

■ P B BALAJI

Thinking on our feet has paid us dividends

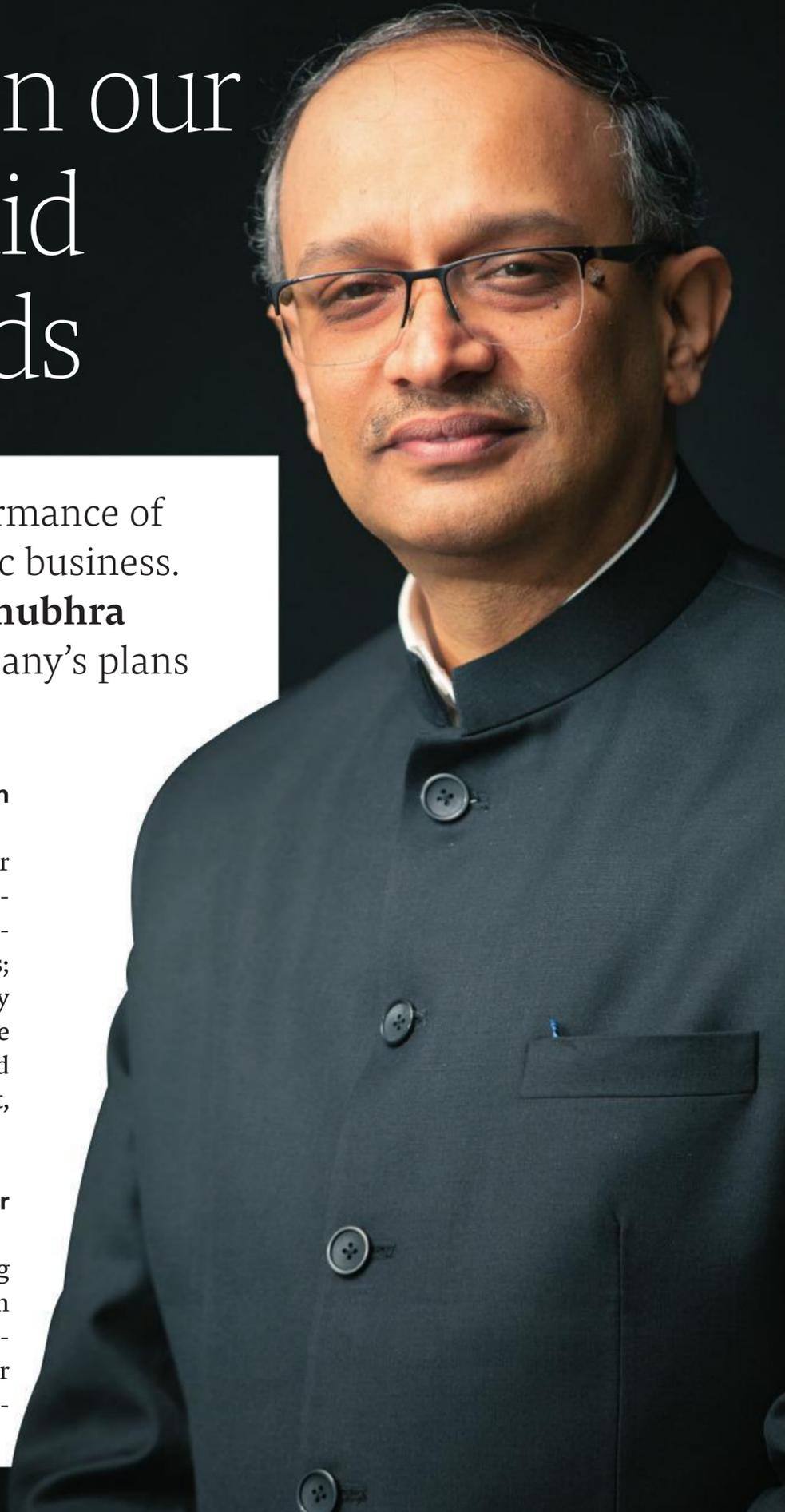
Tata Motors has seen a recovery in the performance of both Jaguar Land Rover (JLR) and its domestic business. **P B Balaji**, chief financial officer, speaks to **Shubhra Tandon** about the turnaround and the company's plans for the fast-growing EV segment: Excerpts:

Two years into the pandemic and its disruptive impact on businesses, what have been the learnings for Tata Motors?

A crisis of such epic proportions was bound to be a learning experience for us. The five key takeaways from it are: stay as close to customers as possible to drive innovations and serve them better; attach critical importance to sustainable mobility even as consumers reassess their priorities; keep the business fit and agile enough to manage dynamic scenarios by leveraging technology and driving a culture of collaboration across the organisation; ensure cash is owned across the organisation as it is indeed king; and keep the health and well-being of employees at the forefront, creating an enabling ecosystem for the same.

The pandemic has seen companies employ new business models for growth. What have been the changes at Tata Motors?

An agile, ecosystem-centric approach powered by digitalisation is driving the business and the organisation. We are now consistently functioning in a hybrid mode. Further, every business and operations segment has created forums/platforms to engage with its stakeholders. 'Click to Drive', our end-to-end digital sales channel for passenger vehicles, has enabled cus-



tomers to avail a test drive, choose the financing option and book their car/SUV of choice. We will build on this initial experience. We have also recently operationalised two subsidiaries – Tata Motors Passenger Vehicles Ltd. to focus on passenger vehicles powered by IC engines and Tata Passenger Electric Mobility Limited to accelerate the growth of the passenger EV business and its enabling ecosystem.

The year 2021 turned out to be different from 2020, with businesses utilising the processes put in place the previous year to gain stability. What is the outlook for 2022?

The auto industry faced several hurdles in 2021 including a global shortage of semiconductors and rapid rise in the prices of steel and precious metals. We expect the demand for commercial, passenger and electric vehicles to be sustained in 2022, even as concerns over supply of semiconductors, high input costs and possible spread of Covid keep the overall situation fluid. We intend to remain agile, address supply bottlenecks proactively, drive our savings programme harder and take prudent pricing decisions, while continuing to pursue our future-fit initiatives of digitally transforming customer experience and strengthening our lead in sustainable mobility.

Analysts have remarked that all three businesses of Tata Motors are in a recovery mode. Would you say that the company has turned the corner and if so, is the momentum sustainable?

All our businesses – commercial vehicles, passenger vehicles including EVs and Jaguar Land Rover – have seen a sequential improvement in performance and we are confident that things will further improve in Q4FY22 and beyond. Our PV business has set several milestones in recent times. In commercial vehicles, the recovery has been steady and we have raised our market share in every segment. As for JLR, we have reduced breakeven levels significantly and focused on stepping up revenue growth. These will aid profitability and the cash flows in the coming quarters.

Tata Motors has had some successful PV launches in the recent past. However, there are concerns about the timelines for product development. How does the company intend to change this?

We launched our 'New Forever' range of cars and SUVs in January 2020, intending to have frequent upgrades and launches. Despite unprecedented challenges on

account of the pandemic, continuing supply side constraints and rising input costs, we have been delivering on our promise. A case in point is our frequent launches in the EV space, well ahead of competition. In the last couple of years, we have introduced new nameplates, variants, technologies and designs. Additionally, we have a rich plan in place to keep our cars and SUVs 'New Forever'. So, we believe our product innovation funnel is rich and relevant and our product development cycle timelines are appropriate, even as we continue making efforts to improve them.

How is the plan for EVs constituting 25% of sales in the medium- to long-term progressing?

Tata Motors has established itself as the leader in the rapidly growing EV market in India. The share of electric vehicles in our passenger vehicle portfolio is about 6% now from just 0.2% in FY20. We are committed to mainstreaming EVs and are working on several fronts for the purpose. Our recently formed subsidiary, Tata Passenger Electric Mobility Ltd, which has TPG Rise Climate as an investor, intends to invest \$2 billion by 2026 to launch 10 new electric vehicles, build dedicated BEV platforms, and develop advanced automotive as well as battery technologies.

With the PV business being hived off into a separate unit, there was talk of the company looking for a strategic partner.

We continue to maintain our position that securing a mutually beneficial alliance is not an imperative for today but an opportunity for tomorrow. To 'Win Sustainably' by delivering industry-leading growth and positive free cash flows and delighting our customers is what we are focussed on.

Your CV business is in a sweet spot and analysts expect it to see strong growth over the next three years. What are the plans for this segment?

The engines powering the Indian economy require continued transportation support to run seamlessly. Being the leader in commercial vehicles, we continue to offer a superior value proposition to customers through smarter, future-ready products and services. Our 'Power of 6' offering is being widely appreciated by customers for ensuring higher productivity and lower total cost of ownership (TCO). We recently unveiled a comprehensive range of 21 new products and variants covering all CV sub-segments.

ALL OUR BUSINESSES – COMMERCIAL VEHICLES, PVs INCLUDING EVs AND JAGUAR LAND ROVER – HAVE SEEN A SEQUENTIAL IMPROVEMENT IN PERFORMANCE AND WE ARE CONFIDENT THINGS WILL FURTHER LOOK UP IN Q4FY22