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TRANSFORMING TATA

HOW CHAIRMAN N. CHANDRASEKARAN **IS REVAMPING**
THE \$106 BILLION GROUP INTO A FUTURE READY, TECH
ENABLED CONGLOMERATE



80,000

CRORE

THE AMOUNT TATA SONS HAS INVESTED IN
GROUP COMPANIES IN LAST FOUR YEARS

COVER STORY

TATA GROUP

Transforming TATA

BY NEVIN JOHN

Photograph by
RACHIT GOSWAMI

How Chairman N. Chandrasekaran is revamping the \$106 billion group into a future ready, tech enabled conglomerate





Natarajan Chandrasekaran's first major decision as Chairman, Tata Group, was rather symbolic of the changes in store. Three months after taking over on May 30, 2017, he asked architects to refurbish Bombay House, the iconic headquarters of the 152-year-old conglomerate. The heritage building on Homi Mody Street in Mumbai's Fort area had never been altered since it was built in 1924, based on design of Scottish architect George Wittet, who also designed the Gateway of India. The building had cracks in the roof, limited natural light and was vulnerable to termites. Chandrasekaran, who started his career with TCS and contributed hugely to its growth over three decades, wanted to make Bombay House vibrant, incorporating his idea of 'One Tata'.

Until then, group companies had been working in silos within the building — complete with separate board rooms, conference halls and pantries. Movement of top executives was restricted within their companies. Chandrasekaran changed the office structure and created common conference halls. He also got a Starbucks counter opened on the ground floor. The aim was to remove the psychological barriers to one-ness.

The changes did not come a day too soon. The group was in desperate need of direction when he took over. Cyrus Mistry's ouster as chairman and battles in the boardroom were hogging the limelight. And major group companies such as Tata Steel, Tata Motors, Tata Power and Tata Teleservices were burdened with unsustainable debt. Chandrasekaran channelled the group's focus on resolving pending issues and ensuring improvement in performance. The chairman's office was redesigned on the theme of 'metamorphosis', which is now being deployed to transform the 100-company group into a future-ready

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tech-enabled conglomerate. His four years at the helm have seen the group focus on three areas — identifying new business opportunities, modernisation of old businesses and resolution of lingering troubles.

Now, it is readying to build on those. With big opportunities looming in e-commerce, electronics, electric mobility, medical and diagnostics, renewable energy and payments, Chandrasekaran is re-emphasising on customer centricity and financial fitness of highly leveraged manufacturing companies. Tata Steel, with ₹86,170 crore net debt, for instance, has to get out of troubles in Europe and focus back on the Indian market. Tata Power, with debt of ₹36,363 crore, needs to focus on renewables and consumer businesses, and Tata Motors, with ₹54,700 crore debt in the automobile business, has to get ready for electric mobility.

"Every business and industry is becoming an ecosystem business. It is not that you can create a product and then try to sell it. Everywhere you have to interact with the customer and the consumer," Chandrasekaran says in an exclusive interview to *BT*. The group, he says, is working on Simplification, Synergy and Scale (3Ss). Each firm will be driven by artificial intelligence, data analytics and Cloud computing. They have to bring down debt to zero and follow sustainable practices.

"Tata Group, through its various brands, has a large number of consumers. But as a group, we need to offer them products and services that not only meet their demand and requirement, but do it in such a way that we simplify their lives," he says. So, the group is building a digitally connected enterprise which brings together products and services to meet customer requirements, he adds.

Compassionate Management

As the son of a lawyer, Chandrasekaran lived a middle class life in his early years, walking three kilometres to school, from his village Mohanur in Namakkal district of Tamil Nadu. After graduation, he wanted to be a banana farmer as his father had switched to agriculture. But life changed after the MCA degree from National Institute of Technology, Tiruchirappalli.

Observers say compassion comes naturally to him from his humble beginnings. A colleague in TCS says if he engages aggressively in the morning, he will come in the evening to patch up. This has come in handy during the past four years of refocusing the group's energies and consolidating the recovery. These years were spent on identifying the group's core competence — including products, services and geographies — pooling resources and strengthening balance sheets. Though some old issues of group companies are still pending, the group is on the cusp of transformation. Harsh Goenka, Chairman, RPG Enterprises, says Chandrasekaran is a thinker and

Chandra's 10 Point Strategy

1. Tapping digital experts from group companies to build India's first Super App
2. Tata Power to invest only in renewable energy or consumer facing businesses
3. Engineering capabilities pave way for Tata Electronics, Tata Medical and Diagnostics
4. Integrating supply chains of all Tata companies
5. Leveraging group expertise in financial services, launch of Tata Payments
6. Combining consumer businesses; making Tata Consumer Products an FMCG giant
7. Combining expertise of different companies to create an EV ecosystem
8. Combining consumer connect of Trent, Infinity Retail, Tata Consumer Products, Titan, Tata Chemicals and Voltas
9. Tata Steel to cash in on the lucrative Indian market
10. Aerospace, defence subsidiaries to tap government business

There are several key trends that are going to be important as we go into the future. Every company will be driven by AI, data analytics and cloud"

N. Chandrasekaran, Chairman, Tata Group



PHOTOGRAPH BY YASIR IQBAL

a man of action. "At a time when technology is the game-changer, his experience in TCS is helping him drive transformation in group companies."

Digital And Electronics Play

Chandrasekaran is focused on strengthening the past and sowing the seeds for the future. He has reignited the spirit of entrepreneurship in the group, says Janmejaya Sinha, Chairman (India), Boston Consulting Group (BCG). At the outset, he had six key objectives — Indian consumer, data and digitisation, growing formalisation of economy, sustainability, selective infrastructure and nation building opportunities, which go well with the Tata brand. The concept led to the creation of a new company, Tata Digital, which essentially targets e-commerce through a Super App.

Chandrasekaran brought together a team of tech experts from TCS and other companies to build Tata Digital. In August 2019, Tata Sons appointed TCSer Pratik Pal as CEO, Tata Digital. Pal was the global head of retail, travel, transportation, hospitality and consumer packaged goods industry unit. Another expert from TCS, Aarthi Subramanian, Group Chief Digital Officer, Tata Sons, is supporting the company in building the e-commerce Super App that will offer all products and services from the group. "The group has a large consumer base and each of our brands services millions of people. We are trying to connect them and give all products and services they need. Not only Tata products but more. It (Super App) is open architecture. We will have a strong loyalty programme, payments engine, financial products, and a number of other categories, so that it is a compelling value proposition," he says.

Building an e-commerce application to compete with the likes of Amazon, Walmart-owned Flipkart and JioMart is not easy. Billionaire Mukesh Ambani is also working on the idea of building a Super App like WeChat and Alipay in China. Super apps serve as a single point to a wide range of products and services. WeChat and Alipay bundle online

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messaging (similar to WhatsApp), social media (Facebook), marketplaces (like eBay) and services (like Uber). The app will complement the group's widespread retail presence — Trent, Infinity Retail, Tata Consumer Products, Titan and Voltas — and financial products companies such as Tata Capital, Tata Asset Management, Tata AIA and Tata AIG. The group is also in talks to acquire a majority stake in online grocery retailer Big Basket for \$1.2 billion and e-pharmacy chain 1mg.

Atma Nirbhar

The other strand of the digital play is electronics manufacturing. Newly formed Tata Electronics plans to manufacture high-end technology products in Chennai and is in talks with Apple Inc. to manufacture iPhones, say sources. Here, the Tatas are up against intense competition from Taiwan's Foxconn and Wistron, manufacturers of iPhones in India. Electronics manufacturing will complement consumer technology or retail firms Croma, Voltas, Titan and Nelco. "We have a vision to scale up this business to a large enterprise," says Chandrasekaran.

The hunt for new opportunities also got Tatas to launch Tata Payments at a time when PayTM, Flipkart's PhonePe and Google Pay are vying for a large slice of the payments business. PayTM was valued at \$16 billion in the last round of funding in 2019. PhonePe claims \$5.5 billion valuation. The Tatas will find it tough to make inroads into digital payments as they are late in the game. However, this service can play at the backend of the Super App.

Then, during the peak of the Covid pandemic, the group got into medical equipment. It set up Tata Medical and Diagnostics (Tata MD) to provide patient-centric solutions and making healthcare accessible and reliable. The first product is the world's first commercially available CRISPR Cas-9-based Covid-19 test. The company will also manufacture ventilators. "We are trying to create a large-scale business...This whole stack of medical equipment has a lot of demand and potential for India," says Chandrasekaran. The business is an extension of its capabilities in electronics and manufacturing. But that is not enough for competing with global manufacturers. Analysts say the Tatas need patented technologies to scale up this business.

Taking Charge

Super App and technology orientation of group firms, electronics manufacturing and entry into healthcare and medical equipment are all aimed at tapping new business opportunities in an aspirational India. That's a far cry from what he inherited — court cases with Cyrus Mistry, boardroom fights and poor performance of companies. "The first thing he needed to do was to calm things down — with media, boards and judiciary. His effort was to get company CEOs focus on running companies rather than reading news

UDAY KOTAK

MD & CEO, Kotak Mahindra Bank



Chandrasekaran has demonstrated enormous ability to understand the levers for sustainable growth. He has been relentlessly focusing on value creation, return on capital, execution and accountability in every group company"



PHOTOGRAPH BY RACHIT GOSWAMI

about the spat," says a Tata insider.

The next was to address profitability issues of large companies. Only a few companies, like TCS and Titan, among the 30-40 large companies, were registering consistent growth in profits. TCS continued as the major contributor to revenues of holding company Tata Sons — about 90 per cent. Some businesses were badly aligned. Tata Chemicals, for instance, was producing advanced chemicals and selling salt. Every company had a bunch of subsidiaries.

So, the first thing he did on the business front was to get the basics in order. There was an acute need for accountability. Sharp focus was also required on deleveraging, creating more free cash flow, reducing cross-holdings, simplifying portfolios of companies. He added 3As — accountability, agility and aspiration — to the 3S slogan to pivot the group.



Chandrasekaran at times questioned presence in sectors that were not relevant. He hired close to 10 CEOs, including Sunil D'Souza in Tata Consumer Products, Puneet Chhatwal in Indian Hotels, Rajiv Sabharwal in Tata Capital, and recently picked Marc Llistosella (former Daimler executive) to head Tata Motors from July. Amur Lakshminarayanan, former President and CEO of TCS Japan, was chosen for heading the languishing digital infrastructure business, Tata Communications. Getting new thinking into the group was a departure from the earlier way.

Clustering & Cleaning

Chandrasekaran reorganised around 30 group companies under 10 clusters. This was largely intended to optimise synergy among group companies, which were working in

silos (See *The 10 Clusters*). The infrastructure cluster for instance, comprises Tata Power, Tata Realty, Tata Housing, Tata Projects and Tata Consulting Engineers.

Besides clustering, he combined similar businesses. The consumer business of Tata Chemicals was combined with Tata Global Beverages (TGBL) and renamed Tata Consumer Products (TCPL). TGBL's market cap was ₹9,000 crore in 2017. TCPL is at ₹45,000 crore now.

Tata Steel was reorganised into four distinct businesses — long products, downstream, mining and utilities and infrastructure. It will focus back on the lucrative Indian market. About 10 years ago, two-third production was coming from Europe. Now, it is two-third from India. The domestic business produced 12.18 MT of steel as against Europe's 6.9 MT in first nine months of 2020/21. The domestic business

DOWN MEMORY LANE

**Key actions during
the four years of
N. Chandrasekaran**

October 2017

- Indian Hotels completed a rights issue of ₹1,500 crore
- Transferred the consumer mobile business of Tata Tele to Bharti Airtel free of cost
- Tata Sons cleared past liabilities of the telecom business worth ₹38,000 crore

February 2017

- Tata Sons bought NTT DoCoMo's stake in Tata Tele for \$1.27 billion and settled the pending dispute



February 2018

- Tata Steel completed rights issue of ₹12,800 cr

March 2018

- Tata Sons bought Tata Power's stake in Tata Communications

April 2018

- Tata Sons consolidated businesses in aerospace and defence sectors under one entity

May 2018

- Tata Steel acquired bankrupt Bhushan Steel for ₹35,000 crore

September 2018

- Tata Steel acquired Usha Martin's steel business for ₹4,000 cr

is hugely profitable because of captive iron ore mines.

Similarly, Tata Motors took the call to consolidate or exit small businesses and focused on three — passenger cars in India, commercial vehicles and Jaguar Land Rover. It shut down the production of Nano, the dream project of Ratan Tata, as it failed to find buyers despite upgrades. A year back, Tata Motors board approved a plan to float passenger vehicle business, including EVs, as a subsidiary to bring in strategic investments. Guenter Butschek, MD & CEO, Tata Motors, said in the 2019/20 annual report, “The subsidiarisation of the passenger vehicle business enables the realisation of its full potential with mutually beneficial strategic alliances and better access to products, architectures, powertrains, new-age technologies and capital.”

In another overhaul, Tata Power plans to transfer its renewable power assets and respective debt in the portfolio to an infrastructure investment trust (InvIT). The move will reduce the company's net debt to half. It has reduced the debt by ₹7,552 crore in 2020, wants to cut it further to an overall ₹25,000 crore by creating an InvIT and selling a stake in it. It is in final stage of talks with PE funds. It has also decided to merge the loss-making Costal Gujarat Power, which runs 4,000 MW imported coal-fired Mundra power plant, with itself for simplification and to provide financial support.

Settlement of the long-pending issue of arbitration award to DoCoMo for its stake in Tata Teleservices gave

the group the bandwidth to focus energies on the telecom infrastructure business instead under Tata Communications. It paid ₹8,400 crore to the Japanese company and closed the festering dispute. In addition, Tata Sons cleared past liabilities in telecom worth ₹38,000 crore — including loans from banks and dues to the government. It then got rid of the loss-making Tata Teleservices by selling the mobile telephony business to Bharti Airtel.

Tata Communications is now focusing on cloud, mobility, Internet of Things, collaboration, security and network services. It carries around 30 per cent of the world's internet routes. The government has also announced divestment of its 26.12 per cent stake in Tata Communications. Another vital task was to rationalise cross-holdings and increase group ownership of companies with low promoter holding. In most cases, Tata Sons bought cross-holdings. In Tata Motors and Indian Hotels, it increased its stake by almost 10 per cent and, in Tata Communications, by 5 per cent.

“Chandra does not duck hard issues and has the courage to take them on,” says Janmejaya of BCG.

Businesses Of Scale

Chandrasekaran says when he started in 2017, he was pretty clear about the strength of the Tata brand and its heritage. “Whenever you have a group which has such a large presence and a strong history of more than 150 years, you should expect that there will also be complexity,” says

November 2018

- Tata Steel started Kalinganagar plant expansion to 8 MTPA from 3 MTPA
- Tata Power acquired Prayagraj Power

August 2019

- Tata Sons infused ₹1,000 crore into Trent
- Tata Communications completed demerger of surplus land

October 2019

- Tata Sons infused ₹6,500 crore in Tata Motors

January 2020

- Tata Motors launched Electric SUV – Nexon EV – and an e-mobility ecosystem, Tata uniEVerse
- Tata Power, Tata Chemicals, Tata Autocomp, Tata Motors Finance and Croma announced participation in e-mobility play

February 2020

- Consolidated consumer businesses of Tata Chemicals and Tata Global Beverages to create Tata Consumer Products

March 2020

- Tata Motors board approved the plan to float Passenger Vehicles, including Electric Vehicles, business as a separate subsidiary

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April 2020

- Tata Power sold the stake in South African JV Cennergi

June 2020

- Tata Group's brand value crossed \$20 billion

July 2020

- Tata Sons infused ₹2,600 crore in Tata Power
- Tata Power divested shipping firms for \$212.76 million

November 2020:

- TCS acquired Deutsche Bank's full-range IT service provider Postbank Systems
- TCS acquired select assets of Pramerica Systems Ireland from insurance firm Prudential Financial Inc



15

PER CENT
RISE IN GROUP
REVENUES IN LAST
THREE YEARS, FROM
₹6,54,000 CRORE TO
₹7,53,000 CRORE

9.5

PER CENT
MARKET SHARE IN
CARS IN OCTOBER-
DECEMBER 2020; IT
WAS 4.8 PER CENT IN
2019/20

₹45,000

CRORE
TATA GLOBAL BEVERAGES
MARKET CAP

the Tata chairman. With this in mind, he executed the simplification and synergy strategy. The third point he introduced after the cleaning and clubbing in the first phase was achieving scale.

In India, Tata Steel increased capacity to over 20 MT, building 3MT unit in Kalinganagar and acquiring Bhushan Steel (5.6 MT) and steel business of Usha Martin (iMT). Chandrasekaran expects steel consumption in India to grow significantly over the coming decade. "So, we made the bold bet and acquired Bhushan Steel and Usha Martin. Those are proving to be right with the turn of the market

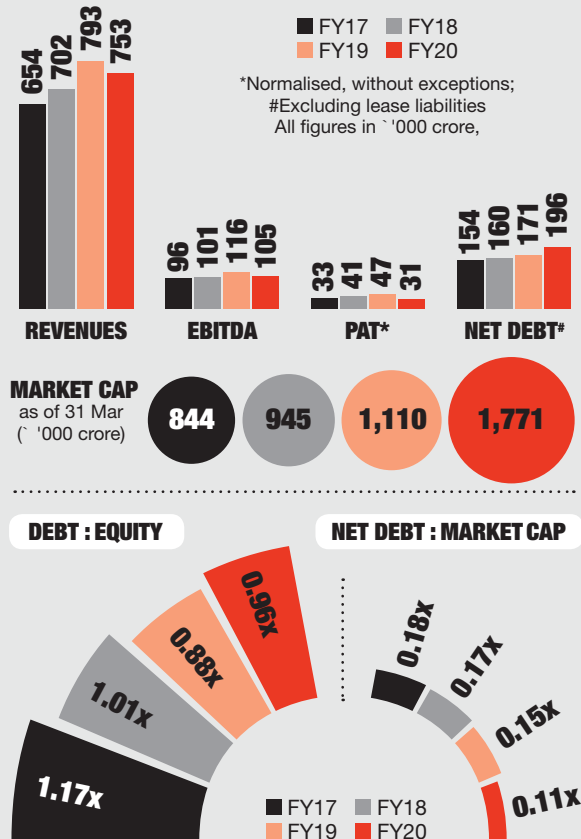
and increase in demand," he says. But the fact is that it is competing with equally efficient JSW Steel and Arcelor-Mittal Nippon (former Essar Steel) in a capital intensive sector. T.V. Narendran, MD & CEO, Tata Steel, recently said the company's domestic business has the highest profitability in the world and delivered 20 per cent EBITDA margin even during the worst of times.

At Tata Motors, the passenger car business has doubled the market share, though from a low base. "We have launched a Tata EV ecosystem. We are seeing huge demand for EVs. And we will be saying more things about our foray into EV transformation. JLR is also going through a massive transformation. All these are visible in the operating performance," says Chandrasekaran. Tata Motors is bringing in the expertise of multiple Tata companies — like Tata Power, Tata Chemicals and Croma — to build the EV ecosystem. The market share in passenger car business rose to 9.5 per cent in October-December 2020 from 4.8 per cent in 2019/20 with growing demand for Tiago, Tigor, Altroz and Nexon. In commercial vehicles, though, the market share dip has not been arrested yet — it was 29.6 per cent in October-December 2020 compared to 45.1 per cent in 2018/19.

Uday Kotak, Managing Director and CEO, Kotak Mahindra Bank, says Chandrasekaran has demonstrated enormous ability to understand the levers for sustainable growth. "He has been relentlessly focusing on value creation, return on capital, execution and accountability in

ADDING MUSCLE

Tata Group's performance has been showing a consistent improvement over last four years



HARSH GOENKA

Chairman, RPG Enterprises

At a time when technology is a game-changer, his experience in TCS is helping him drive transformation in Tata Group"



PHOTOGRAPH BY RACHIT GOSWAMI

every group company."

Tata Power, which has decided to shift focus from coal-fired power plants to renewable and consumer businesses, will increase production to 25 gigawatts in five years from 11 gigawatts at present (including thermal, hydel and renewable). All additions will be in renewable energy. It is also focused on consumer renewable energy by rooftop solar, micro grids and distribution. However, the renewable energy space has turned very competitive with investments from Adani Group, JSW and Shapoorji Pallonji Group. French energy major Total has agreed to acquire 20 per cent stake in Adani Green Energy, which has set an ambitious target of building a 25 gigawatt renewable energy portfolio.

Newly formed TCPL is also going for scale. Sunil D'Souza, MD & CEO of TCPL, says the company plans to expand the market and its portfolio to become a sizeable FMCG player. TCPL is a food and beverages company with presence in tea, coffee, salt, select food categories and liquid beverages. "First we want to expand the port-

folio, both through organic and inorganic routes. On the organic route, we will ramp up our innovation flywheel, and on inorganic opportunities, we will make sure they pass muster both on our strategic and financial filters," says D'Souza. His second target is improving execution, doubling direct reach in 12 months and doubling numeric reach in three years. It is a Herculean task in a fiercely competitive FMCG market. "We have already expanded our reach to 2.4 million outlets, up from 2 million outlets in March 2020," he says.

However, despite four years of unrelenting focus, not all is sorted at Bombay House.

Sorted & Unsorted

Tata Steel Europe continues as a sore spot in the group. It tried to merge the loss-making steel business with German steel giant Thyssenkrupp in 2019. But this was called off after European Commission raised objections on grounds that the merger would reduce competition



PHOTOGRAPH BY REUBEN SINGH

JANMEJAYA SINHA
Chairman (India), Boston
Consulting Group

The essential focus was on strengthening the past and sowing the seeds for the future"

and increase prices. A few days back, Tata Steel's attempt to sell its profitable division in the Netherlands — the 7.5 MT plant — to Swedish steelmaker SSAB also failed. Tata Steel also unsuccessfully tried to sell the units in Thailand and Singapore.

The steelmaker had accumulated over ₹1 lakh crore net debt (till March 2020) in its failed attempt to become a global giant. This left the Indian unit with heavy debt repayment commitments. However, it reduced the net debt by ₹18,609 crore in first nine months of 2020/21 and plans to cut gross debt by ₹12,000 crore in January-March.

Tata Motors also plans to reduce the net automotive debt of ₹54,700 crore to zero by 2025. For that, it will be depend on the complete revival of passenger car and commercial vehicle segments. The automotive debt has come down by ₹7,000 crore in the last couple of quarters.

The Mundra power plant of Tata Power is another cash guzzler. The project has been jinxed ever since it was commissioned in March 2013. The plant has not been able to

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generate working capital for operations as the permitted tariff for the power from the plant is ₹2.26 per unit. The company is negotiating with five power procuring states — Gujarat, Haryana, Punjab, Maharashtra and Rajasthan — for a price revision. But, the process is lengthy and needs approval from Central Electricity Regulatory Commission.

Losses in the aviation business also continue to be a concern. AirAsia, Vistara reported losses of ₹670 crore and ₹830 crore, respectively, in 2018/19. On top of that, the group has submitted expression of interest to acquire cash-strapped Air India. Chandrasekaran says building an airline business takes a few years. "The pandemic has affected the airline business and recovery has become slower. It has huge opportunities, but there are challenges in the near term."

In spite of the lingering issues, in the last three years, until March 2020, revenues of Tata Group increased 15 per cent from ₹6,54,000 crore to ₹7,53,000 crore, despite the Covid-19 impact. Net profit increased to ₹47,000 crore in March 2019 from ₹33,000 crore in March 2017, though it fell to ₹31,000 crore in March 2020. Net debt increased to ₹1,96,000 crore from ₹1,54,000 crore because of acquisitions and expansions. However, debt-equity ratio fell to 0.96 times from 1.17 times. The aggregate market capitalisation of listed Tata Group companies more than doubled to ₹17.7 lakh crore in first week of February 2021 from ₹8.4 lakh crore in March 2017.

Lost Opportunities

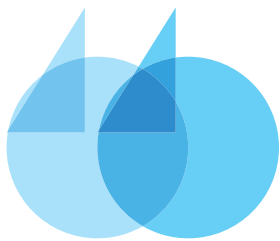
Financial services and realty and housing are the few lost opportunities for the group. Tatas had the example of the Bajajs in financial services but failed to execute as well as Bajajs did. Bajajs hived off the two-wheeler financing business in 2007 from Bajaj Auto and floated Bajaj Finance — which is valued at ₹3.35 lakh crore on stock markets. They also scaled up two insurance businesses. Tatas' insurance JVs — with AIA and AIG — have found traction in the last couple of years, though. Chandrasekaran believes AI and data analytics will drive the financial services portfolio.

How Godrej built their real estate business is also an example for Tatas.

And even though Tata was one of the earliest in retail, it hasn't scaled up the business as Reliance did, for instance. Between Westside, Croma and Star Bazaar, it has the right springboard to build on.

The gargantuan task of transforming Tata — one of India's oldest conglomerates — lies on Chandrasekaran's shoulders. He has taken the first bold steps towards reorienting the group but a lot of the big moves are still a work in progress. How they play out from here on will decide what the Tata group of the future looks like. **BT**

@nevinjl



'DIGITAL EVERYWHERE' STRATEGY WILL DRIVE EVERY TATA COMPANY

Since **N. Chandrasekaran** took over as chairman on February 21, 2017, Tata Group has been trying to resolve pending issues in group companies and pivot their businesses by leveraging technologies, including Artificial Intelligence (AI), data analytics and Cloud computing. In the last 10 months, despite the Covid-19 related sluggishness in the economy, the group has launched four companies for new-age businesses. Chandrasekaran talks to **Nevin John and Rajeesh Dubey** about the key trends that are set to drive the group in the future. Edited excerpts:

PHOTOGRAPH BY YASIR IQBAL

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COVER STORY

INTERVIEW



Tata Group seems to be on the cusp of a transformation. What is it all about?

When I started in 2017, I had said that brand, trust, standard and heritage are the biggest strengths of the group. And whenever you have a group which has such a large presence and strong history of more than 150 years, you should expect that there will be complexity. So, I had proposed a strategy of simplification, synergy and scale. We evaluated the number of entities and their businesses. Besides, we focused on balance sheet fitness and financial returns.

Simplification resulted in the creation of 10 clusters. Then we started taking the cluster-specific approach and brought in synergy. We looked at how coming together of group companies can create significant capabilities in products and services and generate value for shareholders. Then we decided the core business and on scaling the core.

How do you plan to pivot the group?

There are several key trends that are going to be very important as we go into the future. The first one is 'Digital Everywhere'. Every company, whether it is a manufacturer or a services firm, B2B or a B2C, will be driven by AI, data analytics, Cloud computing and machine learning.

The second is sustainability. Every company will have to be sustainable. They will have to go beyond zero net debts.

Third, every business and industry is becoming an ecosystem. It is not that you can create a product

and then try to sell it. You have to stop with the customer to understand his/her needs.

And the fourth, the supply chain globally is getting rebalanced. In the past, supply chains used to focus on efficiency, but now they have to be resilient, which means tough and elastic.

Another key trend is changing consumer aspirations. Tata Group, through its various brands, has a very large number of consumers. They love the brand and want to do business with the group. But we need to offer them products and services that not only meet their requirements, but also simplify their lives. The best way we can simplify lives is to build a digitally connected enterprise, which will bring together products and services and all other needs of consumers so that we give them what they deserve, require and desire.

How does the new strategy play out in the traditional businesses of Tata Group?

Tata Steel, for instance, has reorganised itself as four distinct businesses — long products, downstream, mining and utilities and infrastructure — and reduced the number of subsidiaries. The business has shifted its focus to the financially attractive Indian market since steel consumption here is set to grow significantly. So, we took the bold bet by acquiring Bhushan Steel and Usha Martin. The turnaround of the market is proving it right. Our presence in Europe has now become one-third of our overall production capacity and India has become two-third.

We did the same in Tata Motors. We decided to consolidate or exit, and focus on three businesses — passenger cars in India, commercial vehicles and JLR. We have been focusing on operational improvements. So, the passenger car business has turned around. We have doubled the market share. We have launched a Tata EV ecosystem, which has brought the full range of capabilities, from charging stations to batteries. We

also launched two exciting products within a short span — Nexon and Tigor. We are seeing a huge demand for both vehicles. JLR is also going through a massive transformation. All of these are visible in the operating performances. We have set a target to reduce Tata Motors's net debt to zero by 2025.

We decided that Tata Power's future invest-



Every Tata Group company will have to be sustainable, go beyond zero net debts

ments will go into either renewable energy or consumer-facing businesses. The generation capacity will increase to 25 gigawatts (GW) in the next four years from the current 11 GW and all increments will come in renewable energy. We have also announced an InvIT for renewable energy. It will halve the company's debt. We hope to complete the process in February. We are also focusing on the consumer renewable energy business — rooftop solar and micro grids — and the distribution business. We unbundled the food business from Tata Chemicals, and merged it with Tata Global Beverages and renamed the company Tata Consumer Products. We resolved the 17-year-old land issue of Tata Communications by deconsolidating the land and removing complexities. It helped the company to focus on three or four core areas. There are many more such initiatives across companies.

Tata Group has entered new areas. What is the thought behind it?

We have created an electronics company, which is starting with precision manufacturing. We have a vision to scale the business. We have taken similar opportunity in the medical devices and diagnostics business.

What is the intent behind the Tata Super App?

Each of our brands service 10-12-15-20 million customers. We are trying to give consumers products and services they need. Not necessarily only the Tata brands, but more. It is an open architecture. We will have a strong loyalty programme, payments engine, financial products and other categories.

When will you launch the app?

There are a couple of dependencies, so I am not able to give you a date.

How big will be your e-commerce play in the super app?

We will have all categories such as electronics, groceries, fashion and lifestyle, beauty, travel, health, education and entertainment, among others. But, it will be done in a particular sequence. Everything will not be done on day one.

You are planning to manufacture high-end smartphones in Tamil Nadu. What kind of scalability do you see in the business?

There are multiple categories in the electronics industry, which need capabilities in manufacturing. We are in the process of building those capabilities. We think there is a huge opportunity to build the electronics ecosystem in India.

How will you position Tata Communications in a 'Digital Everywhere' world?

Tata Communications is a digital infrastructure company. In an AI and Cloud-driven world, it has huge opportunities in a range of services, starting from digital infrastructure to network security to messaging.

What kind of opportunities do you see in the medical and diagnostics business?

It is an area where there is a huge demand. We launched the company to create a diagnostics spectrum, which will also use CRISPR technology (which allows researchers to alter DNA sequences and modify gene functions). They will manufacture ventilators. We are trying to create a large-scale business and we will be building it over the next few years. This whole stack of medical equipment has a lot of demand and potential for India. We are looking at it.

Tata Group also planned to scale up the financial services business like the Bajajs ...

We have a good portfolio. We have Tata Capital, and life and general insurance firms, Tata-AIA and Tata-AIG. Since these are private companies, not much information is available. Insurance companies have strong market share. It was a tough year for Tata Capital. We will scale up all three businesses, lever-

aging technology.

Analysts say you have a strong retail presence. But the scaling up is slow compared to Reliance Retail. What is the reason?

Retail businesses focus on building the right business and profitability model. In the last two years, the number of stores has increased across all formats, whether it is Croma or Westside or Zudio or Starbucks. We believe in digital omni-channel. All these businesses will be connected.

What will the Tata Group look like 10 years later?

All our businesses — steel, power, automobile, TCS, financial services, consumer business and digital— are getting scaled up. We will have to see where we are heading with the airline business. Currently, we are ensuring that we have the routes and slots for scaling.

Some businesses are easy. We have to lift the others. We will be a set of consumer-focused companies, which will leverage digital technology for connecting with consumers and giving them choices and making their lives simple. **BT**

@rajeevdubey; nevinji



The Tata Super App is an open architecture. It will offer products of not only the Tata brands, but more