

Tata chief sees AI/ML, supply-chain diversification as growth drivers

Need to keep careful watch on commodity price rise, Chandra tells employees in New Year message

SACHIN P MAMPATTA & SHIVANI SHINDE
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The Tata group is likely to leverage its technological prowess amid a global transition towards increased use of artificial intelligence (AI) and machine learning (ML), besides taking advantage of global efforts towards sustainability and supply-chain diversification.

Despite external headwinds and slowing global growth being a drag on output, Tata Sons Chairman N Chandrasekaran, in a new year message to employees, exuded confidence in India's growth prospects next year, saying "our rising share of global manufacturing should provide some buffer/insulation". He also lauded the "strong performance" by group companies this year but

asked employees to remain watchful of commodity price rises.

Chandrasekaran in his letter said: "India is well placed, and the Tata group has a tremendous opportunity in the midst of a global transition towards AI/ML, sustainability, and diversified supply chains."

The group's flagship Tata Consultancy Services (TCS) is already working with leading auto manufacturers on connected car concepts. The other area where it is leveraging AI is health care and life sciences.

Artificial intelligence refers to technology that can perform many tasks in a human-like manner, and includes the ability to learn from and understand complex content. It is seen as likely to help provide assistance to or even replace people in



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N CHANDRASEKARAN, Tata Sons Chairman

many jobs. Machine learning allows computers to learn behaviours without being explicitly programmed, according to the TCS annual report.

The group, according to the letter, is basing its sustainability goal on three pillars: It plans to reduce emissions to net zero by

2045; it is pushing a circular economy which involves sharing, reusing, and recycling resources; the group is also taking steps towards preserving and restoring nature and biodiversity. The note also mentioned milestones of the year, such as Air India returning to the group,

the launch of superapp Tata Neu, and Tata Motors selling half a million cars in a calendar year. The electric vehicle segment accounted for 10 per cent of the units sold.

"There has been a good improvement and a strong performance of companies across

the group," it said.

Tata group companies saw their net sales rise by 32.1 per cent in 12 months ended September 30, 2022, compared to a similar period ended September 2019, according to a *Business Standard* analysis of Tata group financials based on listed companies for which data was available. Net profit numbers have gone up significantly as well amid write-offs and realignment in group priorities.

The outlook for the next year is robust from a domestic perspective, according to the letter.

"... next year we are likely to see inflation gradually moderate. India is well positioned, and we will continue to be the fastest-growing major economy, supported by increasing consumption, consumer confidence, and investment. Slowing

global growth may act as a drag on output, but our rising share of global manufacturing should provide some buffer/insulation," it said.

The risks globally include higher energy and raw material costs, said the letter.

"...the global environment has several risk factors, including the energy crisis in Europe, the battle to contain inflation to avoid recession, and ongoing geopolitical conflicts. Barring the pandemic and the global financial crisis, next year may mark the lowest global growth since the millennium began. We will need to keep a careful watch on commodity price rises, in particular," he said.

The Bloomberg Commodity Index measures prices of crude, metals and agricultural commodities. It is up over 13 per cent over the past year.