

TATAS DISMISS MR. CYRUS MISTRY'S CHARGES

Mumbai, December 5, 2016: Tata Sons strongly and categorically refute the contents of Mr. Mistry's letter which are a rehashed version from his earlier statements, press reports and leakages which we have forcefully rebutted.

Mr. Mistry's opening page quotes from Jamsetji Tata's words: "In a free enterprise, the community is not just another stakeholder in business, but is in fact the very purpose of its existence."

This is precisely what the Tata Trusts have been faithfully carrying out for more than a 100 years. 66% of Tata Sons is owned by the charitable Trusts, 18% is held by the Mistry family, 13% by Tata companies, and the balance 3% by individuals. It can be seen straightaway that what the Trusts have been doing so far is for the people at large and not for any individual or a family. What has come from the people, goes back to people several times over.

Mr. Mistry repeatedly refers to the need for the "highest norms of Corporate Governance". Long before it became law and fashionable to talk about governance and corporate social responsibilities, **it was genuine selfless governance that illuminated the path for Tata companies for more than a 100 years**, and the success that each Tata company has achieved in its own field over decades indicates an unrivalled track record for the highest standards of governance, self-imposed and not imposed from outside.

On strategy, Mr. Mistry says that he was an outsider although he has been a Director of Tata Sons since 2006 and a Director of Tata Power for several years and as such was fully involved **in all the key decisions that the Tata Group had taken over the years. Indeed, the Tata Group is no one's "personal fiefdom". After he became the Chairman of Tata Sons, it is Mr. Mistry who converted the Group into his "personal fiefdom", with his unilateral actions destroying precious institutional memory of the House of Tata.**

Mr. Mistry's comments on Corporate Responsibility illustrates our concerns. **Although the Tata Trusts interact with 450 NGOs and with more than a 1000 people in the field, he chose to isolate the Tata Trusts and duplicate the infrastructure solely responsible to him for various so-called "new initiatives"**. Commenting on the Tata Trust and its structure, Mr. Mistry goes on to lecture on how the Trusts should be governed. **The Trusts are governed by the individual Wills of Jamsetji Tata, his two sons, Sir Dorabji Tata and Sir Ratan Tata, and other founders. The Trusts have been scrupulously following the mandates set out in the Wills.** That is the reason the different Trusts continue in existence for decades. Even though disparate, the Trusts do their best to integrate their efforts and to bring about the right results.

Mr. Mistry has made several comments on the erosion of governance and its breakdown.

Mr. Mistry has gradually over the past three/four years concentrated all power and authority only in his own hands as Chairman in all the major Tata operating companies where there is no longer any representatives from the Board of Tata Sons, the main promoter and largest shareholding group, as has always been the case in the past.

Mr. Mistry was appointed as the Chairman of various Tata operating companies only as a corollary to his chairmanship of the parent company, Tata Sons Ltd. which has been a long-standing convention in the group. Therefore, when he was removed as the Chairman of Tata Sons, any other person would have stepped down from the chairmanship of the Tata operating companies because he no longer enjoyed the support of the principal shareholders of Tata Sons Ltd. Instead Mr. Mistry has chosen to fight this in the media even at the cost of hurting and damaging the Tata group, including Tata companies, even while remaining as its Chairman.

His statements have caused the group (including the companies where he continues to be the Chairman) enormous damage and caused considerable financial loss to all shareholders, running into tens of thousands of crores.

Finally – and most importantly – it must be recalled that the operating Tata companies and Tata Sons have, for many decades, worked cohesively and seamlessly for the benefit of all stakeholders namely the companies, their shareholders and employees and for society at large. There was no other agenda or personal interest as ultimately even the dividends paid to Tata Sons and subsequently to its own shareholders went largely back to philanthropy except for those paid to the minority shareholders. The operating Tata companies have individually grown and prospered but they have also benefitted in no small measure from being part of the Tata group. It is the Tata legacy that has attracted capital in all forms and gives the comfort of safety because of the past default-free record.

Therefore, Tata companies do not exist in a vacuum but benefit from being part of the Tata group which is most evident in times of difficulty. It is all this that is at stake.

The Tata Group has enjoyed the confidence of generations of shareholders for more than a century. The shareholders of Tata Group companies are eminently qualified to see through the smokescreen of baseless allegations being passed off as an appeal to shareholders.

Mr. Mistry's designs have been laid bare in his actions post October 24, 2016. The price of his wanton allegations has been borne by none other than millions of shareholders.

Tata Sons believes the shareholders will judge these malicious actions on their own merit or the lack of it.

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