



HAPPY NEW YEAR 2019



Dear Colleagues,

As we approach the end of 2018, I would like to take this opportunity to thank you all for your commitment and contribution to the success of the Tata Group worldwide. As I reflect on the year gone by, I can say with confidence that the Tata Group ends 2018 stronger and better able to serve our customers and our communities. While our performance has been mixed and there is still much more work ahead, we are working diligently to simplify our group, to build capital and to navigate an unpredictable global environment — one characterised by a new regime of trade tensions, geopolitical volatility and regulatory uncertainty.

Set against these extraordinary headwinds, I see ample evidence that we are moving ahead on the course we set under the ‘One Tata’ strategy. We are embarking on a process of simplifying, synergising and scaling (3S) to create an agile, powerful platform. Across the group, we made significant headway this year in strengthening balance sheets and building healthy cash flows. In total, we committed over ₹70,000 crore (\$10 billion) to deleverage and restructure Tata companies, consolidate cross-holdings, acquire strategic assets and infuse much-needed capital for future growth. At the same time, our collective market capitalisation crossed ₹10 trillion in 2018.

Within our ten business clusters, 3S is evolving in ways that make sense to each sector and each particular organisation. Some clusters are focused on simplification, while others are building on scale. I will highlight a few efforts here:

Simplify. In some areas like our Aerospace & Defence vertical, we are consolidating our businesses into a single unified entity. This unified entity will enable us to move beyond merely providing individual products to developing integrated offerings and executing larger and more complex solutions. In other areas, companies are reducing subsidiaries or exiting non-core businesses to bring focus and agility. All our companies are also prioritising on leveraging technology to simplify operations.

Synergise. Under One Tata, our companies are engaging closely to work together where it makes business sense, to create new business approaches and differentiation. Tata Motors is leading the effort to develop an Electric Vehicle (EV) ecosystem in partnership with Tata Capital for financing and Tata Power for the charging infrastructure network. There are similar efforts underway in many areas including Group loyalty programmes, payments, shared services etc.

Scale. Our companies are setting their aspirations on achieving high growth as well as scale. In order to do this, they are building capability, talent and infrastructure to set themselves up on their journey. Our consumer, retail and financial services companies are working on their digital strategy, which will underpin their expansion.

Above all else, we rapidly came together as One Tata to respond to the Kerala floods in August of this year. Employees from 29 Tata organisations collaborated in multiple relief efforts, helping nearly 40,000 people in the worst-hit areas.

Going ahead, 2019 will bring a number of macro challenges. As the economic cycle matures in developed economies, global growth will rely increasingly on momentum in the emerging markets. This heightens concerns around country risk, liquidity trends and trade-related shocks at a time when China’s growth impulse is slowing. Global liquidity is tighter going into 2019, while political uncertainty remains high with the upcoming elections in India.

We can address these global shifts effectively by harnessing scale, synergy, digital depth, operational focus and agility. Our job is to run our marathon — not to be distracted by somebody else’s sprint. We need to focus intently on what we can control: providing our customers with the best products and service, while managing our costs, strengthening the Tata brand and driving long-term value creation. This means making strategic decisions factoring in both the ups and downs inherent in business cycles. We should be prudent in good times, while creating an operating and capital structure that will see us through difficult periods.

Talent will be a significant focus for us in 2019. We have always considered our people to be our biggest strength. Over our 150 years, we have pioneered people-centric policies and practices that have become industry benchmarks. The group today is one of the largest private sector employers globally with over 702,000 employees around the world.

With nearly 186,000 women employees, the Tata Group is also one of the largest employers of women. I want to take this opportunity to underscore our commitment to creating work environments that work for women. While talent is normally distributed, all too often opportunity is not. We need to fix this — at an individual, institutional and global level. The role of women in the workforce and participation in decision-making structures is mission-critical for our collective future.

As a group, we have zero tolerance when it comes to harassment of any kind. Creating safe and dignified spaces for our people has been paramount to us since inception. We will continue to prioritise this both through our policies and most importantly, our culture.

I have been a part of the Tata Group for over thirty years — I started my career as an intern at TCS in 1986. Seeing the group from all angles over these years gives me a unique insight into our strongest advantage — all of you. Your dedication to the mission, the values and the legacy of the Tata group gives me confidence that we have the right resources not just to face the challenges ahead, but to run our race with heads held high.

Please enjoy some time to reflect and spend time with your family at the end of the year, and I look forward to getting back in 2019.

I would like to wish you and your families a happy New Year.

With warm regards,
Chandra.