

24th

Annual General Meeting (AGM)

Pune, 27th JUNE, 2018



 Engineering a *better world*.

Chairman's Speech

Dear Shareholders,

Good morning and very warm welcome to the 24th Annual General Meeting of your Company. On behalf of all employees and Board of Directors of your Company, I thank you for your continued trust, encouragement and support to the Company and its management.

Changes in Board of Directors

Before I proceed, I would like to thank Mr. C Ramakrishnan, who retired from the Board in March 2018 after 17 years of service. Mr. Ramakrishnan's counsel has been instrumental in building shareholder value during his tenure. I also urge you join me in welcoming Mr. Guenter Butschek and PB Balaji, who joined the Board of your Company in March, 2018. Mr. Butschek and Mr. Balaji bring with them significant domain and industry

experience to enrich the deliberation in the Board to direct the Company strategy for further improvement in performance.

Financial Performance and Business operations

We must acknowledge that FY18 has proved to be a challenging year for your Company, as our performance did not meet our expectations. Your Company saw revenues decline by 3.9%, profit before tax (PBT) by 23.8% and profit after tax (PAT) by 30.4%. During the financial year, your Company also faced adverse movement of exchange rates. The majority of your Company's revenue is denominated in US Dollars and Pound Sterling, both of which depreciated against the Indian Rupee, putting additional pressure on our financial performance. Detailed reasons for variations in financial performance are shared in the MD&A section of the Annual Report.

The completion of full-vehicle programs during fiscal year 2018 (FY18) at major clients resulted in revenue run-off that was much worse than our most pessimistic forecast scenarios. Although we responded quickly, delays to the start of follow-on projects and our inability to transition costs quickly, negatively impacted profit margins. The experience of the last year demonstrates that your Company needs to be agile and respond to the challenges quickly while also investing in the capacity and competence to achieve its long-term goals and potential.

We have two specific challenges, and we are taking steps to address both. The first involves our over reliance upon large turnkey full-vehicle programs for growth. The revenue run-off associated with the successful completion of these projects has proven to be difficult to backfill. Consequently, we are accelerating the transition of our key accounts to a more balanced mix of business that includes contributions from all our lines of business. The second challenge involves the lack of growth in developed markets like the United States (US) and the United Kingdom (UK). While Company's growth in Asia Pacific was strong, product development spending slowed in several of our key US and UK clients. We are therefore intensifying focus on new growth opportunities within these critical regions.

The importance of constantly driving business efficiency, in good times and bad cannot be undermined. In this challenging year, your company has made difficult decisions to close and consolidate facilities, eliminate marginal products and increase shared services in best-cost regions. This focus on profitable returns on our investments is key to Tata Technologies ability to compete globally. In FY18, the company also significantly reduced overhead costs in high cost countries and aggressively repositioned assets in anticipation of growth in markets like China and Scandinavia. Our belief in these markets prompted the opening of a new office in Shanghai and the acquisition of Escenda Engineering AB in FY18. During the past year we also spent \$1.5 million on a major overhaul of our Order-to-Cash process that will fundamentally improve the productivity of our sales and delivery operations. Your Company has also introduced many improvements in systems and processes to drive the Company further by key operating metrics, improve predictability of results and bring accountability. Your Company has focused on improved operational parameters like people utilization, offshore leveraging, delivery of projects within time and cost to the client, with a view to improve profitability of the Company.

Leadership Team Strengthening

Your Company's ability to respond quickly to changing business cycles and conditions, while also investing for the long term, will be critical to our future success. To that end, changes have been made to the leadership team and improvements to the Company systems and processes have been implemented. Your

Company brought in a new Chief Financial Officer (CFO), Chief Human Resource Officer (CHRO) and a new Chief Delivery Officer (CDO) during the last year and your Company has already started to see the impact of these changes. Your Company now has a leadership team with the commitment, competencies and innovative thinking needed in today's dynamic environment. That exercise has resulted in a new vision, mission and a core set of values for your Company that we have recently rolled out to the global organization. We've also taken steps to align any process that involves people - from hiring, to performance management and decision-making – with these foundational principles. We believe that this investment in the “organizational health” of the Company will accelerate our ability to change, drive productivity and improve employee morale.

Business Environment

Despite FY18 being a challenging year, I continue to be very excited at the growth opportunities that are available to us within the industries we serve. Autonomous electric cars – available on demand – will transform how people travel. Your Company is at the forefront of these changes. Your Company's industry-leading light weighting capabilities have successfully been leveraged in FY18 to secure design and development responsibility for 7 new electric vehicles. Moreover, our ability to integrate the electrical and electronic systems that underpin connected and autonomous cars has enabled your Company to compliment the value that we deliver to our customers via mechanical design services with software and technology services. These capabilities were celebrated by one of our marquee Chinese clients NIO, during the launch of ES8, an all-new Battery Electric Vehicle (BEV).

Our enterprise IT capabilities now include Internet of Things (IoT) and Data Analytics Services that have been deployed to accelerate product development cycles, improve the productivity of manufacturing plants and drive growth via the analysis of sales data. At the same time, we are also investing in disruptive innovation that will drive industrial productivity in the future. We have established a new line of business – Tata Technologies Digital – that is in the early stages of value creation for Tata Technologies' investors. Not only will this business generate new growth directly, but we believe it will digitally enable our traditional lines of service.

Recognitions

Despite challenges of financial performance, we had many things to celebrate in FY18. As confirmed by the Zinnov Zones global assessment, we strengthened our global ranking as a Product Engineering Services (PES) provider – with a leading position in the automotive vertical. Client endorsements include a statement from Lihong Qin, President of NIO, who shared at the launch of their ground breaking all new electric vehicle in Beijing, “Tata Technologies partnered with us when we were a nobody. Whatever NIO is today, could not have happened without the contribution of Tata Technologies”. Similarly, Sandeep Singh, managing director of Tata Hitachi Construction Machinery acknowledged at EXCON 2017 in Bengaluru that Tata Technologies provided a turnkey “full-system integration solution” for their new backhoe loader, christened Tata Hitachi Shinrai, an industry first for the construction equipment sector. These client success stories, and many others like them, are due to the ingenuity and passion of Tata Technologies employees from around the world. They are the reason we have been able to transform our Company, and they are our greatest competitive advantage.

Human Resources

Your Company remains committed to hiring, training and retaining the very best talent in the world and provide them a challenging environment. The Company's HR strategy is based on strategic pillars – Talent, Leadership & Culture. Our strategy is to deploy a judicious mix of specialists & local talent from our key locations in APAC, North America and Europe. We will provide best in class work environment to our employees through innovative employee engagement models. We take pride in our diversity with more than 25 nationalities spread over four continents creating a robust global marketplace of ideas, skills and expertise. With focus on fostering Diversity and Inclusion to promote gender diversity in the Company, the women workforce now stands at 14% of total workforce. Our attrition at 13.6% continues to be one of the lowest in the industry.

Business Excellence and Quality Initiatives

Your Company continues to be guided by the philosophy of business excellence to achieve sustainable growth using the Tata Business Excellence Model (TBEM). The Company continues to sustain its commitment to the highest levels of quality, superior service management, robust information security practices. The Company continues to use the globally recognized standards; ISO 9001, AS 9100 and ISO 27001 to establish its enterprise level Quality Management System (QMS) and Information Security Management System (ISMS). Additionally, our delivery centers in Pune (Hinjawadi and SEZ Blue Ridge) have achieved accreditation to the revised standard; AS 9100 D in FY 17-18. QMS is continually enhanced for emerging service offerings, new delivery methodologies, industry best practices and latest technologies. The core delivery methodology is further aided by frameworks provided by CMMI and Prince2. Internal and external quality audits, customer feedback and inputs from process group members have helped in continuously improving the QMS processes and related IT tools.

Our customer-centricity, process rigor, and focus on delivery excellence have resulted in consistent improvements in customer satisfaction levels in the periodic surveys conducted by us followed by rigorous action planning.

Corporate Sustainability

Your Company's commitment to corporate sustainability remains strong with its focus upon the key themes of education, innovation incubation and protecting the environment. Our signature Ready Engineer™ program, which gives engineering students the work skills and practical experience they will need to compete in the professional world, continues to expand in all three of our operational regions (Asia-Pacific, Europe and North America). Since its launch in 2010, more than 1800 students have graduated from this program. Similarly, and in collaboration with Rotary Club, Tata Technologies provides e-learning kits in schools to inspire young people to consider engineering and manufacturing as a future career. So far, more than 850 schools and 4,00,000 students have taken advantage of this critical resource in the State of Maharashtra. In support of encouraging more diversity in engineering, we launched a scholarship that provides financial support to 151 women through their entire course in engineering in conjunction with the Lila Poonawalla Foundation.

Acknowledgment

This year, the Tata Group celebrates its 150th anniversary. The Tata Group's long and illustrious history has seen it develop a presence in over 150 countries and build a market capitalization of almost \$ 145 Billion.

However most importantly, while doing this, the Group has ensured that the community is at the core of the Group's purpose, and we at Tata Technologies are extremely proud to be part of a global powerhouse that is committed to doing well by doing good. I once again convey my heartfelt thanks to all shareholders for their continued trust and confidence in the management of the Company. My gratitude to my colleagues on the Board for their valuable guidance. I also convey my sincere thanks to all our customers, suppliers, bankers, auditors, legal advisors, consultants and all other business associates and the Government and various authorities for their continued support, interest and confidence in the Company and its management.

Date: 27 June, 2018

Place: Pune

Thank You,

S Ramadorai
Chairman