

TML MD'S MESSAGE

Dear Shareholders,

When I joined almost a year and a half ago, there was an immediate need to launch a transformation journey, setting the long-term priorities for the organisation, redefining the MVV (Mission, Values, and Vision), laying down the blueprint for CV & PV business strategy till 2020, and launching our strategic game plan with high impact projects for bottom-line/top-line improvement – all leading to a robust business plan for the FY 16-17. With this background, we set ourselves towards aspirational targets in terms of market share and financials.

On June 20, 2016, we kick-started our transformation journey to be 'FUTUREADY', to instill a sense of the 'very purpose' for the organisation's existence, which immediately caught up with the organisation. The ImpACT (Improvement by Action) projects with full time senior leaders and dedicated teams having ownership at ExCom level helped us focus on four angles of attack – intense top-line focus, cost optimisation, customer centricity and structural improvements in processes. These projects have started to payback and have created a great change of momentum in the entire organisation. We have built a very strong savings potential with positive effects in FY 17-18 and the years to come.

One of the most important initiatives in FY 16-17 was the Organisational Effectiveness (OE) exercise, with the objective of bringing the much needed empowerment and accountability within the BUs, strong functional oversight based on the key principles of speed, simplicity and agility. Due to its magnitude and complexity, the transition of the new management



structure w.e.f. April 01, 2017 faced some challenges, which in the meanwhile are getting addressed on a case-to-case basis.

Due to the unexpected and unprecedented changes in the market, we faced a rather hostile business cycle with headwinds in the form of demonetisation and the famous Supreme Court ruling on BS IV transition. As a matter of fact, it was not only the market volatility which affected our performance, but mainly our sluggishness in reading the market in time, as we were effectively late to respond.

While we have made great progress as far as the transformation journey in terms of setting the missing direction for the organisation, we are cognisant of the misses on the operational side where we have delivered significantly below our expectations. There is an immediate need for action in order to refocus the organisation on regaining market share in commercial vehicles and bringing accelerated efforts in cost reduction in order to drive business profitability. I would like to take this opportunity to commit to a stretched plan in FY 17-18 thereby compensating on

our poor performance in FY 16-17 with a promise of a better year. **Our immediate priority now is on execution - to address the top concerns of supply constraints, to advance the launch time of some of our new products.** In full alignment with the board, we have finalised a business turnaround plan through which we take upon ourselves to deliver a robust bottom-line improvement in FY 17-18.

In conclusion, I would say that we have immense opportunities, and we are optimistic about the outlook for Tata Motors. We will keep you posted on our progress along the journey in this crucial year.

Looking forward to your continued support, as we put in our best to meet your expectations!

Best Regards,
Guenter Butschek
 Mumbai, May 23, 2017