

# Targeting high-octane growth

We are India's largest CV manufacturer with the widest product and service portfolio catering across cargo and passenger mobility segments. In FY 2022-23, we continue to strengthen our position with superior product and technologies, expanding sales and service network and by providing a range of value-added services.

★  
**40+**  
NEW LAUNCHES

★  
**150+**  
NEW VARIANTS

★  
**20.5%**  
PERCENTAGE SHARE OF CONSOLIDATED REVENUES



THE INDIAN COMMERCIAL VEHICLES SECTOR, SHOWED PROMISING GROWTH IN FY 2022-23 SUPPORTED BY A STEADY RECOVERY IN THE ECONOMY, RISING INDUSTRIAL ACTIVITY AND REOPENING OF MARKET WHICH HELPED REGENERATE DEMAND.

**GIRISH WAGH**  
EXECUTIVE DIRECTOR TML

## Products and offerings

### Emerging better, smarter and safer

In FY 2022-23, Tata Motors further consolidated its position by launching a range of smart trucks that continue to provide best in class operating economic, safety, comfort, and connectivity features:

- 5 CNG-powered trucks, including India's first in the M&HCV space
- The safest trucks with an Advanced Driver Assistance System (ADAS), providing a Collision Mitigation System, Lane Departure Warning System and Driver Monitoring System
- Enhanced features to over 140 models of India's best-selling truck platforms Signa, Prima, and Ultra
- Clean and zero emission mobility solutions, powered by alternate and new energy powertrains

THE COMPANY SHIFTED TO 'RETAIL PULL' BUSINESS MODEL FOR THE COMMERCIAL VEHICLE SEGMENT WITH A STRONG FOCUS ON PROFITABILITY.

Developed and innovatively engineered to cater to the evolving needs of cargo and construction transportation across segments and applications, our state-of-the-art trucks further enhance Tata Motors' established 'Power of 6' benefit proposition aimed at delivering higher productivity and lower total cost of ownership (TCO) thus driving higher fleet profitability. To address the evolving needs of customers across segments and applications, our Company has revamped its product and service portfolio, to deliver superior value proposition, to improve the customer business case and deliver complete peace of mind.

### The new-age Ace EV

The Tata Ace EV marks a significant step forward towards offering sustainable last-mile mobility solutions for intra-city cargo transport. The Ace EV is India's most advanced, zero-emission, four-wheel, small commercial vehicle, with its first fleet in operation for leading e-commerce, FMCG and courier companies, and their logistics service providers.

#### Best-in-class features

<b>154 km</b>	<b>208 ft<sup>3</sup></b>	<b>22%</b>
<b>UNMATCHED CERTIFIED RANGE</b>	<b>CARGO VOLUME</b>	<b>GRADE-ABILITY</b>

Tailored to provide efficient last-mile deliveries in an economical manner, the ACE EV underwent in-market trials prior to initiating deliveries in January 2023 with reputed e-commerce clients.



### Towards net-zero

We aspire to achieve net-zero emissions by 2045 through electrification and green mobility. To this end, we recently unveiled India's cleanest, smartest, and most advanced range of logistics and mass mobility solutions across all our CV segments at the Auto Expo 2023. We also strengthened our standing in the EV buses segment through an own-maintain-and-operate model offered at a per-km rate by floating a wholly owned subsidiary, TML Smart City Mobility Solution Ltd.

## COMMERCIAL VEHICLES

### Product highlights

In addition to introduction of the largest range of green fuel-powered vehicles in heavy trucks, we set new benchmarks in India's rapidly growing pickup segment with the launch of the Yodha 2.0, Intra V20 bi-fuel and Intra V50. Yodha 2.0 offers 2000 kg-rated payload capacity, the highest in its segment. Adding to the Tata Intra Range of V30 and V10, the new Tata Intra V50 pickup offers a 1500 kg-rated payload capacity and deck length of 2960 mm. Tata Intra V20 is India's first bi-fuel pickup (CNG + petrol) with 1000 kg-rated payload and a long range of up to 700 kms.

**Tata SIGNA**, a highly trusted brand of HCV trucks, underwent an upgrade this year, improving the comfort and safety that it offers. This upgrade will help to make the brand an even more holistic offering as it already offers unmatched performance and value for money.

**Our PRIMA truck range** was launched with a new look in keeping with its 'premium tough' branding. This range comes with a host of newly introduced ADAS Level 2 safety features like Driver Monitoring System, Lane Departure Warning System and Collision Mitigation System, setting high standards for the trucking industry and for driver safety.

**K.14 Ultra**, India's first I&LCV tipper with an air-conditioned cabin was also introduced this fiscal. It is built on the Ultra platform, which provides both comfort and stability helping make K.14 Ultra a preferred choice amongst drivers due to its superior driveline and cabin features. Designed for rough terrain driving, the combination is difficult to beat.

**Our FE Series launch** comes with fuel efficiency enhancement features across the entire I&LCV range like gear shift advisor, fuel efficiency switch, low rolling resistance tyres, optimised driveline, lowering the TCO for owners and creating greater long-term profitability due to lower operational cost.

### International launches

The Xenon X2, with double and single cabin, was launched in strategic overseas markets to cater to evolved consumers who are looking for pickups with improved suspension and a more comfortable ride. The upgraded Prima Euro 5 range was launched in the Middle East, with higher horsepower to compete against established Japanese and European players.



### Smart mobility solution

TML Smart City Mobility Solutions Limited ("TSCMSL") is at the forefront of Tata Motors' clean mobility strategy and intends to bring into specific focus the electric vehicles segment as a service offering across our portfolio of commercial vehicles. 100 electric buses were deployed in FY 2022-23 and overall 730 e-buses are running on Indian roads with a cumulative run of more than 50 million kms.



### Fleet Edge

Fleet Edge is a next-generation Connected Vehicle Solution that enables superior Vehicle Management, Fleet Management and also Logistics Business Management by using real-time insights from the vehicle. Fleet Edge, combined with physical world capabilities, offers unique convenience and peace of mind to customer, while providing an opportunity to improve their business. Fleet Edge was enhanced with multiple upgrades including analytics-based insights, embarking on monetisation journey from FY 2023-24. It currently has more than 3,90,000 connected vehicles.

# 3,90,000+

CONNECTED TRUCKS

### Key customer-facing metrics

Through improved performance, we continue to lead on key customer-facing metrics while maintaining higher level of dealer satisfaction.

#### TOP-OF-MIND-AWARENESS

FY23	57
FY22	55
FY21	55

#### NET PROMOTER SCORE

FY23	71
FY22	68
FY21	68

#### COMPOSITE SATISFACTION SCORE

FY23	813
FY22	792
FY21	821

#### CONSIDERATION TOP BOX

FY23	56
FY22	53
FY21	53

#### BRAND POWER

FY23	45.7
FY22	44.5
FY21	44.3

#### DEALER SATISFACTION INDEX (DSI)

FY23	809
FY22	810
FY21	806



### REWIRE

Our first, franchise-based, state-of-the-art vehicle scrappage facility opened at Jaipur, this financial year, and offers a safe, organised and sustainable dismantling option for end-of-life vehicles. With the launch of this facility, Tata Motors aims to offer better value, generate employment and support the minimising of the environmental pollution caused by aged vehicles. We are committed to expanding REWIRE facilities across the country, to promote circularity and enhance its value chain play.

### Awards and recognition

Won highest number of awards by any OEM, winning 7 awards at the Apollo CV Awards 2023, including the Coveted CV maker of the Year for the 5th year in a row, and 'CV of the Year' for the ACE EV

Recognised at Level-5, Exemplary Category, in the CII TCM (Total Cost Maturity) assessment. Highest achieved score by any organisation

Won the CII Customer Obsession Apex award for the 4th consecutive year

CV Service Training has won the "Golden Peacock National Training Award" in the automobile sector for the 2nd time

Two Golden Peacock awards for Innovative Product 2818 CNG Truck and Service Training

Our Lucknow plant became the first-ever Tata Motors plant to achieve 'Water Positive' rating under the CII GreenCo guidelines

Our Pantnagar plant was certified 'Water Neutral' under the CII-GreenCo guidelines

Tata Motors won a total of 306 awards at the 23rd All India Creativity Summit 2022 organised by the Indian National Suggestion Scheme's Association (INSSAN) – the highest ever won by any company

COMMERCIAL VEHICLES

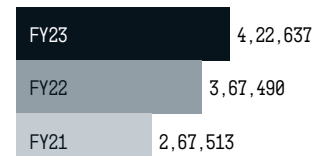


Financial and operational metrics

Sales volume

UNIT WHOLESALE

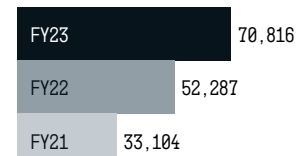
↗ 15.0% Y-0-Y GROWTH



Revenue

₹ CRORE

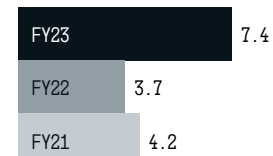
↗ 35.4% Y-0-Y GROWTH



EBITDA margin

%

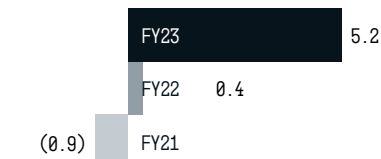
↗ 370 BPS



EBIT

%

↗ 480 BPS



VAHAN market share

%

↘ 300 BPS

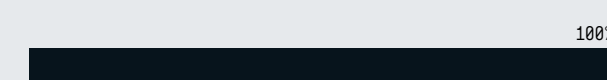


\* FY 23 onwards, we have started tracking VAHAN registration market share.

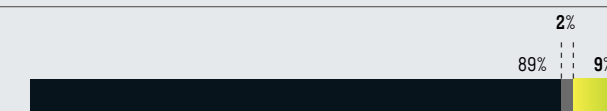
Vehicle portfolio

Powertrain mix

MHCV



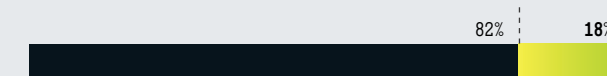
Buses



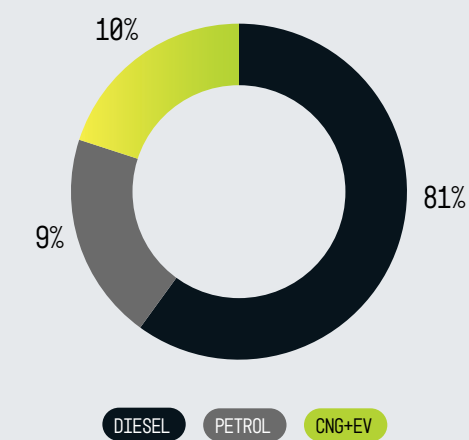
SCV & Pickup



ICLV



Total



Performance overview

The commercial vehicles industry continued to recover in FY 2022-23 led by strong demand in MHCVs and recovery of CV passenger segment.

On a full year basis, business reported revenue growth of 35%, EBITDA and EBIT margins at 7.4% and 5.2% (370 bps and 480 bps improvement y-o-y) and strong PBT (bei) of ₹3.2K crore. The demand-pull strategy has started to yield results as profits and market shares improved sequentially. The business also delivered double digit EBITDA margins in Q4 FY23.

Segment outlook

Advance buying in Q4 FY23 in anticipation of price hikes post BS VI Phase II will have near term impact on demand. With the government's continuing thrust on infrastructure development, we remain optimistic about the overall CV demand in FY 2023-24 despite near term challenges on interest rates, fuel prices and inflation. We will continue to drive our demand-pull strategy and meet customer preference through innovation, service quality and thematic brand activation. We will aim for higher realisations and cost savings to secure double-digit EBITDA margins for FY 2023-24 and improve the performance across all business verticals.

## COMMERCIAL VEHICLES



### External environment

#### Challenges

##### Commodity inflation

After consistently rising since Q3 FY21, prices across commodities softened in Q3 and H2 FY 2022-23. The downward trend included flat steel and precious metals. However, with withdrawal of export duty on steel, and improved global market demand across commodities, the prices have again started moving up. The company is addressing this challenge through reinforced focus on optimising material margins, logistics and manufacturing costs.

##### Ensuring profitable growth

As India transitioned to tighter emission and safety regulations there has been a significant increase in input costs and thus rise in vehicle prices. Vehicle prices have been further compounded by commodity inflation.

Amidst above head winds, on the market side, increased competitive intensity led to increased discounting by OEMs, thereby reducing profitability.

Tata Motors CV has taken the decisive step to reduce discounts and has revised its operating model to deliver 'Profitable Growth'. Shifting gears from 'supply chain push' to 'retail pull' with clear focus on VAHAN registration market share as against the practice of offtake market share.

In doing so, company has worked on improving fundamentals such as product competitiveness, value communication, Go To Market processes, analytics based pricing and providing after-sales comfort.

#### Opportunities

##### Narrowing differential for CNG prices

In FY 2022-23, consistent rise in CNG prices and narrowing differential w.r.t. diesel price led to drop in CNG salience. The recent Cabinet decision on new pricing guidelines for CNG came into effect from April 2023, and has led to 7-9% reduction in CNG prices. This is expected to improve market demand of CNG powered vehicles in FY 2023-24.

##### Expectations of demand growth

The CV business transitioned its entire portfolio to BSVI Phase II this year, with improved competitiveness on TCO, comfort and convenience and connectivity. With the government's continuing thrust on infrastructure development, we remain optimistic about overall CV demand in FY 2023-24 while maintaining a close watch on geopolitical developments, interest rates, and fuel price inflation.

### Strategic review

We intend to further strengthen our position in the Indian automobile industry by investing in new sustainable technologies, products and mobility solutions that exceed customer expectations and offer superior value proposition. We are also committed to improve customer experiences across all touchpoints and throughout the customer life cycle. We are re-doubling our efforts towards achieving competitive cost structure to improve our margins and lower the breakeven. We continue to work towards future-proofing and optimising our manufacturing supply-chain and distribution footprint.

We aim to achieve consistent, competitive, cash accretive growth to position ourselves as a major international automotive company, offering the widest range of products and services across product segments and applications.

We are actively pursuing opportunities of increasing our presence in the global automotive markets by enhancing our product range and capabilities through collaboration and partnership. Given the global challenge of climate change, as a responsible corporate and industry leader, Tata Motors CV has spearheaded its Sustainability journey and is committed to achieving net zero by 2045. We have adopted Science-based targets initiative (SBTi) to reduce our GHG emissions and are making rapid progress towards sourcing 100% of our electricity from renewable sources.

#### Key strategic focus areas

##### Products

Our Company has taken the opportunity of the changeover to BS VI Phase 2 emission norms, to further enrich its product portfolio with smarter technologies that deliver more value, comfort, convenience, and connectivity. We introduced multiple segment-first products such as Tata Ace EV and Intra V20, India's first bi-fuel pickup truck. Advanced safety features such as ADAS, Collision Mitigation System and Lane Departure Warning System were introduced on a range of our trucks. We took significant steps forward towards hydrogen fuel-based products and have been leading the development of hydrogen-powered vehicles.

##### After sales and service opportunities

Company is accelerating after sales business by expanding after sales and allied service portfolio. The company has also achieved a consistent increase in spare and service penetration with strong revenue growth.

TML-Smart City Mobility Solutions Ltd., was incorporated in FY 2022-23 to drive a paradigm shift in public transportation, and has been leading transformation from a product to a service business. We signed definitive agreements with Delhi Transport Corporation and Bengaluru Metropolitan Transport Corporation for deployment of 1500 and 921 buses respectively. We have also started deployment of CESL tender buses.

##### Ecosystem play

We added 105 new dealers and 266 sales touchpoints between FY 2022-23 and FY 2020-21, extending our reach deeper within the country. 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 increasing penetration in ways that increase both product accessibility and service delivery. All our dealers improved their cash flows and profitability in FY 2022-23 driven by our focus on improving dealer profits.

Continuing with our actions towards the welfare of drivers, we have supported ~5 lakh drivers with Tata Samarth (Suraksha Samarth) accidental insurance cover of ₹ 10 lakh. This is a chassis-based insurance cover for our driver partners. Additionally, more than 2 lakh drivers are benefiting from Swasthya Samarth coverage which provides hospitalisation coverage of ₹ 50,000 and two annual health check-ups.

We continued our association with key home-grown sports through our support for the Wrestling Federation of India, Pro-kabaddi League etc.

##### Digital initiatives

We have been actively expanding our digital initiatives across frontend and backend operations. In addition digital solutions are becoming the backbone of our product and service offerings that are poised to scale up in near future

**Fleet Edge:** India's largest connected vehicle ecosystem platform, with more than 3,90,000 connected vehicles and ever-increasing usage and adoption. With enhanced features like trip planning, fleet health analysis, driver performance, document repository we are offering segment-first benefits to customers, enabling them to drastically improve their returns and scope of fleet management.

**E-Dukaan:** This online marketplace for spare parts was launched by TML last year and has grown its revenue by 164% in FY 2022-23, expanding its offerings to include DEF and lubricants.

**E-Guru:** This mobile app makes it easier for front-end sales staff to manage leads, share information and close deals, helping to increase revenue.

**Digital marketing:** Providing valuable insight into our customers' needs and behaviours, our digital endeavours have garnered millions of leads for us this financial year. Digital leads comprise over 15% of our overall CV sales, while being more cost effective.