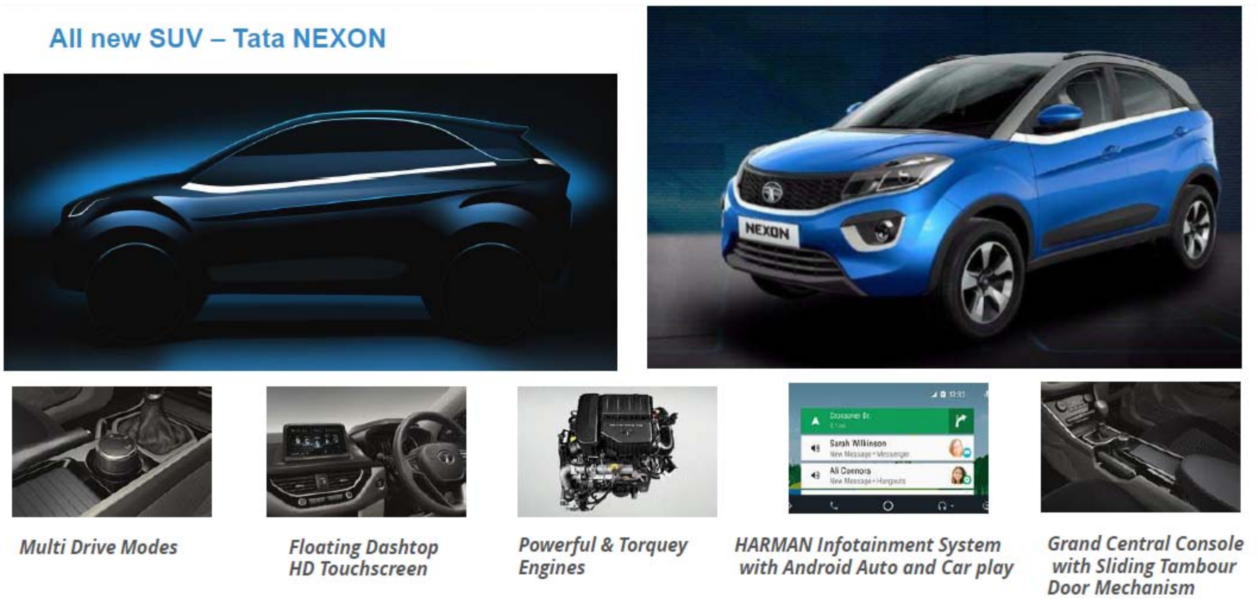
- In June 2017, Tata announced the appointment of Mr. Girish Wagh as the 'Head of Commercial Vehicle Business Unit' and a member of the Executive Committee (ExCom).

- In June 2017, Tata Motors signed an agreement with Warburg Pincus to divest an approximately 30% stake in Tata Technologies Limited, or TTL, held by it along with its subsidiary Sheba Properties Limited. The completion of the transaction is subject to customary regulatory approvals.

- In June 2017, delivered 30 new buses to the BMTC (Bengaluru Metropolitan Transport Corporation). The new delivery is a part of a larger order of 1385 buses bagged by Tata Motors comprising of the Ultra 6/9 BS IV Midi and LPO 1512/55 BS IV buses.

## H] WAY FORWARD

*PASSENGER VEHICLES*




### Transformation Journey

*Strong Momentum in the Focussed actions to achieve topline growth and improve profitability*

- Company unveiled its Transformation Strategy towards the end of May 2017, pursuant to which Company has initiated several programmes and actions for driving the topline growth and improving the profitability through major cost reduction.

- The initiatives aiming towards topline growth and cost reduction efforts have gained significant momentum with a clear focus to improve the financial performance in the coming quarters .

- Some of the key trends confirming the progress of these initiatives are as below :-
  a.Continued M-o-M improvement in the market share across all the segments in CV since April 2017,
  b. Filling up of the gaps in the key growing segments like 37T and 49T
  c.Series of product actions in FY 18-
  - 6 New product launches in FY 18 –LPS 4923, LPK 2518, Signa on MAV 37, LPTK 2518, LPTK 3118, Signa Tippers
  - 4 new products in ILCV in FY18, ramp-up of 5 launches from the last year . Key launches include 1518 Ultra+, LPT 709 CNG, Ultra Narrow, 407 BS4 range, Ultra 13.5 T
  - XL family in SCV (Ace Mega XL, Ace Zip XL and Ace XL) and Xenon Yodha range in Pick-ups

- Wide range of people transport solutions-Ultra BS4 range on 3.0L, Magna, Magic Express.
- Ramp of volumes of TIAGO, HEXA and TIGOR,
- Launch of recently introduced Tata NEXON in the compact SUV
- Better than planned implementation of cost reduction ideas and time-bound actions for coming quarters.

**Company will continue to explore capital optimization through better operating efficiencies in working capital etc. and monetization of non-core assets and some of its investments**

- Infrastructure & rural spending, favorable GST impact and expected normal monsoon is expected to support the CV growth in FY 17-18.
- Volumes of LCV and Buses, are expected to grow by 10% in FY 17-18.
- M&HCV growth in FY 17-18 will be impacted by weak start in H1, post BS4 introduction and post GST.
- Tiago, Hexa ,Tigor and upcoming Nexon to support the continued growth of the passenger vehicles
- Channel strategy to build customer centricity and brand perception improvement.

## V] [A] TATA MOTORS GROUP -JAGUAR LAND ROVER AUTOMOTIVE PLC

### MARKET ENVIRONMENT

The economic environment remained generally positive, notwithstanding significant geopolitical uncertainty. Slowing growth and higher inflation in the UK is beginning to emerge and Brexit has continued to be a source of uncertainty exacerbated by the lack of a decisive majority following the general election in June, however, the Pound has recovered slightly against the US Dollar recently. GDP growth in the US continues to be solid and the Fed increased interest rate by 25bpts to 1.25% on 14 June, although uncertainty over future rate increases has seen the US Dollar weaken. Economic growth in China in Q1 FY18 beat market expectations supported by strong growth in the property market, however concerns over property price inflation and debt levels remain. Steady growth in Europe continues to be supported by low inflation, solid consumer spending and increased confidence with the Euro strengthening amid growing expectation of QE tapering by the ECB. The economic environment in emerging markets remains challenging, notwithstanding some encouragement as Russia comes out of a recession.

**Total automotive industry car volumes (units)**

| | Q1 FY18 | Q1 FY17 | Change (%) |
|---|---|---|---|
| China | 5,305,300 | 5,356,200 | (1.0)% |
| Europe (excluding UK) | 2,893,999 | 2,812,891 | 2.9% |
| UK | 581,795 | 648,856 | (10.3)% |
| US | 4,391,013 | 4,521,543 | (2.9)% |
| Other markets (Including Russia and Brazil) | 3,245,544 | 3,049,538 | 6.4% |

The total industry car volume data above has been compiled using relevant data available at the time of publishing this Interim Report, compiled from national automotive associations such as the Society of Motor Manufacturers and Traders in the UK and the ACEA in Europe, according to their segment definitions, which may differ from those used by JLR.

*JLR VOLUMES*

*JAGUAR LANDROVER WHOLESALE VOLUMES*

| Wholesale | Q1 FY18 | Q1 FY17 | Y-o-Y change |
|---|---|---|---|
| Jaguar | 37,723 | 34,572 | 9.1% |
| Land Rover | 100,753 | 99,754 | 1.0% |
| **Total JLR** | **138,476** | **134,326** | **3.1%** |

Wholesales volume *include* China Joint Venture volumes. CJLR volumes stood at 20,560 for Q1 FY 18 and 13,558 for Q1 FY 17.

*JAGUAR LANDROVER RETAIL VOLUMES*

| Retail | Q1 FY18 | Q1 FY17 | Y-o-Y change |
|---|---|---|---|
| Jaguar | 41,266 | 31,806 | 29.7% |
| Land Rover | 96,197 | 100,947 | (4.7%) |
| **Total JLR** | **137,463** | **132,753** | 3.5% |

Retail volume *include* China Joint Venture volumes. CJLR volumes stood at 20,309 for Q1 FY 18 and 14,039 for Q1 FY 17.

**Please click on the link http://www.tatamotors.com/investors/jlr-volumes.php for looking at volume of Jaguar Land Rover on Carline basis as well as Regionwise basis**

## B] FINANCIALS

### (i) IFRS AS APPROVED IN THE EU

| GBP Million | Q1 FY18 | Q1 FY17 | Y-o-Y change |
|---|---|---|---|
| JLR Wholesales | 117,916 | 120,768 | (2.4%) |
| Jaguar Wholesales | 32,637 | 34,572 | (5.6%) |
| Land Rover Wholesales | 85,279 | 86,196 | (1.1%) |
| Net Revenue | 5,599 | 5,355 | 4.6% |
| Underlying EBITDA | 442 | 672 | (34.2%) |
| Underlying EBITDA % | 7.9% | 12.5% | (460 bps) |
| Underlying EBIT | 69 | 329 | (79.0%) |
| Underlying EBIT % | 1.2% | 6.1% | (490 bps) |
| Profit before Tax (before one time & exceptional items) | 157 | 348 | (54.9%) |
| Profit before Tax# | 595 | 399 | 49.2% |
| Net Profit (PAT) | 472 | 304 | 55.3% |
| Gross Debt | 3,495 | | |
| Net Debt | (613) | | |
| Inventory Days | 60 | | |
| Receivable Days | 19 | | |

*JLR wholesales excludes sale of CJLR, which stood at 20,560 for Q1 FY 18 and 13,558 for Q1 FY 17.

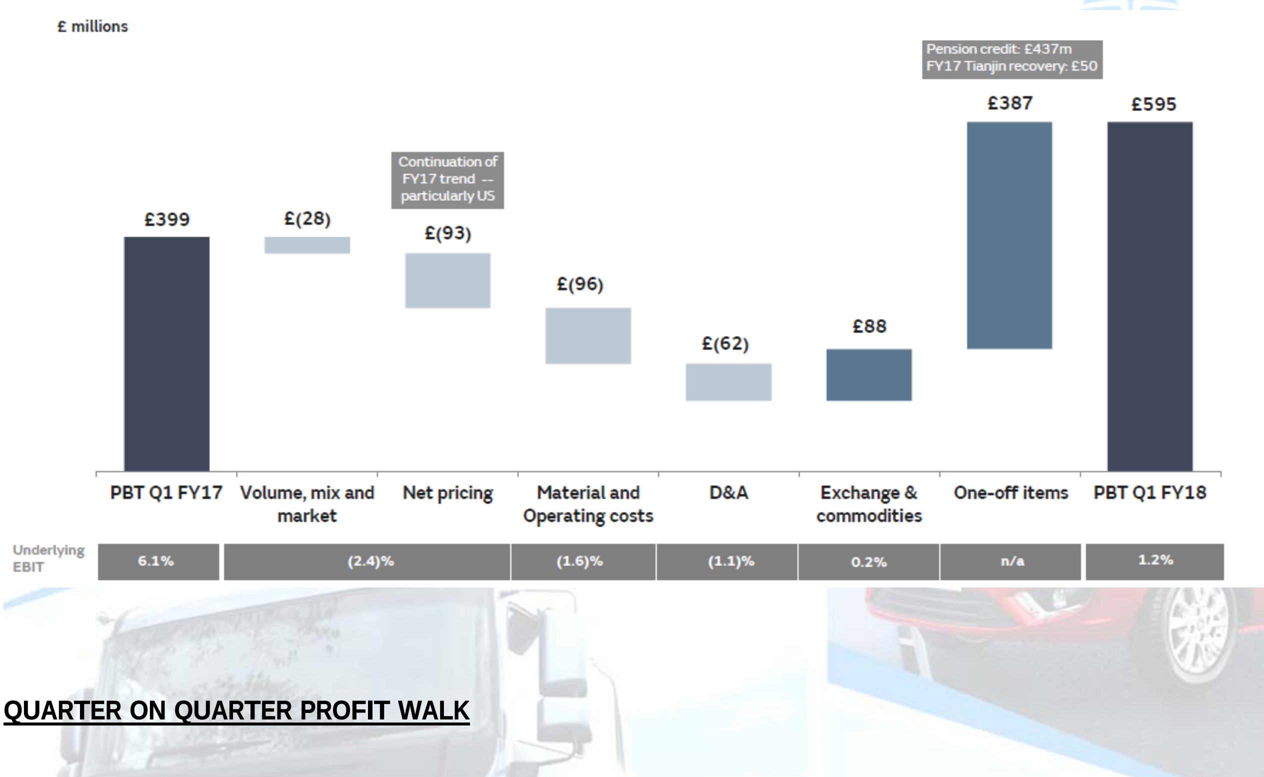
# Includes one time gain of £437m for pension plan benefit changes in Q1 FY 18 and £50m in Q1 FY 17 on account of Tianjin recoveries

C] **JAGUAR LANDROVER IFRS TO INDAS PROFIT RECONCILIATION:**

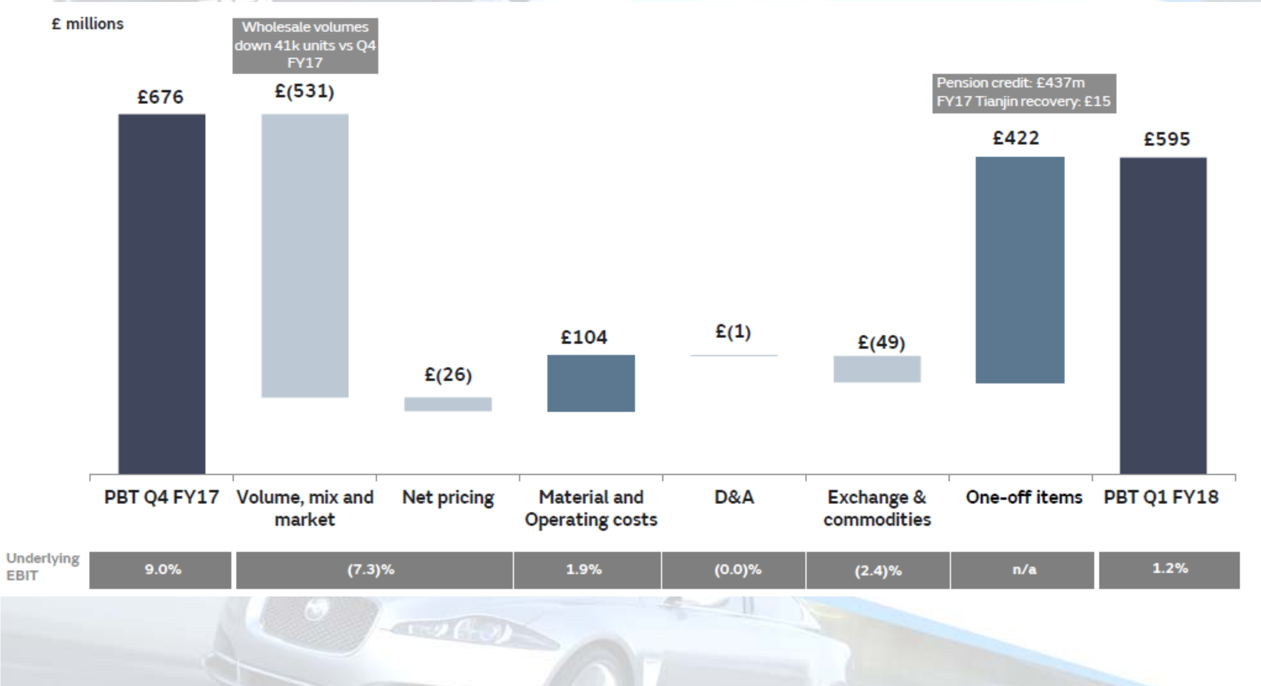
| Particulars (GBP in millions) | Year ended 30th June 2017 |
|---|---|
| **Profit after Tax as reported under IFRS** | **472** |
| **IndAS Adjustment** | |
| | |
| a. Options | 57 |
| b. Forwards and others | 16 |
| | |
| **Profit after Tax as reported under IndAS** | **545** |

## D] JAGUAR LAND ROVER: PROFIT WALK

### YEAR ON YEAR PROFIT WALK




### QUARTER ON QUARTER PROFIT WALK



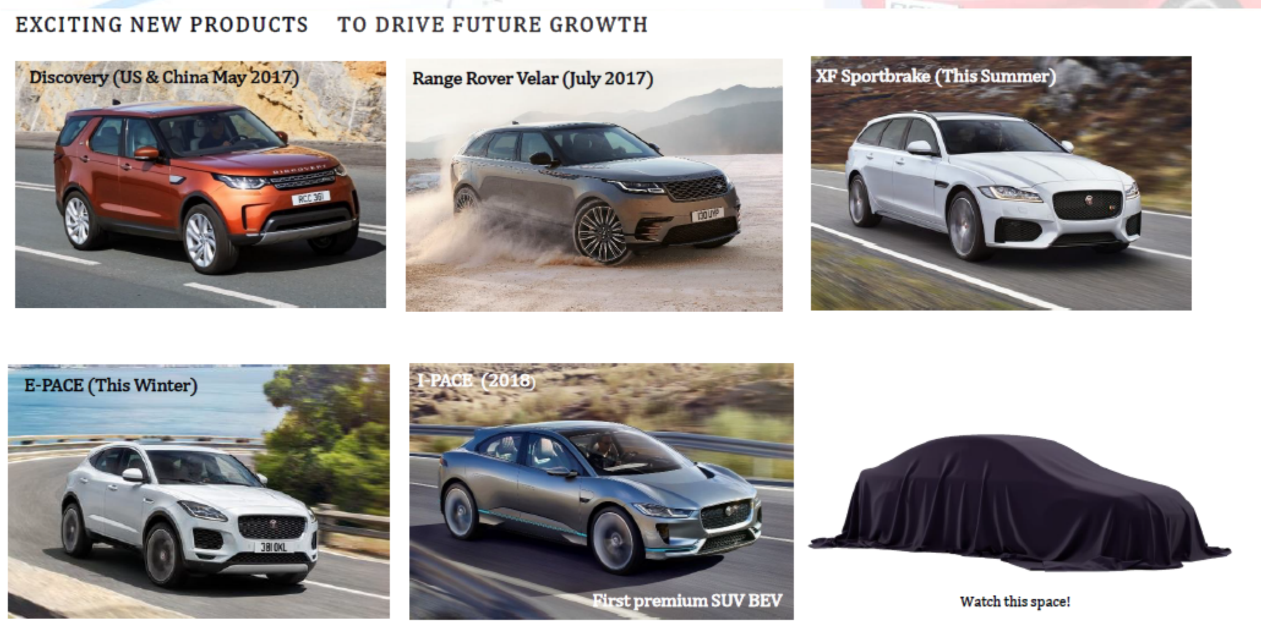
## E] JLR HIGHLIGHTS

- Wholesale and Retail volumes (excluding CJLR) for Q1 FY 18 stood at 117,916 units and 117,154 units, respectively. CJLR wholesale and retail volumes stood at 20,560 and 20,309 unit.

- Higher revenue more than offset by-
  - continued higher Variable Marketing Expenses, particularly US (higher by £93 vs Q1 FY 17) and
  - higher Material and Operating cost (higher by £95 vs Q1 FY 17)

- Share of China JV profit for Q2 FY 18 was £77 million (includes £32 million local market incentive)

## F] TATA MOTORS GROUP- JAGUAR LANDROVER -NEW PRODUCTS AND OTHER DEVELOPEMENTS



## JLR STRATEGIC PRIORITIES - ACES

**AUTONOMOUS**

- JLR vehicles currently include level 2 features
- Investing in driver assistance technology to support increasing degrees of automation

**CONNECTED**

- Investment in technology & infrastructure to support higher levels of connectivity
- Cloudcar - $15m equity investment

**ELECTRIC**

- I-PACE Battery Electric Vehicle on sale 2018
- Plug-in hybrids starting in 2018

**SHARED**

- InMotion Ventures invests in the future of transport and mobility
- Lyft investment - $25m with opportunities to collaborate

## G] WAY FORWARD - CONTINUING TO INVEST TO DRIVE PROFITABLE GROWTH

- JLR's strategy is to achieve sustainable profitable growth by investing proportionally more in new products, technology and manufacturing capacity. Consistent with this, FY18 investment spending is expected to be in the region of £4- £4.35b, including investment in the new Slovakia plant.

- Despite increased geo-political uncertainty (e.g Brexit in the UK), economic growth in most major economies is continuing, although competitive conditions and incentive levels in the automotive sector have increased in key markets such as North America.

- As previously indicated, JLR expects margin pressures seen in FY17 including higher incentive levels and launch and growth costs to continue in FY18. We also expect seasonality in volume and profit by Quarter to continue.

- The launch of the new Discovery (US, and China in May), the Range Rover Velar, the Jaguar E-PACE, XF Sportbrake and other exciting new models in FY18 are expected to drive profitable volume growth over the course of the financial year and beyond.

- JLR's planning target remains to achieve an 8-10% EBIT margin in the medium term.

## H] JLR CORPORATE CREDIT RATING

| Credit Rating Agency | Long Term Rating as on 30th June 2017 |
|---|---|
| Moody's | Ba1 / Positive |
| S&P | BB+ / Stable |

## VI] HIGHLIGHTS OF OTHER KEY SUBSIDIARIES

### A] TATA MOTORS FINANCE (On a Consolidated basis)

| | *Rs. Crores* | | |
|---|---|---|---|
| **Particulars** | **Q1 FY18** | **Q1 FY17** | **Y-o-Y change** |
| Net Revenue * | 655 | 713 | (8.1%) |
| PAT | 18 | 19 | (5.2%) |

*Include Other Income

**HIGHLIGHTS**

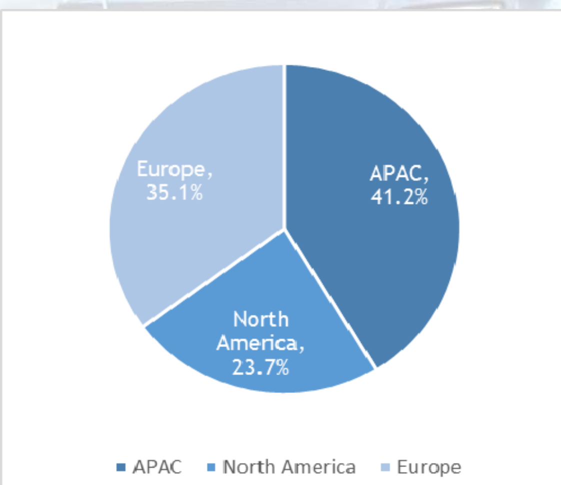
- Finance disbursed during Q1 FY18 at Rs. 2,071 Cr.
- The book size as on June 30, 2017 for TMFL stood at Rs 23,343 Cr.
- In Q1 FY18 market share stood at 21.6% (on a non- consolidated basis)
- NIM of vehicle financing business for Q1 FY 18 was 5.09%.

### B] TATA TECHNOLOGIES

| | *Rs. Crores* | | |
|---|---|---|---|
| **Particulars** | **Q1 FY18** | **Q1 FY17** | **Y-o-Y change** |
| Net Revenue * | 632 | 671 | (5.9%) |
| EBITDA * | 78 | 103 | (24.0%) |
| % of Revenue | 12.4% | 15.4% | (300 bps) |
| PAT | 52 | 74 | (29.9%) |

*Excludes 'Other Income'

**Revenue Break - For Q1 FY18:**




**Highlights:**

- During the quarter ended June 30, 2017, the Company entered into an agreement to sell 30.4% ownership interest in its subsidiary Tata Technologies Limited ("TTL"). The sale is pending regulatory approvals and when consummated will result in a loss of control and TTL will become an "equity method investee".
- The revenue for the quarter degrew by 5.9%
- PAT de-grew by 29.9%

## C] TATA DAEWOO (As per Korean GAAP)

| | *KRW Billion* | | |
|---|---|---|---|
| **Particulars** | **Q1 FY18** | **Q1 FY17** | **Y-o-Y change** |
| Sales (Units) | 2,561 | 2,604 | (1.7%) |
| Net Revenue * | 253 | 267 | (5.2%) |
| EBITDA * | 28 | 22 | 29.1% |
| % of Revenue | 11.0% | 8.1% | 290 bps |
| PAT | 18 | 13 | 33.5% |

* Excludes ‘Other Income’

*HIGHLIGHTS*

- Y-o-y improved owing to strong domestic performance, which can be seen in EBITDA and PAT.

## D] TML DRIVELINES LTD (as per Indian AS)

| | ***Rs. Crores*** | | |
|---|---|---|---|
| **Particulars** | **Q1 FY18** | **Q1 FY17** | **Y-o-Y change** |
| Net Revenue * | 99 | 150 | (34.3%) |
| EBITDA * | 9 | 36 | (76.4%) |
| % of Revenue | 8.6% | 24.0% | NA |
| PAT | (2) | 18 | NA |

* Excludes ‘Other Income’

*HIGHLIGHTS*

- The loss in revenue is on account of major drop in the Forge volumes to an extent of 56% due to the strategic plan of outsourcing of the Forge components

TATA MOTORS

## VII] SHAREHOLDING PATTERN

### Shareholding Pattern as on June 30, 2017

| **Ordinary Shares** | **%** |
|---|---|
| Tata Companies | 34.73 |
| Indian Financial Institutions / MFs / Banks | 15.26 |
| ADR/GDR Holders / Foreign holders-DR status | 17.18 |
| Foreign Institutional Investors | 23.49 |
| Others | 9.34 |
| **Total** | **100%** |

| **'A' Ordinary Shares** | **%** |
|---|---|
| Tata Companies | 0.10 |
| Indian Financial Institutions / MFs / Banks | 28.23 |
| Foreign Institutional Investors | 57.73 |
| Others | 13.94 |
| **Total** | **100%** |

Market Capitalization as on 30th June 2017 stood at Rs. 1,382.67 bn ($21.41 bn)

## Disclaimers & statements

Statements in this presentation describing the objectives, projections, estimates and expectations of the Company i.e. Tata Motors Ltd and its direct and indirect subsidiaries and its associates may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes and incidental factors.

Q1 FY18 represents the period from 1st April 2017 to 30th June 2017.
Q1 FY17 represents the period from 1st April 2016 to 30th June 2016.
FY18 represents the period from 1st April 2017 to 31st March 2018.
FY17 represents the period from 1st April 2016 to 31st March 2017.

JLR Financials contained in the review are as per IFRS as approved in the EU as well as in IndAS, Unaudited. All other subsidiaries' financials are in IndAS except TDCV (which is in Korean GAAP) and TMF (which is in IGAAP).