

CHAIRMAN'S MESSAGE

Delivering on ambitions for a greater tomorrow

Tata Motors is emerging stronger after many challenging years and will remain focused on meeting its financial commitments while sowing the seeds for a greener future.



N Chandrasekaran

CHAIRMAN AND
NON-EXECUTIVE DIRECTOR

Dear Shareholders,

It is my privilege to write to you and present the Integrated Annual Report of Tata Motors Ltd. for financial year 2022-23.

As I mentioned in my letter last year, recent history has been relentless with the global pandemic, military conflict, growing inequality, supply chain shortages and more. In addition, the current year witnessed a surge in inflation requiring coordinated action by most central banks to increase interest rates to control inflationary expectations. While inflation is starting to moderate, the rise in interest rates has also revealed hidden stresses in parts of the banking sector that enjoyed a long run of low interest rates and hence not prepared for the rate rise. This could impact global growth in the coming year.

The challenges outlined above are resulting in structural shifts in economies and societies that I called out last year. These are continuing to play out, viz. i) Energy transition—irreversible move to green mobility, ii) Supply Chain Transition rebalancing of supply chains to become resilient, iii) Digital transition—Artificial Intelligence and Machine Learning becoming mainstream, and iv) Talent transition – coming of age of the Talent cloud, a diverse, inclusive, global talent pool that can be accessed remotely.

In this context, I am pleased to report that our Company had a good year with all automotive verticals delivering on their strategies leading to multiple achievements. Compared to FY 2021-22, vehicle sales increased by 23% to 13,35,819 units. Revenues rose to an all-time high ₹3.46 lakh crore (up 24%), EBITDA improved to ₹37.0K crore (up 110bps) and PBT (bei) turned positive at ₹1.5K crore (up ₹7.841 crore). All three core auto businesses turned profitable in the second half of the year. Free cash flow (automotive) for the year stood at ₹7.8K crore improving substantially from negative ₹9.5K crore recorded in FY 2021-22.

ALL-TIME
HIGH
REVENUES

₹3.46 lakh crore

24% INCREASE

Tata Motors Limited standalone entity returned to profit navigating all the challenges with a PAT of ₹2,728 crore. The Board has recommended a dividend of ₹2 per share to ordinary shareholders and ₹2.1 per share to DVR holders subject to your approval today.

Navigating successfully through the challenges, your Company has emerged stronger, execution focused and customer-centric. The distinct strategies employed by each of the three independent business units – Commercial Vehicles (CV), Passenger Vehicles (PV) and Jaguar Land Rover (JLR), in unison, has led to an improved overall performance including metrics around financials, brand health, customer experience, product innovation, quality and employee engagement.

Passenger and Electric Vehicles (India): The business continued to be a robust performance for the third year in succession and recorded its highest ever annual sales around 5,41,000 vehicles, a growth of 45% over FY 2021-22. It became only the third OEM in India to cross the 5,00,000 annual sales mark. EV sales crossed the 50,000 annual sales milestone and constituted 12% of the sales portfolio in Q4. Tata Motors retained the #1 SUV manufacturer rank for a second successive year and became the #2 brand in the Indian car market with NPS score touching 40. In FY 2022-23, the business recorded revenues of ₹47.9K crore, and delivered EBITDA and EBIT margins of 6.4% and 1% (improvement of 110 bps and 300 bps over FY 2021-22). With existing capacities nearing saturation, it acquired a state-of-the-art vehicle manufacturing facility in Sanand, Gujarat, adjacent to its existing plant, with capacity scalable to 4,20,000 units per annum.

Commercial Vehicles: In commercial vehicles, following a challenging first half, the business revised its operating model to target 'Profitable Growth'. It moved away from 'supply chain push' to 'retail pull' model by focusing on VAHAN registration volumes and achieved double-digit EBITDA margins in Q4 FY23. In FY 2022-23, the business recorded revenues of ₹70.8K crore, and delivered EBITDA and EBIT margins of 7.4% and 5.2% (improvement of 370 bps and 480 bps over FY 2021-22). The business is being managed across eight verticals and we aim to make each of these verticals profitable and cash accretive. At the Auto Expo 2023, we unveiled 14 new-age concepts that will shape the future of mobility in the years ahead and launched over 40 new products and 150+ variants across segments, to cater to the evolving needs of seamless cargo and people transport across sub segments and applications.

Chairman

CHAIRMAN'S MESSAGE

Jaguar Land Rover: JLR made good progress in its 'Reimagine' journey to transform into a digitally savvy, modern luxury vehicle business with sustainability at its heart. We faced a severe shortage of semiconductors, especially in the first half and as the situation eased in the second half, we saw a consistent increase in production and sales volumes, particularly of the New Range Rover, New Range Rover Sport, and the Defender vehicles. Due to this, JLR delivered a resilient performance during FY 2022-23 with wholesales of 3,21,362 units (up 9%), recording revenues of ₹22.8 billion, up 24.5% from FY 2021-22. EBIT margin of 2.4% and PBT of ₹97 million were remarkably better than the ₹455 million loss before tax recorded in the previous year. The business also delivered a free cash flow of ₹521 million.

It ended this year in a stronger position with a portfolio of attractive products, a healthy bank of customer orders touching nearly 200,000 units, low break evens and with a clear strategy to 'Reimagine' its renowned British brands for global clients. The transformation of Jaguar into an all-electric luxury brand is on track with the first new vehicle to be revealed in 2024 and customer deliveries starting in 2025. It will also start taking



pre-orders for the maiden pure electric Range Rover later this year.

The Tata Group is committed to building sustainable businesses. The group initiative, 'Aalingana' outlines the Tata Group's approach to planet resilience, the group's aspiration of net zero by 2045 and the vision of securing the future by innovating today. Aalingana commits to embedding sustainability into business strategy by focusing on three interconnected pillars: Driving the decarbonisation of our businesses and value chain; applying a systemic, circular economy approach to reduce resource use and waste; and preserving and restoring the natural environment. As part of its responsibility towards "Aalingana", Tata Motors has announced its commitment to sustainability targets which include achieving net zero status, promoting a circular economy, and preserving biodiversity. Your Company believes that these commitments will help achieve our long-term goals and create a more sustainable future for all.

As we move forward, Tata Motors will remain focused on executing against its strategy to deliver growth, profitability and free cashflows consistently. Your Company is committed to strengthening its core businesses,

accelerating innovation, and unlocking efficiencies while exploring new opportunities for the future.

Tata Motors is starting to move to a position of strength after overcoming many challenging years. The upcoming year and beyond are crucial, as it capitalises on the efforts made during this period to achieve a performance that makes us proud. Moreover, these next few years mark a significant shift towards a greener and technologically advanced future, necessitating swift and agile action. I have complete confidence that our teams' dedication and commitment will make this possible.

I am also grateful for your unwavering support during this period and look forward to your continued encouragement for our exciting journey ahead.

Warm regards,
N CHANDRASEKARAN

TATA MOTORS LIMITED
STANDALONE
PAT

₹2,728 crore