



Girish Wagh

Executive Director,
Tata Motors Limited

Dear Shareholders,

I hope this letter finds you in good health.

FY24 was a tale of two halves for the Indian Commercial Vehicle (CV) industry while it transitioned to BS VI Phase II emission norms on April 1, 2023. H1 began on a promising note with sales volumes increasing across most segments. However, the combined effects of a high base, state elections and the upcoming general elections moderated growth in H2. Led by the government's thrust on infrastructure building and increased activity in e-commerce, construction and people mobility, the industry saw sustained demand for heavy trucks and passenger carriers through the year, resulting in sales growing by 3% and 28%, respectively. Overall, the CV industry grew by a modest 2% as demand in the ILMCV, SCV cargo and pickup segments shrunk, bringing to fore the cyclical nature of our industry.

The realignment of our CV business into eight business verticals matured during the year with enhanced financial focus. With a synergised backend and a fully equipped front end, each business line is independently charting its

growth path, with clear targets set to track financial and market outcomes.

Delivering value consistently

Tata Motors' domestic CV business continued to offer more value to customers through superior BS VI Phase II product range and a bouquet of customised value-added services, thereby delivering improved realisations. The CV business recorded its highest-ever quarterly and annual revenue in Q4 and in FY24, respectively, with annual revenue growing by a substantial 11.3% over FY23. A sharper focus on profitable growth resulted in highest ever EBIT (of ₹ 6,479 crore) growing by a healthy 77% over FY23. Building on these results, we will continue with our efforts to achieve a more resilient and optimised business structure. Concurrently, we will strive to grow market share profitably across product segments by consistently delivering customer value through innovative products and value-added services.

We launched 140+ products and 700+ variants for passenger and cargo transportation to fulfil the growing

demand for safer, smarter, and greener mobility solutions. We deployed 1,100+ E-buses under the CESL tender along with 12 fully equipped depots; ramped up Ace EV retails multifold; introduced fuel cell electric buses in partnership with IOCL; and initiated the real-world deployment of electric heavy trucks to Tata Steel's fleet. During the year, we won several prestigious awards acknowledging the excellence of our products, services, solutions, initiatives, and people.

As part of the digital marketing approach, key initiatives were implemented, considering product, region, and language variables, with an aim to maximise reach and efficiency. Influencer advocacy, tailored by products, regions, use cases, and specific content planks, achieved 127 million video views and 5.2 million engagements – a record for any CV brand. As a result of these digital efforts and appreciation for BS VI Phase II products, we achieved the highest-ever Net Promoter Score. Overall channel satisfaction levels were maintained with sustained throughput and high level of engagement.

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₹78,791 crore
Highest-ever revenue

International business delivered marginal growth and maintained market share across the geographies, such as SAARC, Middle East and North Africa (MENA), with healthy financials, despite a subdued microeconomic environment.

Ensuring peace of mind for customers

The downstream spares and service business continued the growth momentum while focusing on delivering customer convenience through reduced turnaround time and improved deliveries. E-Dukaan, our 'Direct to Customer' digital storefront for spares, delivered an impressive 3.5x growth.

TML Smart City Mobility Solutions successfully deployed 1,100+ E-buses across four cities including ensuring E-bus operations in sub-zero conditions. With 2,000+ E-buses on the road, 14 crore cumulative kilometres covered, and 95% availability, we continue to make commuting safer, comfortable and convenient for millions of passengers every day. We are actively pursuing key structural interventions from the government, such as payment security mechanism and leasing arrangement, which we will leverage by participating in future E-bus tenders while we continue to generate demand from the retail segment.

Fleet Edge, our connected vehicle platform is now deployed in over six lakh trucks. This provides us the unique capability to offer curated data and AI-enabled services, such as 'Mileage Sarathi' and help customers run their business more efficiently.

The thrust on digital gained significant momentum during the fiscal. During the year, we acquired 26.79% stake in 'Freight Tiger,' a platform that provides end-to-end logistics value chain solutions for cargo movement in India. This strategic investment will accelerate steps to drive effectiveness and efficiency in the truck and freight ecosystem.

Shaping a responsible business

We made decisive progress in our sustainability journey across all three pillars of Aalingana – Net Zero, Circularity and Biodiversity. In line with our 2045 net zero goal and the science-based approach, we aligned the product strategy across all business lines to a decarbonisation trajectory and thus accelerated our efforts towards faster adoption of EVs, hydrogen-based vehicles and renewable energy. We received FAME and PLI certifications for Ace EV and 12m E-bus models, first in their respective category. We unveiled state-of-the-art R&D facilities for hydrogen internal combustion engine at our Engineering Research Centre in Pune, as well as operationalised a Hydrogen ICE engine manufacturing facility within Tata Cummins.

Our efforts to promote circularity gained momentum with the launch of the Circular Economy framework named TATVA, an operating system that systematically embeds the principles of circularity across all parts of the business along the four pathways of Energy, Material, Lifetime and Utilisation. Furthermore, to ensure an effective end-of-life

management, five vehicle scrappage facilities were operationalised under the Tata Re.Wi.Re brand. Also, we are on track to become net positive on water and achieve 100% usage of renewable electricity in line with our sustainability roadmap.

In biodiversity, we have assessed our operation sites for their rich biodiversity value and are now deploying scientific tools to manage these habitats to enhance their conservation and resilience for decades to come. We have also become a member of the Science Based Targets Network for Nature Corporate Engagement Program.

Looking ahead, I expect FY25 to be yet another exciting year for the CV industry, given the favourable macroeconomic context, especially in the domestic market, and I am confident that the future holds immense potential. Tata Motors' CV business has been delivering strong operational and financial performance. The proposed demerger will help us improve focus and make us more agile to capitalise on opportunities in the CV market globally. Our focus will be to create a world-class Company operating in the CV space, providing superior experience to our customers, better growth prospects for our employees, and enhanced value for our shareholders.

I thank you for your continuing interest, commitment, and support to Tata Motors.

**Warm regards,
Girish Wagh**

