

## Chairman's message



**Natarajan Chandrasekaran**  
Non-Executive Chairman

The commitment to growth, disciplined capital allocation and shareholder returns are shared goals for Jaguar Land Rover and Tata Motors.

Dear Shareholders,

It is my privilege to write to you and present the Annual Report for 2017-18 as the Chairman of the Board at Tata Motors and its British subsidiary Jaguar Land Rover. This year, we mark the 150<sup>th</sup> year of the foundation of the Tata Group and Tata Motors has been an integral part of the Tata Group's journey of industrializing India.

Tata Motors and Jaguar Land Rover are both iconic companies and brands. We are together, preparing ourselves to leverage growth potential of the Indian economy, while facing the headwinds of uncertainty due to market cyclicality, Brexit and the decline in diesel demand.

The global automobile industry is undergoing a structural shift due to technology led business and market

disruption, evolving consumer preferences, market cyclicality, regulatory overhauls and geopolitical uncertainty. The ACES (Autonomous, Connected, Electric, Shared) phenomenon is likely to transform mobility and influence consumer preferences going forward. Some of the key operating markets for the group are faced with diverse market dynamics requiring specific interventions to ensure sustainable profitable growth. North America is nearing the peak of the demand cycle and growth is likely to remain muted in the near term. While regulatory restrictions on diesel, market cyclicality, Brexit and taxation in UK pose specific challenges in Europe and UK, the key Asian markets of China and India offer high growth opportunities led

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by GDP growth, strong domestic consumption and favourable demographic support.

India's automotive industry is the fourth-largest in the world (by production), and the annual production in FY 2017-18 grew sharply at 14.8% yoy. This sector is well positioned for growth, given low rates of auto penetration, rising incomes and increasing affordability. In addition, we expect to see government policy supporting auto growth through lower excise duties and the National Electric Mobility Mission Plan 2020. Altogether, by 2026 India is expected to be the third largest automotive market in the world. The Indian auto industry is not without its challenges, including adapting to a structural shift towards electric vehicles (EVs), shared mobility options with ride-sharing permeating the urban landscape, a pan-India shift to Bharat Stage-VI emission by 2020 and enhanced safety norms. As such, we will have to be more agile than ever and work towards being future-ready.

I am encouraged to note that Jaguar Land Rover continues to set new standards for engineering excellence with the introduction of new automotive technologies and advanced design. This is reflected by the multiple awards for its various models. Jaguar Land Rover continues its investment for growth, launched exciting new products and landmark partnerships during the year. The company also announced its electrification roadmap to address diesel challenges. The company will focus on optimization, drive operating leverage and manage capital spends prudently to offset the impact of headwinds facing the business.

Tata Motors delivered a strong performance this year. Within the commercial vehicles segment, key gaps were identified and addressed through modular product designs. In the passenger car segment, your company focused on improving customer experience and providing "best in class" features, which is driving changes in the brand perception. The company will continue to focus on product development, network expansion and cost reduction.

The commitment to growth, disciplined capital allocation and shareholder returns are shared goals for Jaguar Land Rover and Tata Motors. I am confident that both shall continue to work towards delivering Competitive, Consistent and Cash Accretive Growth in the coming years.

I would like to thank our employees as well as our extended partners, including dealers, suppliers and other stakeholders for their hard work and commitment in this critical but exciting phase of your company.

Finally, I thank you for your continued trust, confidence and support.

Best Regards,

**N Chandrasekaran**  
Mumbai, May 23, 2018