

TML CEO and Managing Director's message



Guenter Butschek

CEO and Managing Director, Tata Motors

Dear Shareholders,

I am excited to present the annual performance report of Tata Motors standalone business for FY18 on a much more positive note than a year ago.

For the year gone by, I would regard the BSIV transition as the most difficult part of our journey, eventually dampening the first quarter results. This coupled with the carry forward impact of weak financials from FY17 was enough to bring a sense of urgency within the organisation, building up to the launch of 'Business Turnaround' in June 2017. The aggressive 'Turnaround' plan was approved by the Board in June 2017 and the organisation shifted gears with an immediate effect.

The next nine months of FY18 saw the organisation demonstrating a single-minded focus on execution of three objectives - sales enhancement, rigorous cost reduction and supply debottlenecking.

Back-to-back product launches, intensified stakeholder engagement, production ramp-up, effectiveness of product line function enabling higher empowerment and accountability within business units all paved the way for a comprehensive implementation of the 'Turnaround' plan.

ImpACT projects, our strategic priorities, which were seeded in FY17 as part of the 'transformation journey' bore fruit, contributing to 50% of the total cost reduction achieved

We fully recognise that this is just the beginning and to deliver competitive, consistent, cash-accretive growth, the 'Turnaround' approach must continue.

in FY18, in addition to structurally improving the fundamental process backbone for long-term sustainability of the performance improvement. The new taxation regime of Goods and Services Tax (GST) was well-managed within the timelines and was capitalised as a value creation opportunity rather than a mere compliance milestone.

Overall, the 'Turnaround' led to outstanding results with the business reporting higher volume growth, stronger improvement in underlying profitability, and positive free cash flow. The market share in CV increased by 70 bps to 45.1%, and by 60 bps to 5.7% in PV. Our standalone net revenues increased by 31.6% to ₹58,457 Crore for the 12 months to March 31, 2018 and our standalone profit before exceptional items and tax for the year came at ₹20 Crore, compared with a loss of ₹2,015 Crore in the previous year.

Further, this was the year that gave wings to our aspirations in the EV space, well demonstrated by some of the industry-first achievements - winning prestigious order of Tigor EV from EESL and garnering majority share in the e-bus contracts, winning 6 out of 10 cities.

We fully recognise that this is just the beginning and to deliver competitive, consistent, cash-accretive growth, the 'Turnaround' approach must continue. In FY19, we have announced the launch of 'Turnaround 2.0' with three clear objectives viz. 'win decisively' in CV, 'win sustainably' in PV and embed a culture of 'Turnaround' deep into the organisation.

I am confident that as a team we will draw strength from our strong performance in FY18, and commit ourselves to deliver 'Turnaround 2.0' to further improve our performance in FY19.

I would like to take this opportunity to thank all of you for your confidence in our abilities. With your continued support, I am optimistic of a brighter future for Tata Motors, reclaiming its pride of place in the coming years.

Best Regards,

Guenter Butschek
Mumbai, May 23, 2018