

We are future-ready

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Mr. Girish Wagh
Executive Director



Dear Shareholders,

I hope this letter finds you in good health.

FY22 was a turnaround year for the Indian Commercial Vehicle (CV) industry, which had been significantly impacted for the past few years due to the COVID-19 pandemic, changes in regulatory norms, liquidity crunch and GDP slow down. All these had reduced CV volumes by as much as 50% from its peak of FY19 over the last two fiscals.

The promising signs of growth in FY22 were, hence, welcome, especially as they were broad-based and supported by a set of strong fundamentals with a steady recovery in the economy, rising industrial and mining activity, higher infrastructure spending, buoyancy in e-commerce, resilient agriculture, reopening of offices and schools as well as marked improvements in consumer sentiment.

Being the industry leader, Tata Motors spearheaded the CV growth to gain a higher market share in each of the four segments-M&HCV, I&LCV, SCV & Buses. While the domestic CV industry grew by 26%, Tata Motors CV domestic sales grew by 33%, gaining 250 bps market share vs last year. This is the result of focused turnaround efforts over the last few years, towards strengthening the fundamentals—superior products, revamped sales and service capabilities, agile operations, a resilient supply chain and performance culture with a capable and engaged employee base.

In FY22, the pandemic resurgence and the global shortage of semiconductors posed multiple challenges. Proactive adoption of a holistic 'Business Agility Plan' enabled the business to protect the interests of the customers, dealers, and suppliers. To manage semiconductor shortages, our teams focused on developing innovative alternatives, validating, and implementing them in record time to minimise the impact on production. Agility and flexibility have been two clear themes that helped us grow ahead of the industry.

To fulfil the growing demand for more efficient and greener mobility solutions, we introduced 80+ new models and 120+ variants for passenger and cargo transportation catering to varied duty cycles and special applications. It is heartening to see that the new BSVI range of products are leading the market by delivering best-in-class operating economics, superior comfort and convenience, and enhanced connectivity.

The CV business added 130+ sales and 370+ service touchpoints across the country to serve its customers better. With the introduction of smaller format sales and service outlets (SCV micro dealers, and container workshops) and digitally-enabled feet-on-street (Tata Gramin Mitra and Local Mechanics) the Company is sharpening its rural outreach.

The CV electrification journey started with intracity public transport, encouraged by the Government's push via the FAME incentives. Today, Tata Motors has established a countrywide presence with more than

645 EV buses running across 9 cities, with a cumulative running of more than 36 Mn kms. The recent launch of the Tata Ace EV marks a huge leap forward in e-cargo transportation. Going ahead, we are working with a clear roadmap of migration towards green mobility across prioritised segments in a phased manner.

The CV business has also taken small yet significant steps to develop capability in smart-city e-mobility via a pay-per-use model, where we own, operate, maintain e-buses. Tata Motors is already operating over 400 buses under this model, with more than 95% uptime, a favourable operating cost structure for STUs and a superior travel experience for the commuters. To enable flawless execution, Tata Motors is carving out a separate subsidiary "TML Smart City Mobility Solutions Ltd." which will help us build competitive advantage to tap into the significant growth potential in this area.

The thrust on digitalisation gained pace on both frontend and operations. The connected vehicle platform, Fleet Edge now has more than 200K connected vehicles serving 85K+ customers. With E-Dukaan, we created an online marketplace for spare parts. And, through the E-guru mobile application we made information sharing and lead-management simpler for the front-end sales staff. Implementation of Industry 4.0 has been initiated across manufacturing locations.

The greatest asset of a company is its people, and therefore Tata Motors' human resource strategy has been centred on talent, capability and culture. People policies and practices have been revisited to hire, retain and engage the best talent; we are investing to enhance capability of workforce across levels in domains related to 'Connected, Electric, Shared and Safe' (CESS), which are shaping auto industry. We, at Tata Motors, have also co-created the culture credo 'More When One' which embodies our resolve to Be Bold, Own It, Solve Together and Be Empathetic in everything we do

Joining the global efforts to address climate change, Tata Motors has outlined its sustainability strategy and a definitive action plan towards Net Zero. E-mobility and usage of 100% renewable energy will be the initial key steps towards carbon footprint reduction.

Given the global challenge of 'Climate change', as responsible corporates, Tata Motors has outlined its Sustainability strategy and a definitive action plan towards Net Zero. E-mobility and usage of 100% renewable energy will be the initial key steps towards carbon footprint reduction

Development of Registered Vehicle Scrapping Facilities through a franchise model is being initiated to support Government's intent and overall objectives of circular economy.

In FY22, unprecedented commodity inflation impacted the CV business margins. Our teams have responded to this challenge by accelerating and intensifying cost reduction efforts, reviewing every cost element and taking pricing actions, towards profitability improvement. Improving profitability is an important priority.

With most macro indicators turning positive, the road ahead looks promising despite near term challenges of fuel price inflation, increased interest rates and commodity inflation that would need to be navigated. However, Tata Motors is well prepared for it, and I am confident that the business will continue to strengthen and be future-ready in line with its strategy to "Win Decisively".

I take this opportunity to acknowledge the contributions of the team members, channel partners and supplier partners. Their achievements, collectively and individually, amidst tough times make me proud. I also take this opportunity to thank you for your continuing interest, commitment and support to Tata Motors.

Best regards,
Girish Wagh