TATA MOTORS LTD/FI
Form 20-F
July 28, 2016
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As filed with the Securities and Exchange Commission on July 28, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal year ended March 31, 2016

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

Commission file number: 001-32294

TATA MOTORS LIMITED

(Exact name of Registrant as specified in its charter)

Republic of India	Bombay House 24, Homi Mody Street Mumbai 400 001, India
(Jurisdiction of incorporation or organization)	(Address of principal executive offices)

H.K. Sethna

Tel.: +91 22 6665 7219

Facsimile: +91 22 6665 7260

Email:hks@tatamotors.com

Address:

Bombay House

24, Homi Mody Street

Mumbai 400 001, India

(Name, Telephone, Facsimile number, Email and Address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of Each Exchange On Which Registered
Ordinary Shares, par value Rs.2 per share*	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

A Ordinary Shares, par value Rs.2 per share

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report. 2,887,203,602 Ordinary Shares and 508,476,704 A Ordinary Shares, including 491,964,200 Ordinary Shares represented by 98,388,638 American Depositary Shares, or ADSs, outstanding as at March 31, 2016. Each ADS represents five (5) Ordinary Shares as at March 31, 2016.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. x Yes ¨ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ¨ Yes x No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). N/A

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

U.S. GAAP ¨	International Financial Reporting Standards as issued by the International Accounting Standards Board x	Other ¨

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ¨ Item 18 ¨

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

* Not for trading, but only in connection with listed American Depositary Shares, each representing five Ordinary Shares.

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In this annual report on Form 20-F:

References to we , our and us are to Tata Motors Limited and its consolidated subsidiaries, except as the context otherwise requires;

References to dollar , U.S. dollar and US$ are to the lawful currency of the United States of America; references to Indian rupees and Rs. are to the lawful currency of India; references to JPY are to the lawful currency of Japan; references to GBP are to the lawful currency of the United Kingdom; references to Euro are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended; references to Russian Ruble are to the lawful currency of Russia; references to RMB and Chinese Renminbi are to the lawful currency of China and references to KRW and Korean won are to the lawful currency of the Republic of Korea;

References to Indian GAAP are to accounting principles generally accepted in India; and references to IFRS are to International Financial Reporting Standards and its interpretations as issued by International Accounting Standards Board;

References to an ADS are to an American Depositary Share, each of which represents five of our Ordinary Shares of Rs.2 each, and references to an ADR are to an American Depositary Receipt evidencing one or more ADSs;

References to Shares are to the Ordinary Shares and the A Ordinary Shares of Tata Motors Limited unless stated otherwise;

Passenger Cars are vehicles that have a seating capacity of up to five persons, including the driver, that are further classified into the following market categories:

i. Micro length of up to 3,200 mm;

ii. Mini length of between 3,200 mm and 3,600 mm;

iii. Compact length of between 3,600 mm and 4,000 mm;

iv. Super Compact length of between 4,000 mm and 4,250 mm;

v. Mid-size length of between 4,250 mm and 4,500 mm;

vi. Executive length of between 4,500 mm and 4,700 mm;

vii. Premium length of between 4,700 mm and 5,000 mm; and *viii. Luxury length of above 5,000 mm;*

Utility Vehicles, or UVs, are vehicles that have a seating capacity of five to ten persons, including the driver, which includes sports utility vehicles, or SUVs, multi-purpose vehicles and vans;

Passenger Vehicles refers to passenger cars or utility vehicles;

Light Commercial Vehicles, or LCVs, refer to vehicles that have gross vehicle weight, or GVW, of up to 7.5 metric tons and Small Commercial Vehicles, or SCVs, are a subcategory of LCVs that have a GVW of up to 2 metric tons;

Medium and Heavy Commercial Vehicles, or M&HCVs, are vehicles that have a GVW of over 7.5 metric tons and Intermediate Commercial Vehicles, or ICVs, are a subcategory of M&HCVs with a GVW between 7.5 metric tons and 16 metric tons;

For our Jaguar Land Rover business, references to premium cars and luxury performance sports utility vehicles refer to a defined list of premium competitor cars and sports utility vehicles;

Unless otherwise stated, comparative and empirical Indian industry data in this annual report on Form 20-F have been derived from published reports of the Society of Indian Automobile Manufacturers, or SIAM;

References to a particular Fiscal year, such as Fiscal 2016 , are to our Fiscal year ended on March 31 of that year;

Millimeters or mm are equal to 1/1000 of a meter. A meter is equal to approximately 39.37 inches and a millimeter is equal to approximately 0.039 inch;

Kilograms or kg are each equal to approximately 2.2 pounds, and metric tons or tons are equal to 1,000 kilograms or approximately 2,200 pounds;

Liters are equivalent to 61.02 cubic inches of volume, or approximately 1.057 U.S. quarts of liquid measure;

Revenue refers to Total Revenue net of excise duty unless stated otherwise; and

Companies Act refers to the Indian Companies Act, 2013, unless stated otherwise.

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Figures in tables may not add up to totals due to rounding.

Cautionary Note Regarding Forward-looking Statements

This annual report on Form 20-F contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements are generally identifiable by use of forward-looking terminology such as may , will , should , potential , intend , expect , seek , anticipate , estimate , believe , could , plan , project , predict , continue , or other similar words or expressions. Forward-looking statements are not guarantees of performance and are based on certain assumptions, discuss future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. Our ability to predict results or the actual effect of plans or strategies is inherently uncertain, particularly given the economic environment. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements and you should not unduly rely on these statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results in future periods to differ materially from those forward-looking statements.

Information regarding important factors that could cause actual results to differ materially from those in our forward-looking statements appear in a number of places in this annual report on Form 20-F and the documents incorporated by reference into this annual report on Form 20-F, and include, but are not limited to:

- changes in general economic, business, political, social, fiscal or other conditions in India, the United States, the United Kingdom and the rest of Europe, Russia, China or in any of the other countries where we operate;

- fluctuations in the currency exchange rate against the functional currency of the respective consolidated entities;

- accidents and natural disasters;

- terms on which we finance our working capital and capital and product development expenditures and investment requirements;

- implementation of new projects, including mergers and acquisitions, planned by management;

- contractual arrangements with suppliers;

- government policies including those specifically regarding the automotive industry, including industrial licensing, environmental regulations, safety regulations, import restrictions and duties, excise duties, sales taxes, value added taxes, product range restrictions, diesel and gasoline prices and road network enhancement projects;

- significant movements in the prices of key inputs such as steel, aluminum, rubber and plastics; and

- other factors beyond our control.

All forward-looking statements included herein are based upon information available to us on the date hereof and we are under no duty to update any of the forward-looking statements after the date hereof to conform these statements to actual results.

Certain Non-IFRS Measures

This annual report on Form 20-F contains references to free cash flow, a non-IFRS measure. Free cash flow is not an IFRS measure and should not be construed as an alternative to any IFRS measure such as cash flow from operating activities. Free cash flow is defined for purposes of this annual report on Form 20-F as cash flow from operating activities, less payments for property, plant and equipment and intangible assets. Free cash flow should not be considered in isolation and is not a measure of our financial performance or liquidity under IFRS and should not be considered as an alternative to cash flow from operating, investing or financing activities or any other measure of our liquidity derived in accordance with IFRS. Free cash flow does not necessarily indicate whether cash flow will be sufficient or available for cash requirements and may not be indicative of our results of operations. Free cash flow as defined herein may not be comparable to other similarly titled measures used by other companies.

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

Item 2. Offer Statistics and Expected Timetable

A. Offer Statistics

Not applicable.

B. Method and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

The following tables set forth selected financial data including selected historical financial information as at and for each of the Fiscal years ended March 31, 2016, 2015, 2014, 2013 and 2012 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, or IFRS.

The selected IFRS consolidated financial data as at March 31, 2016 and 2015 and for each of Fiscal 2016, 2015 and 2014 are derived from our audited IFRS consolidated financial statements included in this annual report on Form 20-F. The selected IFRS consolidated financial data as at March 31, 2014, 2013 and 2012 and for Fiscal 2013 and 2012 are derived from our audited IFRS consolidated financial statements not included in this annual report on Form 20-F. We adopted several new and amended standards issued by the IASB with effect from April 1, 2013. As described in Note 2(v) of our annual report on Form 20-F for Fiscal 2014, the earliest period presented in the consolidated financial statement has been retrospectively adjusted in accordance with the transitional provisions of the standards. Accordingly, selected financial data for Fiscal 2013 and 2012 have been retrospectively adjusted. These retrospective adjustments resulted in decreases in net income by Rs.26.5 million and Rs.1,623.4 million for Fiscal 2013 and 2012, respectively. The decrease / increase in net income resulted in corresponding increase / decrease in other comprehensive income.

Consolidated financial data as at March 31, 2012 for Fiscal 2012 may differ from the data originally presented in those audited IFRS consolidated financial statements included in prior annual reports.

You should read our selected financial data in conjunction with Item 5 Operating and Financial Review and Prospects.

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Selected Financial Data Prepared in Accordance with IFRS

	Year ended March 31,					
	2016	2016	2015	2014	2013	2012
	(In US$ millions, except share and per share amounts)	(in Rs. millions, except share and per share amounts)				
Revenues	40,375.8	2,675,103.2	2,602,634.4	2,311,884.6	1,862,896.7	1,637,173.5
Finance revenues	336.9	22,318.8	22,630.8	29,875.9	30,013.3	24,340.4
Total revenues	40,712.7	2,697,422.0	2,625,265.2	2,341,760.5	1,892,910.0	1,661,513.9
Change in inventories of finished goods and work-in-progress	(415.7)	(27,540.1)	(29,610.9)	(28,317.3)	(30,086.8)	(25,861.4)
Purchase of products for sale	1,939.4	128,494.6	130,803.8	109,691.6	92,889.5	90,204.2
Raw materials and consumables	22,801.1	1,510,684.3	1,499,862.9	1,363,572.1	1,138,214.3	1,025,448.0
Employee cost	4,348.6	288,117.4	250,401.2	213,903.0	167,169.5	125,204.9
Depreciation and amortization	2,536.7	168,074.9	134,495.8	110,462.6	75,767.9	56,424.0
Other expenses	8,834.4	585,321.4	545,909.5	498,777.7	384,423.3	312,456.1
Provision for loss of inventory (net of insurance recoveries)	247.3	16,383.9				
Expenditure capitalized	(2,517.3)	(166,783.2)	(153,217.5)	(135,246.8)	(101,934.5)	(82,659.8)
Other (income) / loss (net)	(47.3)	(3,135.6)	(11,508.4)	(7,732.6)	(12,099.1)	(10,039.4)
Foreign exchange (gain)/loss (net)	580.6	38,468.2	12,680.7	(19,104.2)	15,774.9	11,511.7
Interest income	(108.5)	(7,186.6)	(6,763.9)	(6,656.7)	(6,928.0)	(4,953.4)
Interest expense (net)	723.2	47,912.6	52,231.6	53,094.7	40,792.0	38,957.7
Impairment in an equity accounted investee				8,033.7		4,981.0
Share of (profit)/loss of equity accounted investees	(87.2)	(5,774.7)	1,748.3	1,877.6	131.5	586.8
Net income /(loss) before tax	1,877.4	124,384.9	198,232.1	179,405.1	128,795.5	119,253.5
Income tax expense	(415.3)	(27,512.7)	(69,149.7)	(48,226.5)	(39,238.8)	(4,436.5)
Net income /(loss) after tax	**1,462.1**	**96,872.2**	**129,082.4**	**131,178.6**	**89,556.7**	**114,817.0**

	Year ended March 31,					
	2016	2016	2015	2014	2013	2012
	(In US$ millions, except share and per share amounts)	(in Rs. millions, except share and per share amounts)				
Net income/(loss) attributable to equity holders	1,447.2	95,883.4	128,291.2	130,717.1	88,670.5	114,035.7
Net income/(loss) attributable to non-controlling interest	14.9	988.8	791.2	461.5	886.2	781.3
Dividends per share Ordinary Shares	US$	Rs.	Rs. 2.0	Rs. 2.0	Rs. 4.0	Rs. 20.0
Dividends per share A Ordinary Shares	US$	Rs.	Rs. 2.1	Rs. 2.1	Rs. 4.1	Rs. 20.5
Weighted average Ordinary shares outstanding:						
Basic		2,873,188,838	2,765,339,619	2,760,961,457	2,734,354,019	2,719,730,619
Diluted		2,873,809,883	2,765,824,089	2,761,450,718	2,734,846,741	2,826,078,476
Weighted average A Ordinary shares outstanding:						
Basic		506,063,234	487,445,041	487,440,271	487,436,720	487,378,244
Diluted		506,320,979	487,684,611	487,684,558	487,684,518	487,683,762
Earnings per share:						
Basic	US$ 0.4	Rs. 28.4	Rs. 39.4	Rs. 40.2	Rs. 27.5	Rs. 35.5
Diluted	US$ 0.4	Rs. 28.4	Rs. 39.4	Rs. 40.2	Rs. 27.5	Rs. 35.2
Earnings per share of A Ordinary Shares:						
Basic	US$ 0.4	Rs. 28.5	Rs. 39.5	Rs. 40.3	Rs. 27.6	Rs. 35.6

Diluted	US$	0.4	Rs. 28.5	Rs. 39.5	Rs. 40.3	Rs. 27.6	Rs. 35.3

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In Fiscal 2016, we conducted a renounceable rights offer of 150,644,759 new Ordinary Shares, including Ordinary Shares represented by ADSs, and 26,530,290 new A Ordinary Shares of Rs.2 each to qualifying shareholders recorded in the shareholders register at the close of business on April 8, 2015, at a subscription price of Rs.450 each for new Ordinary Shares and Rs.271 each for new A Ordinary Shares, in the ratio of six rights to subscribe to Shares for every 109 Shares held. The rights offer was fully subscribed and the shareholders received the new shares on May 13, 2015. As described in Note 39 to our audited consolidated financial statements included elsewhere in this annual report on Form 20-F, the earliest period presented in the consolidated financial statement for each of Fiscal 2015, 2014, 2013 and 2012, basic and diluted earnings per share have been retrospectively adjusted for the bonus element of the rights offer attributable to the difference between the exercise price of the rights and the prevailing market price of the Shares. 154,279 Ordinary Shares and 20,531 A Ordinary Shares have been kept in abeyance as of the date of this annual report.

	As of March 31,					
	2016	2016	2015	2014	2013	2012
	(in US$ millions, except number of shares)	(in Rs. millions, except number of shares)				
Balance Sheet Data						
Total Assets	39,543.9	2,619,981.3	2,345,643.4	2,184,775.9	1,687,166.5	1,455,830.2
Long term debt, net of current portion	7,614.7	504,511.3	544,862.5	454,138.6	330,718.1	294,497.6
Total shareholders equity	11,592.0	768,036.7	539,351.8	631,696.3	373,905.7	331,343.6
Number of Equity shares outstanding						
-Ordinary Shares		2,887,203,602	2,736,713,122	2,736,713,122	2,708,156,151	2,691,613,455
- A Ordinary Shares		508,476,704	481,966,945	481,966,945	481,959,620	481,933,115

Exchange Rate Information

For convenience, some of the financial amounts presented in this annual report on Form 20-F have been translated from Indian rupee amounts into U.S. dollar amounts at the rate of Rs.66.2550 = US$1.00, based on the fixing rate in the city of Mumbai as published by the Foreign Exchange Dealers Association of India on March 31, 2016.

The following table sets forth information with respect to the exchange rate between the Indian rupee and the U.S. dollar (Rs. per U.S. dollar) as published by Bloomberg L.P. for Fiscal 2016, 2015, 2014, 2013 and 2012.

Year ended March 31,	Period End	Period Average	High	Low
2016	66.25	65.45	68.71	62.19
2015	62.50	61.16	63.68	58.46
2014	59.89	60.47	68.83	53.81
2013	54.28	54.44	57.16	50.72
2012	50.88	47.95	53.72	44.08

The following table sets forth information with respect to the exchange rate between the Indian rupee and the U.S. dollar (Rs. per U.S. dollar) for the previous six months as published by Bloomberg L.P.

Month	Period End	Period Average	High	Low
Jan-16	67.79	67.30	68.23	66.14
Feb-16	68.42	68.21	68.71	67.57
Mar-16	66.25	66.96	67.87	66.25
Apr-16	66.33	66.46	66.66	66.21
May-16	67.26	66.93	67.76	66.43
Jun-16	67.53	67.29	67.97	66.65

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As at July 27, 2016, the value of the Indian rupee against the U.S. dollar was Rs.67.15 per US$1.00, as published by Bloomberg L.P.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

This section describes the risks that we currently believe may materially affect our business, financial condition and results of operations. The factors below should be considered in connection with any forward-looking statements in this annual report on Form 20-F and the cautionary statements on page ii. Although we will be making reasonable efforts to mitigate or minimize these risks, one or more of a combination of these risks could materially and adversely impact our business, revenues, sales, and net assets, financial condition, results of operations, liquidity, capital resources and prospects.

Risks Associated with Our Business and the Automotive Industry

Deterioration in global economic conditions could have a material adverse impact on our sales and results of operations.

The automotive industry, and the demand for automobiles, are influenced by general economic conditions, including among other things, rates of economic growth, credit availability, disposable income of consumers, interest rates, environmental and tax policies, safety regulations, freight rates and fuel and commodity prices. Negative trends in any of these factors impacting the regions where we operate could materially and adversely affect our business, financial condition and results of operations.

The Indian automotive industry is affected materially by the general economic conditions in India and around the world. Muted industrial growth in India in recent years along with continuing higher inflation and interest rates continue to pose risks to overall growth in this market. The automotive industry, in general, is cyclical, and economic slowdowns in the recent past have affected the manufacturing sector in India, including the automotive and related industries. A continuation of negative economic trends or further deterioration in key economic metrics, such as the growth rate, interest rates and inflation, as well as reduced availability of financing for vehicles at competitive rates, could materially and adversely affect our automotive sales in India and results of operations.

In addition, investors reactions to economic developments in one country can have adverse effects on the securities of companies and the economy as a whole, in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. In August 2015, stock markets in China experienced a substantial decline in value, which may have contributed to a drop in the price of our Shares and/or ADSs. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. In the event global economic recovery is slower than expected, or if there is any significant financial disruption, this could have a material adverse effect on our cost of funding, portfolio of financing loans, business, prospects, results of operations, financial condition and the trading price of our Shares and ADSs.

Our Jaguar Land Rover business has significant operations in the United Kingdom, North America, continental Europe and China, as well as sales operations in other markets across the globe. Automotive markets in the United States, the United Kingdom and Europe experienced solid growth in Fiscal 2016. The automotive market in China also grew despite the softer economic conditions and financial market volatility experienced in China at the beginning of Fiscal 2016. Automotive sales in emerging markets, such as Brazil, Russia and South Africa, deteriorated during Fiscal 2016. Jaguar Land Rover s ambitions for growth may not materialize as expected, which could have a significant adverse impact on our financial performance. If automotive demand softens because of lower or negative economic growth in key markets (notably China) or other factors, our operations and financial condition could be materially and adversely affected.

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In a non-binding referendum on the United Kingdom s membership in the European Union in June 2016, a majority of the electorate voted for the United Kingdom s withdrawal from the European Union. If the outcome of the referendum eventually results in the exit of the United Kingdom from the European Union, or Brexit, a process of negotiation would determine the future terms of the United Kingdom s relationship with the European Union. Depending on the terms of Brexit, if any, the United Kingdom could also lose access to the single EU market and to the global trade deals negotiated by the European Union on behalf of its members. New or modified trading arrangements between the United Kingdom and other countries may have a material adverse effect on the export volumes of our Jaguar Land Rover business. A decline in trade could also affect the attractiveness of the United Kingdom as a global investment center, and, as a result, could have a detrimental impact on the level of investment in UK companies, including our Jaguar Land Rover business, and ultimately on economic growth in the United Kingdom. The uncertainty concerning the timing and terms of the exit could also have a negative impact on the growth of the UK economy and cause greater volatility in the pound sterling. Changes to the UK border and immigration policy could likewise occur as a result of Brexit, affecting our Jaguar Land Rover business s ability to recruit and retain employees from outside the United Kingdom. Any of the foregoing factors could have a material adverse effect on our business, results of operations and financial condition.

Restrictive covenants in our financing agreements may limit our operations and financial flexibility and materially and adversely impact our financial condition, results of operations and prospects.

Some of our financing agreements and debt arrangements set limits on and/or require us to obtain lender consent before, among other things, pledging assets as security. In addition, certain financial covenants may limit our ability to borrow additional funds or to incur additional liens. In the past, we have been able to obtain required lender consent for such activities. However, there can be no assurance that we will be able to obtain such consents in the future. If our liquidity needs or growth plans require such consents and such consents are not obtained, we may be forced to forego or alter our plans, which could materially and adversely affect our results of operations and financial condition.

In the event we breach these covenants, the outstanding amounts due under such financing agreements could become due and payable immediately and/or result in increased costs. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such other financing agreements becoming due and payable immediately. Defaults under one or more of our financing agreements could have a material adverse effect on our financial condition and results of operations.

In the years prior to and including Fiscal 2014, we were in breach of financial covenants relating to our ratio of total outstanding liabilities to tangible net worth and to our debt service coverage ratio in various financing agreements requested and obtained waivers of our obligations to pay additional costs as a consequence of such breaches. These breaches have not resulted in an event of default in our financing agreements or the payment of penalties. Though we have fully prepaid all these financing arrangements in Fiscal 2015, we cannot assure you that, even if we enter into financial agreements in the future with similar terms and covenants, we will be successful in obtaining consents or waivers in the future from our lenders or guarantors, or that our lenders and guarantors will not impose additional operating and financial restrictions on us, or otherwise seek to modify the terms of our existing financing agreements in ways that will be materially adverse to us. See Item 5. Operating and Financial Review and Prospects B. Liquidity and Capital Resources Loan Covenants. In addition, future non-compliance with the financial covenants of our agreements may lead to increased cost for future financings.

Exchange rate and interest rate fluctuations could materially and adversely affect our financial condition and results of operations.

Our operations are subject to risks arising from fluctuations in exchange rates with reference to countries in which we operate. We import capital equipment, raw materials and components from, manufacture vehicles in, and sell vehicles into, various countries, and therefore, our revenues and costs have significant exposure to the relative movements of the GBP, the U.S. dollar, the Euro, the Russian Ruble, the Chinese Renminbi, the Singapore dollar, the Japanese Yen, the Australian dollar, the South African rand, the Thai baht, the Korean won and the Indian rupee. In particular, the Indian rupee declined significantly relative to the U.S. dollar in recent years. As published by Bloomberg L.P., the exchange rate expressed in Indian rupees per US$1.00, was Rs.67.53 as at June 30, 2016. Furthermore, the GBP declined significantly relative to the Indian rupee and USD in 2016. As published by Bloomberg L.P., the exchange rate expressed in Indian rupees per GBP1.00, was Rs.90.90 and in USD per GBP1.00, was US$1.33, both as at June 30, 2016.

The uncertainty concerning the proposed timing and terms of the United Kingdom s exit from the European Union could also have a negative impact on the growth of the UK economy and cause greater volatility in the pound sterling. This could directly impact our sales volumes and financial results, as we derive the majority of our revenues from overseas markets and source significant levels of raw materials and components from Europe.

Moreover, we have outstanding foreign currency denominated debt and are sensitive to fluctuations in foreign currency exchange rates. We have experienced and expect to continue to experience foreign exchange losses and gains on obligations denominated in foreign currencies in respect of our borrowings and foreign currency assets and liabilities due to currency fluctuations.

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We also have interest-bearing assets (including cash balances) and interest-bearing liabilities, which bear interest at variable rates. We are therefore exposed to changes in interest rates in the various markets in which we borrow. Although we engage in managing our interest and foreign exchange exposure through use of financial hedging instruments, such as forward contracts, swap agreements and option contracts, higher interest rates and a weakening of the Indian rupee against major foreign currencies could significantly increase our cost of borrowing, which could have a material adverse effect on our financial condition, results of operations and liquidity.

Intensifying competition could materially and adversely affect our sales, financial condition and results of operations.

The global automotive industry is highly competitive and competition is likely to further intensify in light of continuing globalization and consolidation. Competition is especially likely to increase in the premium automotive categories as each market participant intensifies its efforts to retain its position in established markets while also expanding in emerging markets, such as China, India, Russia, Brazil and parts of Asia. Factors affecting competition include product quality and features, innovation and the timing of the introduction of new products, cost control, pricing, reliability, safety, fuel economy, environmental impact and perception thereof, customer service and financing terms. There can be no assurance that we will be able to compete successfully in the global automotive industry in the future.

We also face strong competition in the Indian market from domestic, as well as foreign automobile manufacturers. Improving infrastructure and growth prospects, compared to those of other mature markets, has attracted a number of international companies to India either through joint ventures with local partners or through independently owned operations in India. International competitors bring with them decades of international experience, global scale, advanced technology and significant financial resources. Consequently, domestic competition is likely to further intensify in the future. There can be no assurance that we will be able to implement our future strategies in a way that will mitigate the effects of increased competition on the Indian automotive industry.

Designing, manufacturing and selling vehicles is capital intensive and requires substantial investments in facilities, machinery, research and development, product design, engineering, technology and marketing in order to meet both customer preferences and regulatory requirements. If our competitors consolidate or enter into other strategic agreements, they may be able to take better advantage of economies of scale or enhance their competitiveness in other ways. Our competitors may also be able to benefit from the cost savings offered by consolidation or alliances, which could adversely affect our competitiveness with respect to those competitors, which could also materially reduce our sales, as well as materially and adversely affect our business, financial condition and results of operations.

Our future success depends on our ability to satisfy changing customer demands by offering innovative products in a timely manner and maintaining such products competitiveness and quality.

Our competitors may gain significant advantages if they are able to offer products satisfying customer needs earlier than we are able to, which could adversely impact our sales, results of operations and financial condition. Unanticipated delays or cost overruns in implementing new product launches, expansion plans or capacity enhancements could also materially and adversely impact our financial condition and results of operations.

Customer preferences, especially in many developed markets, seem to be moving in favor of more fuel efficient and environmentally friendly vehicles. In addition, increased government regulations, volatile fuel prices and evolving environment preferences of consumers have brought significant pressure on the automotive industry to reduce carbon dioxide emissions. Our operations may be significantly impacted if we experience delays in developing fuel efficient products that reflect changing customer preferences. In addition, a deterioration in the quality of our vehicles could force us to incur substantial costs and damage our reputation. There can be no assurance that the market acceptance of our future products will meet our sales expectations, in which case we may be unable to realize the intended economic benefits of our investments and our financial condition and results of operations may be materially and adversely affected.

Private and commercial users of transportation increasingly use modes of transportation other than the automobile. The reasons for this include the rising costs of automotive transport, increasing traffic density in major cities and environmental awareness. Furthermore, the increased use of car-sharing concepts and other innovative mobility initiatives facilitates access to other methods of transport, thereby reducing dependency on the private automobile. A shift in consumer preferences away from private automobiles would have a material adverse effect on our general business activity and on our sales, prospects, financial condition and results of operations.

To stimulate demand, competitors in the automotive industry have offered customers and dealers price reductions on vehicles and services, which has led to increased price pressures and sharpened competition within the industry. As a provider of numerous high-volume models, our profitability and cash flows are significantly affected by the risk of rising competitive price pressures. Special sales incentives and increased price pressures in the new car business also influence price levels in the used car market, with a negative effect on vehicle resale values. This may have a negative impact on the profitability of the used car business in our dealer organization.

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We are subject to risks associated with product liability, warranty and recall.

We are subject to risks and costs associated with product liability, warranties and recalls in connection with performance, compliance or safety-related issues affecting our products which may, in turn, cause our customers to question the safety or reliability of our vehicles and thus result in a materially adverse effect on our business, impacting our reputation, results from operations and financial condition. Such events could also require us to expend considerable resources to remediate, and we may also be subject to class actions or other large-scale product liability or other lawsuits in various jurisdictions where we conduct business. In May 2016, an industry-wide passenger airbag safety recall was announced in the United States by the National Highway Traffic System Administration or NHTSA, in respect of airbags from Takata Corporation or Takata, a supplier of airbags. Certain front-passenger airbags supplied by Takata were installed in vehicles sold by Jaguar Land Rover. The Company considers the cost associated with the recall to be an adjusting post-balance sheet event and has recognized an additional provision of GBP 67.4 million for the estimated cost of repairs in our income statement for Fiscal 2016. We expect to utilize such provision over the next one to four years.

We are subject to risks associated with the automobile financing business.

In India, we are subject to risks associated with our automobile financing business. Any default by our customers or inability to repay installments as due could materially and adversely affect our business, financial condition, results of operations and cash flows. In addition, any downgrade in our credit ratings may increase our borrowing costs and restrict our access to the debt markets. Over time, and particularly in the event of any credit rating downgrade, market volatility, market disruption, regulatory changes or otherwise, we may need to reduce the amount of financing receivables we originate, which could severely disrupt our ability to support the sale of our vehicles.

The sale of our commercial and passenger vehicles is heavily dependent on funding availability for our customers. Rising delinquencies and early defaults have contributed to a reduction in automobile financing, which, in turn, has had an adverse effect on funding availability for potential customers. This reduction in available financing may continue in the future and have a material adverse effect on our business, financial condition and results of operations.

Jaguar Land Rover has consumer financing arrangements in place with financing partners in a number of key markets. Any reduction in the supply of available consumer financing for the purchase of new vehicles would make it more difficult for some of their customers to purchase Jaguar Land Rover s vehicles, which could put Jaguar Land Rover under commercial pressure to offer new (or expand existing) retail or dealer incentives to maintain demand for their vehicles, thereby materially and adversely affecting Jaguar Land Rover sales and results of operations. Furthermore, Jaguar Land Rover offers residual value guarantees on the leases of certain vehicles in some markets. The value of these guarantees is dependent on used car valuations in those markets at the end of the lease, which is subject to change. Consequently, Jaguar Land Rover may be adversely affected by movements in used car valuations in these markets.

Over time, and particularly in the event of any credit rating downgrade, market volatility, market disruption, regulatory changes or otherwise, we may need to reduce the amount of financing receivables that we originate, which could severely disrupt our ability to support the sale of our vehicles.

Underperformance of our distribution channels and supply chains may have a material adverse effect on our sales and results of operations.

Our products are sold and serviced through a network of authorized dealers and service centers across India and through a network of distributors and local dealers in international markets. We monitor the performance of our dealers and distributors and provide them with support to enable them to perform to our expectations. There can be no assurance, however, that our expectations will be met. Any underperformance by our dealers or distributors could materially and adversely affect our sales and results of operations.

We rely on third parties to supply us with the raw materials, parts and components used in the manufacture of our products. For some of these parts and components, we are dependent on a single source. Our ability to procure supplies in a cost-effective and timely manner is subject to various factors, some of which are not within our control. While we manage our supply chain as part of our vendor management process, any significant problems with our supply chain in the future could disrupt our business and materially and adversely affect our results of operations, as well as our sales, net income and financial condition.

Natural disasters and man-made accidents, adverse economic conditions, decline in automobile demand, lack of access to sufficient financing arrangements, among others things, could have a negative financial impact on our suppliers, thereby impairing timely availability of components to us or causing increase in the costs of components. Similarly, a deterioration in the financial condition of our distributors for any reason may adversely impact our performance. In addition, if one or more of the other global automotive manufacturers were to become insolvent, this would have an adverse effect on our supply chains and may have a material adverse effect on our results of operations.

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In respect of our Jaguar Land Rover operations, as part of a separation agreement from Ford Motor Company, or Ford, we have entered into long-term supply agreements with Ford for the supply of engines of fixed quantities on a take-or-pay basis. Jaguar Land Rover also has agreements with certain other third parties for critical components. Any disruption to such services could have a material adverse effect on our business, financial condition and results of operations. Although Jaguar Land Rover has commenced the production of its own in-house 2.0-liter, four-cylinder engines (first installed in the Jaguar XE, which went on sale in May 2015), Jaguar Land Rover continues to source a large proportion of our engines from Ford. Separately, the supply of engines sourced through the Ford-PSA Peugeot Citroën joint venture, or the Ford-PSA joint venture, on an arm s-length basis ceased in October 2015.

Increases in input prices may have a material adverse effect on our results of operations.

In Fiscal 2016, 2015 and 2014, the consumption of raw materials, components and aggregates and purchase of products for sale (including changes in inventory) constituted approximately 59.7%, 61.0% and 61.7%, respectively, of our total revenues. Prices of commodity items used in manufacturing automobiles, including steel, aluminum, copper, zinc, rubber, platinum, palladium and rhodium, have become increasingly volatile in recent years. Further price movements would closely depend on the evolving economic scenarios across the globe. While we continue to pursue cost reduction initiatives, an increase in price of input materials could severely impact our profitability to the extent such increase cannot be absorbed by the market through price increases and/or could have a negative impact on demand. In addition, an increased price and supply risk could arise from the need for rare and frequently sought-after raw materials for which demand is high, such as rare earths, which are predominantly found in China. Rare earth metal prices and supply remain uncertain. In the past, China has limited the export of rare earths from time to time. Due to intense price competition and our high level of fixed costs, we may not be able to adequately address changes in commodity prices even if they are foreseeable. Increases in fuel costs also pose a significant challenge, especially in the commercial and premium vehicle categories where increased fuel prices have an impact on demand. If we are unable to find substitutes for supplies of raw materials or pass price increases on to customers, or to safeguard the supply of scarce raw materials, our vehicle production, business, financial condition and results of operations could be materially and adversely affected.

Deterioration in the performance of any of our subsidiaries, joint ventures and affiliates may adversely affect our results of operations.

We have made and may continue to make capital commitments to our subsidiaries, joint ventures and affiliates, and if the business or operations of any of these subsidiaries, joint ventures and affiliates deteriorates, the value of our investments may decline substantially. We are also subject to risks associated with joint ventures and affiliates wherein we retain only partial or joint control. Our partners may be unable, or unwilling, to fulfill their obligations, or the strategies of our joint ventures or affiliates may not be implemented successfully, any of which may significantly reduce the value of our investments, and, which may, in turn, have a material adverse effect on our reputation, business, financial position or results of operations.

The significant reliance of Jaguar Land Rover on key markets increases the risk of negative impact of reduced customer demand in those countries.

Jaguar Land Rover, which contributes a large portion of our revenues, generates a significant portion of its sales in China, the United Kingdom, North American and continental European markets. Furthermore, in Fiscal 2016, retail sales of Jaguar Land Rover in China decreased by 16.4% to 96,912 units from 115,969 units, compared to Fiscal 2015. However, retail sales of Jaguar Land Rover in China increased by 18.9% in the last quarter of Fiscal 2016, compared to the same quarter in Fiscal 2015. A decline in demand for Jaguar Land Rover vehicles in these key markets may significantly impair our business, growth prospects, financial position and results of operations.

We are subject to risks associated with growing our business through mergers and acquisitions.

We believe that our acquisitions provide us opportunities to grow significantly in the global automobile markets by offering premium brands and products. Our acquisitions have provided us with access to technology and additional capabilities while also offering potential synergies. However, the scale, scope and nature of the integration required in connection with our acquisitions present significant challenges, and we may be unable to integrate the relevant subsidiaries, divisions and facilities effectively within our expected schedule. An acquisition may not meet our expectations and the realization of the anticipated benefits may be blocked, delayed or reduced as a result of numerous factors, some of which are outside our control.

For example, we acquired the Jaguar Land Rover business from Ford in June 2008, and since then Jaguar Land Rover has become a significant part of our business, accounting for approximately 81% of our total revenues in Fiscal 2016. As a result of the acquisition, we are responsible for, among other things, the obligations and liabilities associated with the legacy business of Jaguar Land Rover. There can be no assurances that any legacy issues at Jaguar Land Rover or any other acquisition we have undertaken in the past or will undertake in the future would not have a material adverse effect on our business, financial condition and results of operations, as well as our reputation and prospects.

We will continue to evaluate growth opportunities through suitable mergers and acquisitions in the future. Growth through mergers and acquisitions involves business risks, including unforeseen contingent risks or latent business liabilities that may only become apparent after the merger or acquisition is completed. The key success factors are seamless integration, effective management of the merged and/or acquired entity, retention of key personnel, cash flow generation from synergies in engineering and sourcing, joint sales and marketing efforts, and management of a larger business. If any of these factors fails to materialize or if we are unable to manage any of the associated risks successfully, our business, financial condition and results of operations could be materially and adversely affected.

Our business is seasonal in nature and a substantial decrease in our sales during certain quarters could have a material adverse impact on our financial performance.

The sales volumes and prices for our vehicles are influenced by the cyclicality and seasonality of demand for these products. The automotive industry has been cyclical in the past and we expect this cyclicality to continue.

In the Indian market, demand for our vehicles generally peaks between January and March, although there is a decrease in demand in February just before release of the Indian fiscal budget. Demand is usually lean from April to July and picks up again in the festival season from September onwards, with a decline in December due to year end as customers defer purchases to the new year.

Our Jaguar Land Rover business is impacted by the semi-annual registration of vehicles in the United Kingdom where the vehicle registration number changes every March and September, which leads to an increase in the sales during these months, and, in turn, has an impact on the resale value of vehicles. Most other markets, such as the United States, are influenced by the introduction of new-model-year products, which typically occurs in the autumn of each year. Furthermore, in the United States there is some seasonality in the purchasing pattern of vehicles in the northern states for Jaguar when there is a concentration of vehicle sales in the spring and summer months and for Land Rover where the trend for purchasing 4x4 vehicles is concentrated in the autumn and winter months. Markets in China tend to experience higher demand for vehicles around the Lunar New Year holiday in either January or February, the PRC National Day holiday and the Golden Week holiday in October. In addition, demand in Western European automotive markets tends to be softer during the summer and winter holidays. Jaguar Land Rover s cash flows are impacted by the temporary shutdown of four of their manufacturing plants in the United Kingdom (including the Engine Manufacturing Centre at Wolverhampton) during the summer and winter holidays. The resulting profile of operating results differs between each quarter.

We rely on licensing arrangements with Tata Sons Limited to use the Tata brand. Any improper use of the associated trademarks by our licensor or any other third parties could materially and adversely affect our business, financial condition and results of operations.

Our rights to our trade names and trademarks are a crucial factor in marketing our products. Establishment of the Tata word mark and logo mark in and outside India is material to our operations. We have licensed the use of the Tata brand from our Promoter, Tata Sons Limited, or Tata Sons. If Tata Sons, or any of its subsidiaries or affiliated entities, or any third party uses the trade name Tata in ways that adversely affect such trade name or trademark, our reputation could suffer damage, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

Inability to protect or preserve our intellectual property could materially and adversely affect our business, financial condition and results of operations.

We own or otherwise have rights in respect of a number of patents relating to the products we manufacture. In connection with the design and engineering of new vehicles and the enhancement of existing models, we seek to regularly develop new intellectual property. We also use technical designs which are the intellectual property of third parties with such third parties consent. These patents and trademarks have been of value in the growth of our business and may continue to be of value in the future. Although we do not regard any of our businesses as being dependent upon any single patent or related group of patents, an inability to protect this intellectual property generally, or the illegal breach of some or a large group of our intellectual property rights, would have a materially adverse effect on our business, financial condition and results of operations. We may also be affected by restrictions on the use of intellectual property rights held by third parties and we may be held legally liable for the infringement of the intellectual property rights of others in our products.

Impairment of intangible assets may have a material adverse effect on our results of operations.

Designing, manufacturing and selling vehicles is capital intensive and requires substantial investments in intangible assets such as research and development, product design and engineering technology. We review the value of our intangible assets to assess on an annual basis whether the carrying amount matches the recoverable amount for the asset concerned based on underlying cash-generating units. We may have to take an impairment loss as at a current balance sheet date or future balance sheet date, if the carrying amount exceeds the recoverable amount, which could have a material adverse effect on our financial condition and the results of operations.

We may be adversely affected by labor unrest.

All of our permanent employees in India, other than officers and managers, and most of our permanent employees in South Korea and the United Kingdom, including certain officers and managers, in relation to our automotive business, are members of labor unions and are covered by our wage agreements, where applicable, with those labor unions.

In general, we consider our labor relations with all of our employees to be good. However, in the future we may be subject to labor unrest, which may delay or disrupt our operations in the affected regions, including the acquisition of raw materials and parts, the manufacture, sales and distribution of products and the provision of services. If work stoppages or lock-outs at our facilities or at the facilities of our major vendors occur or continue for a long period of time, our business, financial condition and results of operations may be materially and adversely affected. We did recently face two minor standalone incidents of labor unrest, one in the Dharwad plant in Karnataka, India and the other in our Sanand plant in Gujarat, India, both of which were amicably resolved.

Our business and prospects could suffer if we lose one or more key personnel or if we are unable to attract and retain our employees.

Our business and future growth depend largely on the skills of our workforce, including executives and officers, and automotive designers and engineers. The loss of the services of one or more of our personnel could impair our ability to implement our business strategy. In view of intense competition, any inability to continue to attract, retain and motivate our workforce could materially and adversely affect our business, financial condition, results of operations and prospects.

Future pension obligations may prove more costly than currently anticipated and the market value of assets in our pension plans could decline.

We provide post-retirement and pension benefits to our employees, including defined benefit plans. Our pension liabilities are generally funded. However, lower returns on pension fund assets, changes in market conditions, interest rates or inflation rates, and adverse changes in other critical actuarial assumptions, may impact our pension liabilities or assets and consequently increase funding requirements, which could materially decrease our net income and cash flows.

Any inability to manage our growing international business may materially and adversely affect our financial condition and results of operations.

Our growth strategy relies on the expansion of our operations by introducing certain automotive products in markets outside India, including Europe, China, Russia, Brazil, the United States, Africa and other parts of Asia. The costs associated with entering and establishing ourselves in new markets, and expanding such operations, may be higher than expected, and we may face significant competition in those regions. In addition, our international business is subject to many actual and potential risks and challenges, including language barriers, cultural differences and other difficulties in staffing and managing overseas operations, inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of some foreign countries, the risk of non-tariff barriers, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws, rules and regulations. As part of our global activities, we may engage with third-party dealers and distributors, which we do not control but which, nevertheless, take actions that could have a material adverse impact on our reputation and business. In addition, we cannot assure you that we will not be held responsible for any activities undertaken by such dealers and distributors. If we are unable to manage risks related to our expansion and growth in other parts of the world, our business, financial condition and results of operations could be materially and adversely affected.

Any disruption of the operations of our manufacturing, design, engineering and other facilities could materially and adversely affect our business, financial condition and results of operations.

We have manufacturing facilities and design and engineering centers in India, the United Kingdom, China, South Korea, Thailand, South Africa, Brazil and Indonesia. We could experience disruptions to our manufacturing, design and engineering capabilities for a variety of reasons, including, among others, extreme weather, fire, theft, system failures, natural catastrophes, mechanical or equipment failures and similar events. Any such disruptions could affect our ability to design, manufacture and sell our products and, if any of these events were to occur, there can be no assurance that we would be able to shift our design, engineering or manufacturing operations to alternate sites in a timely manner or at all, and our business, financial condition and results of operations could be materially and adversely affected.

We are exposed to operational risks, including risks in connection with our use of information technology.

Operational risk is the risk of loss resulting from inadequate or failed internal systems and processes, from either internal or external events. Such risks could stem from inadequacy or failures of controls within internal procedures, violations of internal policies by employees, disruptions or malfunctioning of information technology systems, such as computer networks and telecommunication systems, other mechanical or equipment failures, human error, natural disasters or malicious acts by third parties. Any unauthorized access to or misuse of data on our information technology systems, human errors or technological or process failures of any kind could severely disrupt our operations, including our manufacturing, design and engineering processes, and could have a material adverse effect on our reputation, financial condition and results of operations.

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We may be materially and adversely affected by the divulgence of confidential information.

Although we have implemented policies and procedures to protect confidential information such as key contractual provisions, future projects, and customer records, such information may be divulged, including as a result of hacking or other threats from cyberspace. If this occurs, we could be subject to claims by affected parties, negative publicity and loss of proprietary information, all of which could have an adverse and material impact on our reputation, business, financial condition, results of operations and cash flows.

Although we have remediated the specific material weakness in our internal control over financial reporting identified as at March 31, 2015, and believe that we have established appropriate compliance procedures, there may from time to time exist deficiencies in our control systems that could materially and adversely affect the accuracy and reliability of our periodic reporting

We are required to establish and periodically assess the design and operating effectiveness of our internal control over financial reporting. As discussed in Item 15 Controls and Procedures, in connection with our assessment of the internal control over financial reporting for Fiscal 2015, we disclosed a material weakness in our annual report on Form 20-F for Fiscal 2015 pertaining to a deficiency in the design of internal controls relating to technical accounting of complex derivative instruments designated in hedge relationships. We believe this weakness has been appropriately remediated in Fiscal 2016. The specific remediation actions taken by management included the design and implementation of a preventive control consisting of a review at inception of all derivative instruments designated as hedge relationships by financial instrument specialists and weekly detective control to review appropriateness of hedge accounting for all complex derivative instruments by technical accounting specialists. Although we have instituted remedial measures to address the material weakness identified and continually review and evaluate our internal control systems to allow management to report on the sufficiency of our internal control over financial reporting, we cannot assure you that we will not discover additional weaknesses in our internal control over financial reporting. Any such additional weaknesses or failure to adequately remediate any existing weakness could materially and adversely affect our financial condition and results of operations, as well as our ability to accurately report our financial condition and results of operations in a timely and reliable manner.

Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject, and this may have a material adverse effect on our business, financial condition and results of operations.

While we believe that the insurance coverage that we maintain is reasonably adequate to cover all normal risks associated with the operation of our business, there can be no assurance that our insurance coverage will be sufficient, that any claim under our insurance policies will be honored fully or in a timely manner, or that our insurance premiums will not increase substantially. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or that exceeds our insurance coverage, or are required to pay higher insurance premiums, our business, financial condition and results of operations may be materially and adversely affected.

Our business could be negatively affected by the actions of activist shareholders.

Certain of our shareholders may from time to time advance shareholder proposals or otherwise attempt to effect changes or acquire control over our business. Campaigns by shareholders to effect changes at publicly listed companies are sometimes led by investors seeking to increase short-term shareholder value by advocating corporate actions such as financial restructuring, increased borrowing, special dividends, stock repurchases or even sales of assets or the entire company, or by voting against proposals put forward by the board of directors and management of the company. If faced with actions by activist shareholders, we may not be able to respond effectively to such actions, which could be disruptive to our business.

We may have to comply with more stringent foreign investment regulations in India in the event of an increase in shareholding of non-residents or if we are considered as engaged in a sector in which foreign investment is restricted.

Indian companies, which are owned or controlled by non-resident persons, are subject to investment restrictions specified in the Consolidated FDI (Foreign Direct Investment) Policy. Under the Consolidated FDI Policy, an Indian company is considered to be owned by non-resident persons if more than 50% of its equity interest is beneficially owned by non-resident persons. The non-resident equity shareholding in our company may, in the near future, exceed 50%, thereby resulting in our company being considered as being owned by non-resident entities under the Consolidated FDI Policy. In such an event, any investment by us in existing subsidiaries, associates or joint ventures and new subsidiaries, associates or joint ventures will be considered as indirect foreign investment and shall be subject to various requirements specified under the Consolidated FDI Policy, including sectoral limits, approval requirements and pricing guidelines, as may be applicable.

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Furthermore, as part of our automotive business, we supply and have in the past supplied, vehicles to Indian military and paramilitary forces and in the course of such activities have obtained an industrial license from the Department of Industrial Policy. The Consolidated FDI policy applies different foreign investment restrictions to companies based upon the sector in which they operate. While we believe we are an automobile company by virtue of the significance of our automobile operations, in the event that foreign investment regulations applicable to the defense sector (including under the Consolidated FDI Policy) are made applicable to us, we may face more stringent foreign investment restrictions and other compliance requirements compared to those applicable to us presently, which, in turn, could materially affect our business, financial condition and results of operations.

We require certain approvals or licenses in the ordinary course of business, and the failure to obtain or retain them in a timely manner, or at all, could materially and adversely affect our operations.

We require certain statutory and regulatory permits, licenses and approvals to carry out our business operations and applications for their renewal need to be made within certain time frames. For some of the approvals which may have expired, we have either made, or are in the process of making, an application for obtaining the approval or its renewal. While we have applied for renewal for such approvals, registrations and permits, we cannot assure you that we will receive them in a timely manner or at all. We can make no assurances that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Furthermore, if we are unable to renew or obtain necessary permits, licenses and approvals on acceptable terms in a timely manner, or at all, our business, financial condition and results of operations could be materially and adversely affected.

Any downgrading of India s debt rating by a domestic or international rating agency could negatively impact our business.

Any adverse revisions to India s credit ratings for domestic and international debt by domestic or international rating agencies could adversely impact our ability to raise additional financing, as well as the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our financial results, business prospects, ability to obtain financing for capital expenditures and the price of our Shares and ADSs.

Political and Regulatory Risks

India s obligations under the World Trade Organization Agreement could materially affect our business.

India s obligations under its World Trade Organization agreement could reduce the present level of tariffs on imports of components and vehicles. Reductions of import tariffs could result in increased competition, which in turn could materially and adversely affect our sales, business, financial condition and results of operations.

New or changing laws, regulations and government policies regarding increased fuel economy, reduced greenhouse gas and other emissions, vehicle safety and taxes may have significant impact on our business.

As an automobile company, we are subject to extensive governmental regulations regarding vehicle emission levels, noise, safety and levels of pollutants generated by our production facilities. These regulations are likely to become more stringent and the resulting higher compliance costs may significantly impact our future results of operations. In particular, the United States and Europe have stringent regulations relating to vehicle emissions. The contemplated tightening of vehicle emissions regulations by the European Union will require significant costs for compliance. While we are pursuing various technologies in order to meet the required standards in the various countries in which we sell our vehicles, the costs for compliance with these required standards may be significant to our operations and may adversely impact our results of operations.

In order to comply with current and future safety and environmental norms, we may have to incur additional costs to (i) operate and maintain our production facilities, (ii) install new emissions controls or reduction technologies, (iii) purchase or otherwise obtain allowances to emit greenhouse gases, (iv) administer and manage our greenhouse gas emissions program, and (v) invest in research and development to upgrade products and manufacturing facilities. If we are unable to develop commercially viable technologies or otherwise unable to attain compliance within the time frames set by the new standards, we could face significant civil penalties or be forced to restrict product offerings significantly. For example, in the United States, manufacturers are subject to substantial civil penalties if they fail to meet federal Corporate Average Fuel Economy, or CAFE, standards. Please see Item 4.B Information on the Company - Business Overview - Government Regulations Environmental, fiscal and other governmental regulations around the world - Greenhouse gas/CO_2/fuel economy legislation for additional detail on these standards. These penalties are calculated at $5.50 for each tenth of a mile below the required fuel efficiency level for each vehicle sold in a model year in the U.S. market. As with many European manufacturers, since 2010, Jaguar Land Rover has paid total penalties of US$46 million for its failure to meet CAFE standards. Jaguar Land Rover could incur a substantial increase in these penalties, including as a result of announced increases in CAFE civil penalties to adjust for inflation. Moreover, safety and environmental standards may at times impose conflicting imperatives, which pose engineering challenges and would, among other things, increase our costs. While we are pursuing the development and implementation of various technologies in order to meet the required standards in the various countries in which we sell our vehicles, the costs for compliance with these required standards could be significant to our operations and may materially and adversely affect our business, financial condition and results of operations.

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In addition, the Road Transport and Safety Bill (RTSB) 2015, which is subject to legislative approval by the Indian Parliament, could expose us to additional liability for vehicle recalls and for manufacturer s liability for our vehicles. Imposition of any additional taxes and levies designed to limit the use of automobiles could significantly reduce the demand for our products, as well as our sales and net income. Changes in corporate and other taxation policies, as well as changes in export and other incentives given by various governments could also adversely affect our results of operations. For example, we benefit from excise duty exemptions for manufacturing facilities in the state of Uttarakhand and other incentives such as subsidies or loans from states where we have manufacturing operations. The Government of India had proposed a comprehensive national goods and services tax, or GST, regime that would combine taxes and levies by the central and state governments into one unified rate structure. While both the Government of India and state governments of India have publicly announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which could create uncertainty. The Government of India has publicly announced its intention to implement the GST on April 1, 2017; however, we can make no assurances regarding this timeline.

Regulations in the areas of investments, taxes and levies may also have an impact on Indian securities, including our Shares and ADSs. For more information, see Item 4.B Business Overview Government Regulations of this annual report on Form 20-F.

In 2014, the antitrust regulator in China, the Bureau of Price Supervision and Anti-Monopoly of the National Development and Reform Commission, or the NDRC, launched an investigation into the pricing practices of more than 1,000 Chinese and international companies in the automotive industry, including Jaguar Land Rover and many of its competitors. The NDRC has reportedly imposed fines on certain of our international competitors as a result of anti-competitive practices pertaining to vehicle and spare-part pricing. In response to this investigation, we established a process to review our pricing in China and announced reductions in the manufacturer s suggested retail price for the 5.0-liter V8 models, which include the Range Rover, Range Rover Sport and F-Type and the price of certain of our spare parts. Further imposition of price reductions and other actions taken in relation to our products may significantly reduce our revenues and profits generated by operations in China and have a material adverse effect on our financial condition and results of operations. Furthermore, any regulatory action taken or penalties imposed by regulatory authorities may have significant severe reputational consequences on our business as well as our profitability and prospects.

We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Indian Competition Act oversees practices having an appreciable adverse effect on competition, or AAEC, in a given relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC, is considered void and results in imposition of substantial penalties. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Furthermore, any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or controls production, sharing the market by way of geographical area or number of subscribers in the relevant market or which directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC in the relevant market in India and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise. We cannot predict with certainty the impact of the provisions of the Competition Act on our agreements at this stage.

On March 4, 2011, the Government of India issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset- and turnover-based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India, or CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011 (as amended), which sets out the mechanism for the implementation of the merger control regime in India.

Furthermore, the CCI has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. The CCI has initiated an inquiry against us and other car manufacturers, collectively referred to hereinafter as the OEMs, pursuant to an allegation that genuine spare parts of automobiles manufactured by the OEMs were not made freely available in the open market in India and, accordingly, anti-competitive practices were carried out by the OEMs.

If we are adversely affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it could adversely affect our business, financial condition and results of operations.

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We may be adversely impacted by political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages/prices, epidemics and labor strikes.

Our products are exported to a number of geographical markets and we plan to further expand our international operations in the future. Consequently, our operations in those markets may be subject to political instability, wars, terrorism, regional or multinational conflicts, natural disasters, fuel shortages, epidemics and labor strikes. In addition, conducting business internationally, especially in emerging markets, exposes us to additional risks, including adverse changes in economic and government policies, unpredictable shifts in regulation, inconsistent application of existing laws, rules and regulations, unclear regulatory and taxation systems and divergent commercial and employment practices and procedures. Any significant or prolonged disruption or delay in our operations related to these risks could materially and adversely affect our business, financial condition and results of operations.

Compliance with new or changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.

We are subject to a complex and continuously changing regime of laws, rules, regulations and standards relating to accounting, corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and U.S. Securities and Exchange Commission, or SEC, regulations, Securities and Exchange Board of India, or SEBI, regulations, New York Stock Exchange, or NYSE, listing rules, and the Companies Act, as well as Indian stock market listing regulations. New or changed laws, rules, regulations and standards may lack specificity and are subject to varying interpretations. As an example, pursuant to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, which contains significant corporate governance and executive compensation-related provisions, the SEC has adopted additional rules and regulations in areas such as say on pay . Similarly, under applicable Indian laws, for example, remuneration packages may, in certain circumstances, require shareholders approval. Our management and other personnel may be required to devote a substantial amount of time to such compliance initiatives. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards. We are committed to maintaining high standards of corporate governance and public disclosure. However, our efforts to comply with evolving laws, rules, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management resources and time.

The Companies Act has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs. The Companies Act brought into effect significant changes to the Indian company law framework, such as in the provisions related to the issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in offering documents, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading, including restrictions on derivative transactions concerning a company s securities by directors and key managerial personnel. We are also required to spend, in each financial year, at least 2% of our average net profits during the three immediately preceding financial years, calculated for Tata Motors Limited on a standalone basis under Indian GAAP, toward corporate social responsibility activities. Furthermore, the Companies Act imposes greater monetary and other liability on us and our directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management s attention. We may also face challenges in interpreting and complying with certain provisions of the Companies Act due to limited relevant jurisprudence. In the event that our interpretation of the Companies Act differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government of India in the future, we may face regulatory actions or be required to undertake remedial steps. In addition, some of the provisions of the Companies Act overlap with other existing laws and regulations (such as corporate governance provisions and insider trading regulations issued by SEBI). The SEBI recently promulgated the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, or the Listing Regulations, which are applicable to all Indian companies with listed securities or companies intending to list its securities on an Indian Stock Exchange, and the Listing Regulations became effective on December 1, 2015. Pursuant to the Listing Regulations, we are required to ensure that our board of directors includes at least one female director at all times, to establish and maintain a vigilance mechanism for directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of our Code of Conduct or ethics policy under our whistleblower policy, to implement increased disclosure requirements for price sensitive information, including formulation of policies to determine materiality of disclosure events or information, formulation of policies pertaining to related party transactions including obtainment of an omnibus approval from the Audit Committee, adoption of a website content archival policy, crystallization of the criteria for determination of material subsidiaries, conduct elaborate directors familiarization programs and comprehensive disclosures thereof, and to refresh the terms of reference of certain committees in accordance with the Listing Regulations. SEBI also promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015, consequent to which we drafted and adopted the Tata Code of Conduct for Prevention of Insider trading and the Code of Corporate Disclosure Practices. We may face difficulties in complying with any such overlapping requirements. Furthermore, we cannot currently determine the impact of certain provisions of the Companies Act and the revised SEBI corporate governance norms. Any increase in our compliance requirements or in our compliance costs may have a material and adverse effect on our business, financial condition and results of operations.

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Compliance with the SEC s rules for disclosures on conflict minerals may be time consuming and costly, and could adversely affect our reputation.

Under the Dodd-Frank Act, the SEC has adopted rules that apply to companies that use certain minerals and metals, known as conflict minerals, in their products, including certain products manufactured for them by third parties. The rules require companies to conduct due diligence as to whether or not such minerals originated from the Democratic Republic of Congo or adjoining countries, and further require companies to file certain information with the SEC about the use of these minerals. We expect to incur additional costs to comply with these due diligence and disclosure requirements. In addition, depending on our findings or our inability to make reliable findings about the source of any possible conflict minerals that may be used in any products manufactured for us by third parties, our reputation could be harmed.

Risks associated with Investments in an Indian Company

Political changes in the Government of India could delay and/or affect the further liberalization of the Indian economy and materially and adversely affect economic conditions in India, generally, and our business, in particular.

Our business could be significantly influenced by economic policies adopted by the Government of India. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms.

The Government of India has at various times announced its general intention to continue India s current economic and financial liberalization and deregulation policies. However, protests against such policies, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. While we expect any new government to continue the liberalization of India s economic and financial sectors and deregulation policies, there can be no assurance that such policies will be continued.

The Government of India has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our ADSs and Shares may be affected by interest rates, changes in policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

A change in the Government of India s economic liberalization and deregulation policies could disrupt business and economic conditions in India generally, and specifically our business and operations, as a substantial portion of our assets are located in India. This could have a material adverse effect on our financial condition and results of operations.

Terrorist attacks, civil disturbances, regional conflicts and other acts of violence, particularly in India, may disrupt or otherwise adversely affect the markets in which we operate, our business and our profitability.

India has from time to time experienced social and civil unrest and hostilities, including terrorist attacks and riots and armed conflict with neighboring countries. Events of this nature in the future could influence the Indian economy and could have a material adverse effect on our business, as well as the market for securities of Indian companies, including our Shares and ADSs. In addition, any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability, which could adversely affect the price of our Shares or ADSs. Furthermore, India has witnessed local civil disturbances in recent years, and it is possible that future civil unrest, as well as other adverse social, economic or political events in India could have an adverse impact on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have a material adverse effect on our business, results of operations and financial condition, and the market price of our Shares and ADSs.

We may be materially and adversely affected by Reserve Bank of India policies and actions.

The Indian Stock Exchange, has and does, react to the changes in the monetary policies of Reserve Bank of India, or RBI. We can make no assurances about future market reactions to RBI announcements and their impact on the price of our Shares and ADSs. Furthermore, our business could be significantly impacted were the RBI to make major alterations to monetary or financial policy. Certain changes, such as the raising of interest rates, could negatively affect our sales and consequently our revenue, any of which could have a material adverse effect on our financial condition and results of operations.

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Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, which include regulations applicable to our board of directors, and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors fiduciary duties and liabilities, and shareholders rights may differ from those that would apply to a company incorporated in another jurisdiction. Shareholders rights under Indian law may not be as extensive as shareholders rights under the laws of other countries or jurisdictions, including the United States. You may also have more difficulty in asserting your rights as a shareholder of our company than you would as a shareholder of a corporation organized in another jurisdiction.

The market value of your investment may fluctuate due to the volatility of the Indian securities market.

Stock exchanges in India, including the Bombay Stock Exchange, or the BSE, have, in the past, experienced substantial fluctuations in the prices of their listed securities. Such fluctuations, if they continue or recur, could affect the market price and liquidity of the securities of Indian companies, including our Shares and ADSs. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. Volatility in other stock exchanges, including, but not limited to, those in China, may affect the prices of securities in India, including our Shares, which may in turn affect the price of our ADSs. In addition, the governing bodies of the stock exchanges in India have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

There may be a differing level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants, than in the United States. SEBI received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the Indian securities markets. Subsequently, SEBI has prescribed regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities market. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in the United States.

Investors may have difficulty enforcing judgments against us or our management.

We are a public limited company incorporated in India. The majority of our directors and executive officers are residents of India and substantially all of the assets of those persons and a substantial portion of our assets are located in India. As a result, it may not be possible for you to effect service of process within the United States upon those persons or us. In addition, you may be unable to enforce judgments obtained in courts of the United States against those persons outside the jurisdiction of their residence, including judgments predicated solely upon U.S. federal securities laws. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with public policy.

Section 44A of the Indian Code of Civil Procedure, 1908, as amended, or the Civil Code, provides that where a foreign judgment has been rendered by a superior court (within the meaning of the section) in any country or territory outside of India which the Government of India has by notification declared to be a reciprocating territory, such foreign judgment may be enforced in India by proceedings in execution as if the judgment had been rendered by an appropriate court in India. However, the enforceability of such judgments is subject to the exceptions set forth in Section 13 of the Civil Code.

Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties and does not include arbitration awards.

If a judgment of a foreign court is not enforceable under Section 44A of the Civil Code as described above, it may be enforced in India only by a suit filed upon the judgment, subject to Section 13 of the Civil Code and not by proceedings in execution. Accordingly, as the United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A, a judgment rendered by a court in the United States may not be enforced in India except by way of a suit filed upon the judgment.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Generally, there are considerable delays in the disposition of suits by Indian courts.

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A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI, under the Foreign Exchange Management Act, 1999, or FEMA to repatriate any amount recovered pursuant to such enforcement. Any judgment in a foreign currency would be converted into Indian rupees on the date of judgment and not on the date of payment.

We will be required to prepare financial statements under Ind-AS (which is India s convergence to IFRS). The transition to Ind-AS in India is very recent and there is no clarity on the impact of such transition on us.

We currently prepare annual and interim financial statements under Indian GAAP and annual financial statements under IFRS. On January 2, 2015, the Ministry of Corporate Affairs, Government of India, the MCA, announced the revised roadmap for the implementation of the Indian Accounting Standards, or Ind-AS, and on February 16, 2015, released the Companies (Indian Accounting Standards) Rules, 2015 (to be published in the Gazette of India), which came into effect on April 1, 2015 and which requires mandatory implementation by companies based on their respective net worth, and we are required to prepare annual and interim financial statements under Ind-AS.

There is not yet a significant body of established practice on which to draw informing judgments regarding the implementation and application of Ind-AS. In addition, Ind-AS differs in certain respects from IFRS, and therefore, financial statements prepared under Ind-AS may be substantially different from financial statements prepared under IFRS. There can be no assurance that our financial condition, results of operation, cash flow or changes in shareholders equity will not be presented differently under Ind-AS than under Indian GAAP or IFRS. As we adopted Ind-AS reporting on April 1, 2016*,* we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. There can be no assurance that the adoption of Ind-AS will not materially and adversely affect our financial conditions and results of operations.

Risks associated with our Shares and ADSs

Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar may have a material adverse effect on the market value of our ADSs and Shares, independent of our operating results.

The exchange rate between the Indian rupee and the U.S. dollar has changed materially in the last two decades and may materially fluctuate in the future. Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar will affect, among others things, the U.S. dollar equivalents of the price of our Shares in Indian rupees as quoted on stock exchanges in India and, as a result, may affect the market price of the ADSs. Such fluctuations will also affect the U.S. dollar equivalent of any cash dividends in Indian rupees received on the Shares represented by the ADSs and the U.S. dollar equivalent of the proceeds in Indian rupee of a sale of Shares in India.

Holders of ADSs have fewer rights than shareholders and must act through the depositary to exercise those rights.

Although ADS holders have a right to receive any dividends declared in respect of the Shares underlying the ADSs, they cannot exercise voting or other direct rights as a shareholder with respect to the Shares underlying the ADSs. Citibank, N.A. as depositary, or the depositary, is the registered shareholder of the deposited Shares underlying our ADSs, and only the depositary may exercise the rights of shareholders in connection with the deposited Shares. The depositary will notify ADS holders of upcoming votes and arrange to deliver our voting materials to ADS holders only if requested by us. The depositary will try, insofar as practicable, subject to Indian laws and the provisions of our Articles of Association, to vote or have its agents vote the deposited securities as instructed by the ADS holders. If the depositary receives voting instructions in time from an ADS holder which fails to specify the manner in which the depositary is to vote the Shares underlying such ADS holder s ADSs, such ADS holder will be deemed to have instructed the depositary to vote in favor of the items set forth in such voting instructions. If the depositary has not received timely instructions from an ADS holder, such ADS holder shall be deemed to have instructed the depositary to give a discretionary proxy to a person designated by us, subject to the conditions set forth in the deposit agreement. If requested by us, the depositary is required to represent all Shares underlying ADSs, regardless whether timely instructions have been received from such ADS holders, for the sole purpose of establishing a quorum at a meeting of shareholders. In addition, in your capacity as an ADS holder, you will not be able to examine our accounting books and records, or exercise appraisal rights. Registered holders of our Shares withdrawn from the depositary arrangements will be entitled to vote and exercise other direct shareholder rights in accordance with Indian law. However, a holder may not know about a meeting sufficiently in advance to withdraw the underlying Shares in time. Furthermore, an ADS holder may not receive voting materials, if we do not instruct the depositary to distribute such materials, or may not receive such voting materials in time to instruct the depositary to vote.

For further details on the terms and conditions of our ADSs and the rights and obligations of our ADS holders, please see the amended and restated deposit agreement dated as at September 27, 2004 among us, Citibank, N.A., as depositary, and all holders and beneficial owners of ADSs issued thereunder, as amended and supplemented by Amendment No. 1, dated as at December 16, 2009, hereinafter referred to as the deposit agreement, which is incorporated by reference into this annual report on Form 20-F.

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Moreover, pursuant to Indian regulations, we are required to offer our shareholders preemptive rights to subscribe for a proportionate number of Shares to maintain their existing ownership percentages prior to the issue of new Shares. These rights may be waived by a resolution passed by at least 75% of our shareholders present and voting at a general meeting. ADS holders may be unable to exercise preemptive rights for subscribing to these new Shares unless a registration statement under the Securities Act is effective or an exemption from the registration requirements is available to us. Our decision to file a registration statement would be based on the costs, timing, potential liabilities and the perceived benefits associated with any such registration statement and we do not commit that we would file such a registration statement. If any issue of securities is made to our shareholders in the future, such securities may also be issued to the depositary, which may sell such securities in the Indian securities market for the benefit of the holders of ADSs. There can be no assurance as to the value, if any, the depositary would receive upon the sale of such rights or securities. To the extent that ADS holders are unable to exercise preemptive rights, their proportionate ownership interest in our company would be reduced.

The Government of India s regulation of foreign ownership could materially reduce the price of the ADSs.

Foreign ownership of Indian securities is regulated and is partially restricted. In addition, there are restrictions on the deposit of Shares into our ADS facilities. ADSs issued by companies in certain emerging markets, including India, may trade at a discount to the market price of the underlying Shares, in part because of the restrictions on foreign ownership of the underlying Shares and in part because ADSs are sometimes perceived to offer less liquidity than underlying Shares that can be traded freely in local markets by both local and international investors. See Item 10.D Exchange Controls .

There are restrictions on daily movements in the price of the Shares, which may constrain a shareholder s ability to sell, or the price at which a shareholder can sell, Shares at a particular point in time.

The Shares are subject to a daily circuit breaker imposed by stock exchanges in India on publicly listed companies, including us, which does not allow transactions causing volatility in the price of the Shares above a certain threshold. This circuit breaker operates independently from the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges in India based on the historical volatility in the price and trading volume of our Shares. The stock exchanges in India are not required to inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively acts to limit the upward and downward movements in the price of our Shares. As a result of this circuit breaker, we cannot make any assurance regarding the ability of our shareholders to sell their Shares or the price at which such shareholders may be able to sell their Shares.

You may be subject to Indian taxes arising out of capital gains on the sale of the Shares. Capital gains arising from the sale of Shares are generally taxable in India.

Any gain realized on the sale of the Shares on an Indian stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction. The securities transaction tax will be levied on and collected by the Indian stock exchange on which the Shares are sold. Any gain realized on the sale of Shares held for more than 12 months on which no securities transaction tax has been paid, will be subject to capital gains tax in India. Furthermore, any gain realized on the sale of the Shares held for a period of 12 months or less will be subject to capital gains tax in India. See Item 10.E Additional Information Taxation Taxation of Capital Gains and Losses Indian Taxation Capital Gains of this annual report on Form 20-F for further information on the application of capital gains tax in India to our shareholders and ADS holders.

Item 4. Information on the Company

A. History and Development of the Company

We were incorporated on September 1, 1945 as a public limited company under the Indian Companies Act VII of 1913 as Tata Locomotive and Engineering Company Limited and we received a certificate of commencement of business on November 20, 1945. Our name was changed to Tata Engineering and Locomotive Company Limited on September 24, 1960, and to Tata Motors Limited on July 29, 2003. Tata Motors Limited is incorporated and domiciled in India. We commenced operations as a steam locomotive manufacturer. This business was discontinued in 1971. Since 1954, we have been manufacturing automotive vehicles. The automotive vehicle business commenced with the manufacture of commercial vehicles under financial and technical collaboration with Daimler-Benz AG (now Daimler AG) of Germany. This agreement ended in 1969. We produced only commercial vehicles until 1991, when we started producing passenger vehicles as well. Together with our consolidated subsidiaries we form the Tata Motors Group.

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In June 2008, we acquired the Jaguar Land Rover business from Ford Motor Company. Jaguar Land Rover is a global automotive business, which designs, manufactures and sells Jaguar luxury sedans, sports cars and luxury performance SUVs and Land Rover premium all-terrain vehicles, as well as related parts, accessories and merchandise. The Jaguar Land Rover business has internationally recognized brands, a product portfolio of award-winning luxury performance cars, luxury performance SUVs and premium all-terrain vehicles, brand-specific global distribution networks and research and development capabilities. As a part of our acquisition of the Jaguar Land Rover business, we acquired three major manufacturing facilities located in Halewood, Solihull and Castle Bromwich and two advanced design and engineering facilities located at Whitley and Gaydon, all in the United Kingdom, together with national sales companies in several countries.

In September 2004, we became the first company from India s automotive sector to be listed on the New York Stock Exchange. Our ADSs are traded on the NYSE under the symbol TTM . Our Ordinary Shares and A Ordinary Shares are traded on the BSE under the codes 500570 and 570001, respectively, and the National Stock Exchange of India Ltd., or NSE, under the symbols TATAMOTORS and TATAMTRDVR , respectively.

We offer a broad portfolio of automotive products, ranging from sub-1 ton to 49 ton GVW trucks (including pickup trucks) to small, medium, and large buses and coaches to passenger cars, including the world s most affordable car the Tata Nano, premium luxury cars and SUVs.

We have a substantial presence in India and also have global operations in connection with production and sale of Jaguar and Land Rover brand passenger vehicles. We are the largest commercial vehicle manufacturer in terms of revenue in India and among the top six passenger vehicle manufacturers in terms of units sold in India during Fiscal 2016. We estimate that over 8 million vehicles produced by us are being operated in India as of the date of this annual report on Form 20-F.

We operate six principal automotive manufacturing facilities in India: at Jamshedpur in the state of Jharkhand, at Pune in the state of Maharashtra, at Lucknow in the state of Uttar Pradesh, at Pantnagar in the state of Uttarakhand, Sanand in the state of Gujarat and at Dharwad in the state of Karnataka. We also operate four principal automotive manufacturing facilities in the United Kingdom through our Jaguar Land Rover business: at Solihull and Castle Bromwich in the West Midlands, at Halewood in Liverpool and an engine plant at Wolverhampton in the West Midlands. In Fiscal 2015, Jaguar Land Rover opened its inaugural overseas manufacturing facility in China with its joint venture partner, Chery Automobile Company Ltd., or Chery, the China Joint Venture, with the Range Rover Evoque the first model built there followed by the Land Rover Discovery Sport in the third quarter of Fiscal 2016. In June 2016, Jaguar Land Rover opened a new manufacturing plant in Itatiaia, Brazil, where it will produce the Range Rover Evoque and Discovery Sport models.

We have expanded our international operations through mergers and acquisitions and in India we have made strategic alliances involving non-Indian companies in recent years, including, but not limited to, the following:

We have a joint venture agreement with FCA Italy Spa (earlier called Fiat Group Automobiles S.p.A., Italy), or the Fiat Group. Together with the Fiat Group, we operate a facility located at Ranjangaon in Maharashtra to manufacture passenger cars, engines and transmissions for the Indian and overseas markets. Established in April 2008, the plant currently manufactures the Fiat Linea, Fiat Punto, Tata Indica, Tata Bolt and Tata Zest vehicles, as well as components for such vehicles, such as engines and transmissions. During May 2012, both the joint-venture partners decided to re-align their Indian joint venture. Accordingly, in March 2013, we and Fiat Group signed a restructuring framework agreement, or RFA. Under the RFA:

The joint arrangement shall manufacture and assemble Fiat products, Tata products and any new products (including for third parties) in accordance with the terms and conditions settled in the RFA. The current third-party orders shall continue in accordance with current terms.

The distribution company, owned by Fiat Group, shall be responsible for distribution of the Fiat vehicles and parts from April 1, 2013.

In December 2006, we entered into a joint venture agreement with Thonburi Automotive Assembly Plant Co. Ltd, or the Thonburi Group, to manufacture pickup trucks in Thailand. As at March 31, 2016, we own 95.28% of the joint venture, while the Thonburi Group owns the remaining 4.72%. The joint venture, which began vehicle production in March 2008, enabled us to access the Thailand market, which is a major market for pickup trucks, as well as other potential markets in the Association of Southeast Asian Nations, or ASEAN, region.

In October 2010, we acquired an 80% equity interest in Trilix Srl., or Trilix, a design and engineering company, in line with our objective to enhance our styling/design capabilities to meet global standards. Trilix offers design and engineering services in the automotive sector, including styling, architecture, packaging, surfacing, macro and micro-feasibility studies and detailed engineering development. Trilix continues to implement a strategic growth policy and in March 2013 moved to a new facility as part of its ongoing implementation of this growth policy.

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Jaguar Land Rover opened a manufacturing plant for the China Joint Venture in Changshu, China in October 2014 and began manufacturing the Range Rover Evoque shortly thereafter. Manufacture of the Land Rover Discovery Sport commenced in the third quarter of Fiscal 2016, and Jaguar Land Rover recently announced that the Jaguar XF L (a long wheelbase version of the Jaguar XF saloon) will be produced at the same manufacturing plant from the second half of 2016. Total investment in the joint venture is expected to be approximately RMB 10.9 billion, which is being contributed toward the establishment of the manufacturing plant, research and development center and engine production facility. Jaguar Land Rover committed to invest RMB 3.5 billion of equity capital in the China Joint Venture, representing 50% of the share capital and voting rights of the joint venture company.

In December 2013, Jaguar Land Rover signed an agreement to invest approximately GBP 240 million, in a production facility in Rio de Janeiro in Brazil with an annual production capacity of 24,000 units. The plant opened in June 2016 and manufactures the Evoque and Discovery Sport for the Brazilian market.

In July 2015, Jaguar Land Rover agreed to a manufacturing partnership with Magna Steyr, an operating unit of Magna International Inc, to build certain future Jaguar Land Rover models in Graz, Austria to support Jaguar Land Rover s growth plans. We believe that Magna Steyr has extensive contract manufacturing expertise working with many other car manufacturers globally.

In December 2015, Jaguar Land Rover concluded an agreement with the Government of the Slovak Republic for the development of a new manufacturing plant in western Slovakia with the first cars expected to be produced in 2018. The new facility represents an investment of GBP 1 billion and initial annual capacity of up to 150,000 units with potential further investment of GBP 500 million to increase the capacity of the facility to 300,000 vehicles per annum.

Please see Item 4.B Business Overview Our Strategy Capital and Product Development Expenditures and Item 5.B Operating and Financial Review and Prospect Liquidity and Capital Resources Capital Expenditures of this annual report on Form 20-F for details on our principal capital expenditures.

Through our other subsidiary and associate companies, we are engaged in providing engineering and automotive solutions, construction equipment manufacturing, automotive vehicle components manufacturing and supply chain activities, machine tools and factory automation solutions, high-precision tooling and plastic and electronic components for automotive and computer applications, and automotive retailing and service operations.

Tata Technologies Limited, or TTL, our 72.32% owned subsidiary, is engaged in providing specialized engineering and design services, product lifecycle management, or PLM, and product-centric IT services to leading global manufacturers. TTL s customers are among the world s premier automotive, aerospace and consumer durables manufacturers. TTL had 14 subsidiary companies and one joint venture as at March 31, 2016.

TML Distribution Company Limited, or TDCL, our wholly-owned subsidiary, was incorporated on March 28, 2008. TDCL provides distribution and logistics support for distribution of our products throughout India. TDCL commenced its operations in Fiscal 2009.

Our subsidiary, Tata Motors Finance Limited, or TMFL, was incorporated on June 1, 2006, with the objective of becoming a preferred financing provider for our dealers customers by capturing customer spending over the vehicle life-cycle relating to vehicles sold by us. In India, TMFL is registered with the RBI as a Systemically Important Non-Deposit Taking Non-Banking Financial Company, or NBFC, and is classified as an Asset Finance Company under the RBI s regulations on NBFCs. In Fiscal 2015, TMFL has acquired 100% shareholding of Rajasthan Leasing Private Ltd, which subsequently changed its name to Tata Motors Finance Solutions Private Ltd, an NBFC registered with the RBI. On June 4, 2015, Tata Motors Finance Solutions Private Ltd was converted into a public limited company, named Tata Motors Finance Solutions Limited or TMFSL. TMFSL will focus on the used vehicle financing business.

Our wholly-owned subsidiary, Tata Motors Insurance Broking and Advisory Services Limited, or TMIBASL, is a licensed Direct General Insurance Broker with the Insurance Regulatory and Development Authority of India that operates in the Indian market and has plans to branch out globally to seek additional business opportunities. TMIBASL commenced business in Fiscal 2008 and provides end-to-end insurance solutions in the retail sector with a focus on the automobile sector. TMIBASL offers services to various OEMs in the passenger vehicle, commercial and construction equipment markets, including to us.

As at March 31, 2016, our operations included 77 consolidated subsidiaries, 2 joint operations, 17 joint ventures and 23 equity method affiliates, in respect of which we exercise significant influence. As at March 31, 2016, we had approximately 76,598 permanent employees, including approximately 50,029 permanent employees at our consolidated subsidiaries and joint operations.

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Tata Incorporated serves as our authorized United States representative. The address of Tata Incorporated is 101 Park Avenue, New York, NY 10178, United States of America.

Our Registered Office is located at Bombay House, 24, Homi Mody Street, Mumbai 400 001, India. Our telephone number is +91-22-6665-8282 and our website address is www.tatamotors.com. Our website does not constitute a part of this annual report on Form 20-F.

B. Business Overview

We primarily operate in the automotive segment. Our automotive segment includes all activities relating to the development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories. The acquisition of the Jaguar Land Rover business has enabled us to enter the premium car market in developed markets, such as the United Kingdom, the United States, Europe and China, as well as several emerging markets, such as Russia, Brazil and South Africa. Going forward, we expect to focus on profitable growth opportunities in our global automotive business, through new products and market expansion. Within our automotive operations we continue to focus on integration and synergy through sharing of resources, platforms, facilities for product development and manufacturing, sourcing strategy and mutual sharing of best practices.

Our business segments are (i) automotive operations and (ii) all other operations. Our automotive operations include all activities relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories. We provide financing for vehicles sold by dealers in India. The vehicle financing is intended to encourage sales of vehicles by providing financing to the dealers customers and as such is an integral part of our automotive business. Our automotive operations segment is further divided into Tata and other brand vehicles (including financing thereof) and Jaguar Land Rover. Tata and other brand vehicles consist of vehicles manufactured under our Tata, Daewoo and Fiat brands, and exclude vehicles manufactured under Jaguar Land Rover brands.

We produce a wide range of automotive products, including:

Passenger Cars: Our range of Tata-branded passenger cars include the Nano (micro), the Indica, the Bolt, the Tiago (compact) in the hatchback category the Indigo eCS, and the Zest (mid-sized) in the sedan category. We have expanded our passenger car range with several variants and fuel options designed to suit various customer preferences. Our Jaguar Land Rover operations have an established presence in the premium passenger car market under the Jaguar brand name. There are five car lines currently manufactured under the Jaguar brand name, including the F-TYPE two-seater sports coupe and convertible, the XF sedan, the XJ saloon, the XE sports saloon and the all-new luxury performance SUV, the F-PACE, which was made available for retail sale in Spring 2016.

Utility Vehicles: We manufacture a range of Tata brand utility vehicles, including the Sumo and the Safari, which are SUVs, the Tata Aria, a crossover, and the Venture, a multipurpose utility vehicle. We offer two variants of the Safari: the Dicor and the Storme. We also offer a variant of the Sumo, the Sumo Gold, which is an entry level UV. There are currently five car lines under the Land Rover brand in the all-terrain vehicle category: the Range Rover, Range Rover Sport, Range Rover Evoque (including the Evoque convertible which was made available for retail sale in June 2016), Land Rover Discovery and the Land Rover Discovery Sport. We ceased production of the Land Rover Defender in January 2016.

Light Commercial Vehicles: We manufacture a variety of light commercial vehicles, including pickup trucks and small commercial vehicles. This includes the Tata Ace, India s first indigenously developed mini-truck, with a 0.7 ton payload with different fuel options; the Super Ace, with a 1-ton payload; the Ace Zip, with a 0.6 ton payload; the Magic and the Magic Iris, including an electric variant, both of which are passenger variants for commercial transportation developed on the Tata Ace platform; and the Winger. In addition, we introduced a new generation of Ultra LCV trucks in Fiscal 2015. We also offer the City Ride and Starbus ranges of buses.

Medium and Heavy Commercial Vehicles: We manufacture a variety of medium and heavy commercial vehicles, which include trucks, tractors, buses, tippers, and multi-axle vehicles, with GVWs (including payload) of between 8 tons and 49 tons. In addition, through Tata Daewoo Commercial Vehicle Co. Ltd., or TDCV, we manufacture a wide array of trucks ranging from 215 horsepower to 560 horsepower, including dump trucks, tractor-trailers, mixers and cargo vehicles. Our Prima line of trucks is aimed at our customers in India and South Korea, and we have extended the Prima line by offering Prima LX and multi-axle truck variants. We have also started exporting our Prima products to other countries, such as South Africa, other South Asian Association for Regional Cooperation countries, the Middle East and various countries in Africa. We also launched the Signa range of new M&HCV trucks in Fiscal 2016. We also offer a range of buses, which includes the Semi Deluxe Starbus Ultra Contract Bus and the new Starbus Ultra. Our range of buses is intended for a variety of uses, including as intercity coaches (with both air-conditioned and non-air-conditioned luxury variants), as school transportation and as ambulances.

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Our other operations business segment includes information technology, or IT, services and machine tools and factory automation solutions.

Our Strategy

We believe that we have established a strong position in the Indian automobile industry by launching new products, investing in research and development, strengthening our financial position and expanding our manufacturing and distribution network. We have pursued a strategy of increasing our presence in the global automotive markets and enhancing our product range and capability through strategic acquisitions and alliances. Our goal is to position ourselves as a major international automotive company by offering products across various markets by combining our engineering and other strengths as well as through strategic acquisitions. Our strategy to achieve these goals consists of the following elements:

Continued focus on new product development

Our recent product launches and anticipated product launches include the following:

Ace Mega: The Ace Mega is a small pickup truck in the SCV segment which offers performance combined with fuel efficiency and a low cost of ownership.

SIGNA range of M&HCVs: The SIGNA range offers improved cab experience, connected vehicle-related functionalities and an improved driveline, as compared to prior models.

Ultra Electric: We launched our first fully-electric bus with zero emissions and reduced noise operations. Further, during Fiscal 2016, we increased our global presence and launched the Prima in Kenya, Uganda and Bangladesh; the Ultra bus in Sri-Lanka; the Ultra truck in Bangladesh; the Elanza bus in the United Arab Emirates; and the Ace Express and the Ace Mega in Sri-Lanka and Nepal.

Land Rover Discovery Sport: In the third quarter of Fiscal 2016, local production of the Discovery Sport commenced at the China Joint Venture in Changshu, China.

Range Rover Evoque: We launched the refreshed 2016 model of the Evoque in August 2015, and the Evoque convertible was made available for retail sale in June 2016.

Jaguar XE: The all new Jaguar XE was made available for retail sale in May 2015 and is currently being manufactured at the Solihull plant in the United Kingdom. The XE was the first Jaguar Land Rover vehicle to feature Jaguar Land Rover s in-house 2.0-liter, 4-cylinder engines.

Jaguar XF: The all new lightweight Jaguar XF uses the same aluminum-intensive architecture as the Jaguar XE and was launched in September 2015.

Jaguar XJ: We launched the refreshed 2016 model year XJ in December 2015.

Jaguar F-PACE: We launched the Jaguar F-PACE luxury performance SUV at the Frankfurt Motor Show in 2013. The F-PACE was made available for retail sale in April 2016 and utilizes the same aluminum-intensive architecture as the Jaguar

XE and XF.

Tata Tiago: In April 2016, we launched the Tiago, a hatchback.

Our research and development focuses on developing and acquiring the technology, core competencies and skill sets required for the timely delivery of our envisaged future product portfolio with industry-leading features across our range of commercial and passenger vehicles. For the passenger vehicle product range, our focus is on stunning design, driving pleasure and connected car technologies. For the commercial vehicle product range, our focus is on enhancing fuel-efficiency and minimizing the total cost of ownership. We continue to endeavor to adopt technologies for our product range to meet the requirements of a globally competitive market. We have also undertaken programs for development of vehicles which run on alternate fuels such as LPG, CNG, bio-diesel, electric-traction and hydrogen.

Tata Motors recently signed a contract to supply 25 Tata Starbus Diesel Series Hybrid Electric Buses with full low floor configuration to the Mumbai Metropolitan Region Development Authority, or MMRDA.

We have plans to expand the range of our product base further supported by our strong brand recognition in India, our understanding of local consumer preferences, in-house engineering capabilities and extensive distribution network. With growing competition, changing technologies and evolving customer expectations, we understand the importance of bringing new platforms to address market gaps and further enhance our existing range of vehicles to ensure customer satisfaction. Our capital expenditures totaled Rs.306,233 million, Rs.335,771 million and Rs.272,832 million during Fiscal 2016, 2015 and 2014, respectively, and we currently plan to invest approximately Rs.398 billion in Fiscal 2017 in capacity, new products and technologies.

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Jaguar Land Rover has invested in enhancing its technological strengths through in-house research and development activities, including the development of its engineering and design centers which centralize Jaguar Land Rover s capabilities in product design and engineering. Furthermore, Jaguar Land Rover participates in advanced research consortia that bring together leading manufacturers, suppliers or academic specialists in the United Kingdom and are supported by funding from the UK Government s Technology Strategy Board.

Leveraging our capabilities

We believe that the foundation of our growth over the last five decades has been a deep understanding of economic conditions and customer needs, and the ability to translate this understanding into desirable products though research and development. In India, our Engineering Research Centre, or ERC, established in 1966, has enabled us to successfully design, develop and produce our own range of vehicles. Jaguar Land Rover s research and development operations are built around state-of-the-art engineering facilities, extensive test tracks, testing centers, design hubs and a virtual innovation center. The Engineering Research Centre, or ERC, in India and Jaguar Land Rover engineering and development operations in the United Kingdom have identified areas to leverage the facilities and resources to enhance the product development process and achieve economies of scale. Furthermore, we have a wholly-owned subsidiary, Tata Motors European Technical Centre PLC, or TMETC, in the United Kingdom, which is engaged in automobile research and engineering.

We believe that our in-house research and development capabilities, including those of our subsidiaries Jaguar Land Rover, TDCV and Trilix in Italy, TMETC in the United Kingdom and our joint ventures with Marcopolo S.A. of Brazil in India, with Thonburi in Thailand and Tata Africa Holdings (SA) (Proprietary) Ltd. in South Africa, will enable us to expand our product range and extend our geographical reach. We continually strive to achieve synergy wherever possible with our subsidiaries and joint ventures.

We have continued modernizing our facilities to meet demand for our vehicles. Our Jamshedpur plant, which manufactures our entire range of M&HCVs, including the Prima, both for civilian and defense uses, was our first plant, set up in 1945 to manufacture steam locomotives. It led our entry into commercial vehicles in 1954. The Jamshedpur plant has been modernized over the years and in Fiscal 2015, we celebrated 60 years of truck manufacturing at our first manufacturing and engineering facility in Jamshedpur.

Our product portfolio of Tata-brand vehicles includes the Nano, Indica, Tiago, Indigo, Sumo, Sumo Grande, Safari, Safari Storme, Aria, Zest, Bolt and Venture*,* which enable us to compete in various passenger vehicle market categories. We also offer alternative fuel vehicles under the Nano and Indigo brands. We also intend to expand our sales reach and volumes in rural areas, where an increase in wealth has resulted in a declining difference between urban and rural automobile purchase volumes.

Jaguar Land Rover invests substantially in the development of new products in new and existing segments by introducing new powertrains and technologies including CO_2 reduction and electrification that satisfy both customer preferences and regulatory requirements. Jaguar Land Rover also invests in expanding manufacturing capacity in the United Kingdom and internationally to meet customer demand. In line with other premium automotive manufacturers, Jaguar Land Rover targets a ratio of capital expenditure to revenue of 10-12%. However, in Fiscal 2017 and for some time after, we anticipate that Jaguar Land Rover will undertake higher capital spending in order to take advantage of growth opportunities. For Fiscal 2017, capital expenditure at Jaguar Land Rover is expected to be around GBP 3.75 billion (approximately Rs.358 billion), allocated approximately 43% for research and development and 57% for expenditure on tangible fixed assets, such as facilities, tools and equipment, as well as other investments.

In October 2014, Jaguar Land Rover opened its Engine Manufacturing Centre at Wolverhampton, in the West Midlands. The engine plant currently manufactures Jaguar Land Rover s own in-house 2.0-liter diesel engine first introduced into the Jaguar XE and now available in the Jaguar XF, F-PACE, Evoque and Discovery Sport. A 2.0-liter petrol engine, in which Jaguar Land Rover plans to utilize the same configuration and flexible common architecture as the diesel variant, is scheduled for production later in Fiscal 2017. Jaguar Land Rover s in-house engines have been engineered to maximize manufacturing efficiency, flexibility to increase the number of engine variants and to be consistently high quality. We believe that the Wolverhampton facility is ideally located between Jaguar Land Rover s three principal UK manufacturing sites at Halewood, Castle Bromwich and Solihull. Initial investment in the Engine Manufacturing Centre was approximately GBP 500 million, and to eventually employ over 1,400 people, when expansion is completed. Jaguar Land Rover opened its new R$.750 million (GBP 240 million) manufacturing facility in Brazil in June 2016 that manufactures the Evoque and Discovery Sport for the Brazilian market. In July 2015, Jaguar Land Rover announced that it had agreed to manufacturing partnership with Magna Steyr, an operating unit of Magna International Inc, to build vehicles in Graz, Austria in the future. In December 2015, Jaguar Land Rover announced an initial investment of GBP 1.0 billion to build a manufacturing facility in Slovakia with an annual capacity of 150,000 units. Production is scheduled to commence at this facility in Fiscal 2018.

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Continuing focus on high quality and enhancing customer satisfaction

One of our principal goals is to achieve international quality standards for our products and services. We have established a comprehensive purchasing and quality control system that is designed to consistently deliver quality products and superior service. We also have a program for assisting vendors from whom we purchase raw materials or components to maintain quality. Each vendor is reviewed on a quarterly basis on parameters of quality, cost and delivery and preference is given to vendors with TS 16949 certification.

Through close coordination supported by our IT systems, we monitor quality performance in the field and implement corrections on an ongoing basis to improve the performance of our products, thereby improving customer satisfaction. We believe our extensive sales and service network has also enabled us to provide quality and timely customer service. We are encouraging focused initiatives at both sales and service touch points to enhance customer experience and strive to be best in class, and we believe that the reach of our sales, service and maintenance network provides us with a significant advantage over our competitors. In India, we improved our J.D. Power Asia Pacific 2015 India Customer Service Index (CSI) Study score and we moved up from the fourth ranking last year to the third ranking in that survey. Additionally, we won several awards at the Apollo CV awards in January 2015, with the Ultra 812 winning Commercial Vehicle of the Year & LCV Carrier of the Year and our Prima LX 2523.T winning MCV Cargo Carrier of the Year. Again, at the Apollo CV Awards in 2016, we won several awards: the 36-seater Tata City Ride Skool Bus won School Bus of the Year, the Super Ace Mint won Pick-up of the Year, the Tata LPS 4923 won HCV Tractor Cargo Carrier of the Year; and the Tata MHC 2038 won Special Application CV of the Year,

Jaguar and Land Rover received over 260 awards from leading international motoring writers, magazines and opinion leaders between 2014 and early 2016, as well as numerous other awards, accolades and recognition reflecting the strength of our model line-up and our design and engineering capabilities. The following table sets out certain of these major awards received in the period from 2014 to 2015, but is not exhaustive.

Award	**Model**	**Awarding Institution**	**Date**
Car of the Year 2016	Jaguar XE	Car and Driver Magazine	December 2015
Luxury Compact SUV	Range Rover Evoque	Evo India	December 2015
Top 5 Import Cars of the Year: Jaguar XE	Jaguar XE	Bicauto.com	November 2015
Top 10 Cars for 2016: Jaguar XE	Jaguar XE	Auto World	November 2015
Car Awards Brazil Best Imported Car	Jaguar XE	Car Magazine	November 2015
Green Gold Award	Range Rover	Premio Auto Europa U.I.G.A. 2016	November 2015
Middle Class Group	Jaguar XE	Autonis Design Awards	October 2015
Upper Middle Class Category	Jaguar XF	Autonis Design Awards	October 2015
Best British Car Ever	Jaguar E-TYPE	Classic & Sportscar	October 2015
Best Compact Executive	Jaguar XE	Auto Express Awards	July 2015
Queen s Award for Enterprise in Sustainable Development	Jaguar Land Rover	Her Majesty the Queen	June 2015
Telegraph Car of the Year	Jaguar XE	Telegraph	June 2015
2015 Diesel Car Magazine Awards	Jaguar XE	Best Large Car	May 2015
2015 Fleet World Awards	Jaguar XE	Best New Car	May 2015
First place in the Large Crossover Off-Roader Category	Range Rover	Top-5 Auto 2015	May 2015
Large SUV TT	Range Rover	Best Cars 2015	February 2015
Best Luxury SUV	Range Rover	What Car?	January 2015
Best Car of the Year	Range Rover Sport	Car	January 2015
Small SUV	Range Rover Evoque	What Car? Car of the Year Awards	January 2015
Safety Award	Land Rover Discovery Sport	What Car?	January 2015
First in Middle Class segment	Jaguar XE	Best Cars 2015 Award	January 2015

Best Imported Car of the Year	Jaguar XJ	dayoo.com	November 2014
Best British Luxury Brand	Jaguar	Walpole British Luxury Awards	November 2014
Automotive Performance, Execution and Layout	Land Rover	J.D. Power and Associates	September 2014
Best Coupe	Jaguar F-TYPE	Auto Express New Car Awards	July 2014
Queen s Award for Enterprise in International Trade	Jaguar Land Rover	Her Majesty the Queen	June 2014
Best Car Styling Luxury Brand	Jaguar	Kelley Blue Book	April 2014
Cabriolet of the Year	Jaguar F-TYPE	BBC Top Gear Awards	February 2014
Executive Car of the Year	Jaguar XF	Business Car Awards	January 2014

Environmental performance

Jaguar Land Rover s strategy is to invest in products and technologies that position its products ahead of expected stricter environmental regulations and ensure that it benefits from a shift in consumer awareness of the environmental impact of the vehicles driven by customers. We also believe that Jaguar Land Rover is a leader in automotive green technology in the United Kingdom. Jaguar Land Rover s environmental vehicle strategy focuses on new propulsion technology, weight reduction and reduction of parasitic losses through the driveline. It has developed diesel hybrid versions of the Range Rover and Range Rover Sport, without compromising these vehicles off-road capability or load space.

Jaguar Land Rover is a global leader in the use of aluminum and other lightweight materials to reduce vehicle weight and improve fuel and CO_2 efficiency, and we believe that it is ahead of many of their competitors in the implementation of aluminum construction. For example, the Jaguar XE is the only vehicle in its class to use an aluminum intensive monocoque. Jaguar Land Rover plans to continue to build on this expertise and extend the application of aluminum construction as it develops a range of new products. The aluminum body architecture introduced on the Jaguar XE is also used in the new lightweight Jaguar XF and the new Jaguar F-PACE.

Recognizing the need to use resources responsibly, produce less waste and reduce Jaguar Land Rover s carbon footprint, Jaguar Land Rover is also taking measures to reduce emissions, waste and the use of natural resources in all of its operations.

Jaguar Land Rover is also developing more efficient powertrains and other technologies. This includes smaller and more efficient 2.0-liter petrol engines, stop-start engines and hybrid engines. Jaguar Land Rover already produce smaller and more efficient diesel engines such as the 2.0-liter diesel engine used in its new Jaguar XE, XF, Discovery Sport, Evoque and F-PACE. The Range Rover and Range Rover Sport Diesel Hybrid, which are powered by downsized and more efficient engines and alternative powertrains, have both contributed to the improvement of their carbon footprint.

Jaguar Land Rover s current product line-up is the most efficient it has ever been, and the launch of new models has further improved the environmental performance of its vehicles. The aluminum intensive Jaguar XE is the most fuel efficient Jaguar and the first Jaguar Land Rover vehicle to receive a UK VED Band A rating, resulting in a GBP 0/annum tax rate, and the new aluminum-intensive XF delivers improved fuel consumption and CO_2 emission performance. The all-aluminum Jaguar XJ 3.0-liter V6 twin turbo diesel and the 2.0-liter turbocharged gasoline engine options in the Range Rover Evoque, the Land Rover Discovery and the Jaguar XE, XF and XJ also offer improved fuel efficiency.

The most efficient version of the latest Range Rover Evoque emits less CO_2 than the prior model due to the introduction of the new 2.0-liter in-house diesel engine. The Discovery Sport has been developed to be the most versatile and capable Land Rover in its category with a range of four-cylinder turbocharged petrol and diesel engines. The new 2.0-liter in-house diesel manual engine joined the range in the first half of 2015. The 3.0-liter TDV6 Range Rover offers similar performance to the previous 4.4-liter TDV8 Range Rover, while fuel consumption and CO_2 emissions have been reduced. Jaguar Land Rover s first hybrid electric vehicles, the Range Rover and Range Rover Sport 3.0-liter SDV6 Hybrid, also offer significantly improved CO_2 emission performance.

Mitigating cyclicality

The automobile industry is impacted by cyclicality. To mitigate the impact of cyclicality, we plan to continually strengthen our operations through gaining market share across different segments, and offering a wide range of products in diverse geographies. We also plan to continue to strengthen our business operations other than vehicle sales, such as financing of our vehicles, spare part sales, service and maintenance contracts, sales of aggregates for non-vehicle businesses, reconditioning of aggregates and sale of castings, production aids and tooling/fixtures in order to reduce the impact of cyclicality of the automotive industry.

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Expanding our international business

Our international expansion strategy involves entering new markets where we have an opportunity to grow and introducing new products to existing markets in order to grow our presence in such markets. Our international business strategy has already resulted in the growth of our international operations in select markets and chosen segments over the last five years. Based on our internal assessments, in recent years, we have grown our market share across various African and Middle East markets such as Kenya, Nigeria, Tanzania, Saudi Arabia, United Arab Emirates and Qatar in addition to maintaining our dominant market position in the South Asian markets of Bangladesh, Nepal and Sri Lanka based on data compiled by our country managers. In keeping with our strategy to enter and grow in new regions, we have focused on business in the ASEAN countries, where in the past two years we entered Indonesia, Malaysia and the Philippines, and also in Australia.

We have also expanded our range through acquisitions and joint ventures. Our acquisition of Jaguar Land Rover significantly expanded our geographical presence. Through Jaguar Land Rover, we offer products in the premium performance car and premium all-terrain vehicle categories with globally recognized brands, and we have diversified our business across markets and product categories as a result. We intend to build upon the internationally recognized brands of Jaguar Land Rover. Our joint venture with the Thonburi Group, Tata Motors (Thailand) Limited, is also focusing on increasing its geographical reach by introducing Thailand-manufactured pickup trucks in other Asian markets. Thailand-produced pickup trucks were introduced in Malaysia in the beginning of Fiscal 2015. During Fiscal 2008, we established a joint venture company to undertake manufacture and assembly operations in South Africa, which has been one of our largest export markets from India in terms of unit volume. The joint venture company, Tata Motors (SA) (Proprietary) Limited, commenced operations in July 2011. Currently, Tata Motors (SA) (Proprietary) Limited caters to the domestic South African market and, in Fiscal 2016, sold 765 chassis.

Reducing operating costs

We believe that our scale of operations provides us with a significant advantage in reducing costs and we plan to continue to sustain and enhance this cost advantage.

Our ability to leverage our technological capabilities and our manufacturing facilities among our commercial vehicle and passenger vehicle businesses enables us to reduce cost. For example, the diesel engine used in our Indica was modified to engineer a new variant for use in the Ace platform, which helped to reduce the project cost. Similarly, platform sharing for the manufacture of pickup trucks and UVs enables us to reduce capital investment that would otherwise be required, while allowing us to improve the utilization levels at our manufacturing facilities. Where appropriate for us to do so, we intend to apply our existing low-cost engineering and sourcing capability to Jaguar Land Rover vehicles.

Our vendor relationships also contribute to our cost reductions. For example, we believe that the vendor rationalization program that we are undertaking will provide economies of scale to our vendors which would benefit our cost programs. We are also undertaking various internal and external benchmarking exercises that would enable us to improve the cost effectiveness of our components, systems and sub-systems.

We have intensified efforts to review and realign our cost structure through a number of measures such as reduction of manpower costs and rationalization of other fixed costs. Our Jaguar Land Rover business continues to focus on cost management initiatives such as streamlining its purchasing processes and building on its strong relationships with suppliers while increasing employee deployment and flexibility across its sites. In addition, our Jaguar Land Rover business continues to increase its use of its new modular aluminum architecture across vehicle platforms, which we expect will result in common technology being more widely used across products lines and a reduction in engineering complexity.

Enhancing capabilities through the adoption of superior processes

Tata Sons and the entities promoted by Tata Sons, including us, aim at improving quality of life through leadership in various sectors of national economic significance. In pursuit of this goal, Tata Sons and the Tata Sons-promoted entities have institutionalized an approach, called the Tata Business Excellence Model, which has been formulated along the lines of the Malcolm Baldridge National Quality Award to enable us to improve performance and attain higher levels of efficiency in our businesses and in discharging our social responsibility. The model aims to nurture core values and concepts embodied in various focus areas such as leadership, strategic planning, customers, markets and human resources, and to translate them to operational performance. Our adoption and implementation of this model seeks to ensure that our business is conducted through superior processes.

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We have deployed a balance score card system for measurement-based management and feedback. We have also deployed a new product introduction process for systematic product development and a PLM system for effective product data management across our organization. We have adopted various processes to enhance the skills and competencies of our employees. We have also enhanced our performance management system, with appropriate mechanisms to recognize talent and sustain our leadership base. We believe these will enhance our way of doing business, given the dynamic and demanding global business environment.

Expanding customer financing activities

With financing a critical factor in vehicle purchases and in light of the rising aspirations of consumers in India, we intend to expand our vehicle financing activities to enhance our vehicle sales. In addition to improving its competitiveness in customer attraction and retention, we believe that expansion of its financing business would also contribute toward moderating the impact on our financial results from the cyclical nature of vehicle sales. To spur growth in the small commercial vehicles category, we have teamed up with various public sector and cooperative banks and Grameen banks to introduce new finance schemes. TMFL has increased its reach by opening a number of limited services branches in tier 2 and 3 towns. This has reduced turnaround times and, we believe, improved customer satisfaction. TMFL s channel finance initiative and fee-based insurance support business have also helped improve profitability.

Continuing to invest in technology and technical skills

We believe we are one of the most technologically advanced indigenous vehicle manufacturers in India. Over the years, we have enhanced our technological strengths through extensive in-house research and development activities. Further, our research and development facilities at our subsidiaries, such as TMETC, TDCV, TTL, and Trilix, together with the two advanced engineering and design centers of Jaguar Land Rover, have increased our capabilities in product design and engineering. In our Jaguar Land Rover business, we are committed to continue to invest in new technologies to develop products that meet the challenges and opportunities of the premium market, including developing sustainable technologies to improve fuel economy and reduce CO_2 emissions. We consider technological leadership to be a significant factor in continued success, and therefore intend to continue to devote significant resources to upgrade our technological base.

Maintaining financial strength

Our cash flow from operating activities in Fiscal 2016 and 2015 was Rs.374,713 million and Rs.365,401 million, respectively. Our operating cash flows are primarily due to our Jaguar Land Rover business, implementation of cost reduction programs, and prudent working capital management. We have established processes for project evaluation and capital investment decisions with an objective to enhance our long-term profitability.

Leveraging brand equity

We believe customers associate the Tata name with reliability, trust and ethical value, and that our brand name is gaining significant international recognition due to the international growth strategies of various Tata companies. The Tata brand is used and its benefits are leveraged by Tata companies to their mutual advantage. We recognize the need for enhancing our brand recognition in highly competitive markets in which we compete with internationally recognized brands. We, along with Tata Sons and other Tata companies, will continue to promote the Tata brand and leverage its use in India, as well as in various international markets where we plan to increase our presence. Supported by the Tata brand, we believe our product brands such as the Indica, Indigo, Sumo, Safari, Aria, Venture, Nano, Ace, Magic and Prima, Daewoo, Jaguar, Range Rover and Land Rover are highly regarded, which we intend to continue to nurture and promote. At the same time, we will continue to build new brands, such as the newly launched SIGNA range of M&HCVs, and the Tiago, to further enhance our brand equity.

Our commercial vehicle initiative, Project Neev, provides a growth program for rural India designed to promote self-employment. Local, unemployed rural youth have been enrolled and trained to work from home as promoters of our commercial vehicles. Project Neev is currently operational in 19 states in India and has engagements in 456 districts and 3,613 sub-districts, which covers more than 470,500 villages. The rural penetration drive initiated through Project Neev has deployed an approximately 6,500 member dedicated team in towns and villages with populations of less than 50,000. Nearly 90,000 commercial vehicles have been sold since the commencement of this program, to which we attribute a 20% increase in the volume of small commercial vehicle sales. Project Neev currently completed its fifth wave of expansion, and we anticipate that it will operate in all major states across the country within the next couple of years. This program has been appreciated and recognized in various forums, such as the Rural Marketing Association of India Flame Awards for excellence in the field of rural marketing.

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In light of the positive response received by Truck World: Advanced Trucking Expo , which was launched in Fiscal 2015, we organized six Truck World events this year at Kolkata, Bhubaneshwar, Indore, Gandhidham, Hubli and Jaipur. This exposition showcases our offering of medium and heavy commercial vehicles, alongside our own service-related brands, such as Tata Genuine Parts, Tata Delight and Tata FleetMan. In Fiscal 2016, we introduced Program Transcend, a unique initiative to empower the next-gen entrepreneurs and also launched a driver engagement initiative called Ek Shaam Saarthi Ke Naam .

Another initiative through our commercial vehicles business is TATA-OK. TATA-OK seeks to promote our commercial vehicles by capturing new customer segments (such as economical and used vehicle buyers), promoting the sale of new vehicles through the exchange of used commercial vehicles at our dealerships, increasing the resale value of its commercial vehicles products, and facilitating deeper customer engagement and thereby promoting brand loyalty. TATA-OK has completed five years of operation, including a pilot year, which retailed over 23,600 transactions in Fiscal 2016 through over 460 retailers.

We offer a variety of support products and services for its customers. Tata FleetMan, our telematics and fleet management service, is designed to enable the commercial sector to boost productivity and profitability. With the goal of bringing the most advanced technology in this area to its customers, we have entered into a partnership with UK-based Microlise Limited to introduce global standards of telematics and fleet management solutions into the Indian logistics and transport industry, to enhance Tata FleetMan s telematics systems through upgrades of the underlying technology and to develop the next generation of fleet telematics solutions for the Indian transport industry. Original equipment fitment of Tata Fleetman commenced in Fiscal 2016, and we have covered All Prima (Cargo & Tippers), LPS 3518 and LPS 4018. Tata Motors Loyalty Programs (Tata Delight and Tata Emperor) were recognized by DMA Asia ECHO Awards and PMAA Dragons of Asia in December 2015.

In Fiscal 2016, we launched a new initiative, TATA Zippy, which involves a promise to deliver a vehicle after repair within 48 hours or else pay a penalty to the customer. We also introduced Tata Kavach which delivers an accidental vehicle in 15 days post approval by the insurance company or else pay a penalty to the customer. Tata Alert continues to provide breakdown assistance by promising to respond to the breakdown site within four hours of notification and to return the vehicle to the road within 48 hours. This was coupled with the introduction of new services, such as the Tata on-site service and parts support through the use of container workshops. These workshops are an on-site service support system that deploy a container on-site, which houses the repair equipment, while the repairs are done in the open. In addition, we offer an on-demand annual maintenance contracts, or AMC, service, which provides customized AMC support for significant customers, such as large fleet owners.

We offer triple benefit insurance products for certain of our commercial vehicles which provide coverage for zero depreciation, loss of revenue, and replacement for total loss in case of accident. We offer a warranty of 4 years/400,000 kilometers on drivelines for its entire range of heavy trucks with 25 tons and higher GVW and extended the same to its 16T GVW truck range, effective from March 2014 onwards.

In Fiscal 2016, Tata Motors achieved a new milestone in its last mile public transport portfolio by reaching 300,000 sales of Tata Magic, its most popular public transport vehicle. We also celebrated the 10th anniversary of the Tata Ace (launched in 2005) in its Decade of Trust campaign throughout the country. We have been honored with the Best Telematics Product or Launch in the Emerging Market award for our telematics solution, based on the popular Android platform developed for the Tata Magic Iris Electric. This year, we won four prestigious awards at the Apollo CV Awards:

- Cargo Carrier of the Year - Tata LPS 4923
- School Bus of the Year - Tata Cityride Skool Bus
- Special Application CV of the Year - Tata MHC 2038
- CV Dealer of the Year - Bhandari Automotive (a Tata Motors dealership)
- Pick-up of the Year - Super Ace Mint

In order to cultivate safe practices of school bus riders, promote our brand image and build connections with school bus riders and stakeholders, such as children, parents and school authorities, Tata Motors launched two flagship programs Dream it to Win it and Humare Bus Ki Baat Hain. Season 2 of Humare Bus Ki Baat Hain this year covered 555 schools in 92 cities with over 26500 school staff participating. In Fiscal 2015, we launched Tata SKOOLMAN, a student and school bus safety initiative, which is a telematics-based tracking solution, as a standard accessory for Tata Ultra range of school buses. We organized a School Bus Expo in Bangalore, in which we exhibited our entire range of school buses and vans, namely the Iris, Magic, Winger, CityRide EX, Starbus and the Starbus Ultra. We also showcased Tata Skoolman, the telematics-based tracking solution.

This year we also organized Season 3 of the Prima Truck Racing Championship Season 3, which drew in over 55,000 spectators. Entering Season 3, the highlight this year was the first race ever that involved Indian truck racing talent that was trained and nurtured in India. Tata Motors conceptualized and introduced an Indian Driver Training & Selection program called the T1 Racer Program to induct and train Indian truck drivers to become racers . This program will not only enhance driving skills, but also has an ultimate goal of creating well-rounded truck drivers.

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In the passenger vehicle space, after a year of aggressive marketing campaigns for its new generation products, such as the Zest, the Bolt and GenX Nano, we signed up the star football player, Lionel Messi, as a long-term global brand ambassador to promote and endorse our passenger vehicles.

Overview of Automotive Operations

We sold 1,064,596, 997,550 and 1,020,546 units in Fiscal 2016, 2015 and 2014, respectively, consisting of 520,511 units of Tata and other brand vehicles and 544,085 units (including retail sales from the China Joint Venture) of Jaguar Land Rover vehicles in Fiscal 2016. In terms of units sold, our largest market is India where we sold 452,260 and 461,513 units during Fiscal 2016 and 2015 (constituting 42.5% and 46.3%% of total sales in Fiscal 2016 and Fiscal 2015, respectively), followed by Europe, where we sold 130,241 units and 89,722 units in Fiscal 2016 and 2015, respectively (constituting 12.2% and 9.0% of total sales in Fiscal 2016 and 2015, respectively). A geographical breakdown of our revenue is set forth in Item 5.A Operating Results Geographical breakdown .

Our total sales (including international business sales, Jaguar Land Rover sales and sales by our China Joint Venture) in Fiscal 2016, 2015 and 2014 are set forth in the table below:

Category	**Year ended March 31**					
	2016		**2015**		**2014**	
	Units	**%**	**Units**	**%**	**Units**	**%**
Passenger cars	212,152	19.9%	199,824	20.0%	204,075	20.0%
Utility vehicles	461,491	43.4%	420,533	42.2%	383,871	37.6%
Light Commercial Vehicles	205,531	19.3%	222,006	22.3%	296,873	29.1%
Medium and Heavy Commercial Vehicles	185,422	17.4%	155,187	15.5%	135,727	13.3%
Total	**1,064,596**	**100.0%**	**997,550**	**100.0%**	**1,020,546**	**100.0%**

Tata and other brand vehicles

The following table sets forth our total sales of Tata and other brand vehicles:

Category	**Year ended March 31**					
	2016		**2015**		**2014**	
	Units	**%**	**Units**	**%**	**Units**	**%**
Passenger cars	110,046	21.1%	121,741	23.2%	123,431	21.0%
Utility vehicles	19,512	3.8%	25,588	4.9%	32,626	5.5%
Light Commercial Vehicles	205,531	39.5%	222,006	42.3%	296,873	50.4%
Medium and Heavy Commercial Vehicles	185,422	35.6%	155,187	29.6%	135,727	23.1%
Total	**520,511**	**100.0%**	**524,522**	**100.0%**	**588,657**	**100.0%**

Our overall vehicle sales for Tata and other brand vehicles decreased by 0.8% to 520,511 units in Fiscal 2016 from 524,522 units in Fiscal 2015. However, revenue attributable to Tata and other brand vehicles (before inter-segment elimination) increased by 9.6% to Rs.490,344 million in Fiscal 2016, compared to Rs.447,218 million in Fiscal 2015.

India is the major market for Tata and other brand vehicles. In India, due to higher spending on gross capital formation, slowing inflation, and lowering interest rates and crude oil price compared to the previous fiscal year, some sectors of the economy have started showing signs of revival and higher growth. Both fiscal and current account deficits in India remained relatively stable, which contributed to overall economic growth.

In Fiscal 2016, the GDP of India increased by 7.6%, as compared to an increase of 7.2% in Fiscal 2015 (based on data from the Ministry of Statistics and Programme Implementation). Growth in Agriculture and Industry increased in Fiscal 2016 by 1.1%, as compared to a decline of

0.2% in Fiscal 2015, while growth in the services sector increased by 9.2% in Fiscal 2016 as compared to 10.3% in Fiscal 2015. Growth in the Index of Industrial Production, or IIP, increased by 2.4% in Fiscal 2016, as compared to 2.8% in Fiscal 2015. Significant factors influencing IIP growth in Fiscal 2016 included a 2.2% increase in the mining sector, compared to 1.4% in Fiscal 2015, which was mainly due to an increase in coal production. The manufacturing sector grew 2.0%, compared to 2.3% in Fiscal 2015, and electricity services increased by 5.6% in Fiscal 2016, as compared to 8.0% in Fiscal 2015. The consumer durables grew by 12.4% in Fiscal 2016, as compared to a decline of 12.5% in Fiscal 2015.

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The Indian automotive industry witnessed growth of 8.0% in Fiscal 2016, compared to 2.4% in Fiscal 2015. Falling crude prices, lower inflation, resumption of manufacturing and mining activities, and lower interest rates in Fiscal 2016 contributed to an improvement in consumer sentiment, which in turn contributed to an increase in automobile purchases. Expectations of higher capital expenditures and revivals in the mining, quarrying and manufacturing sectors contributed to replacements of old vehicles in commercial fleets, which in turn contributed to growth in the domestic auto industry.

We sold 520,511, 524,522, and 588,657 units of Tata and other brand vehicles in Fiscal 2016, 2015 and 2014, respectively. Of the 520,511 units sold overall in Fiscal 2016, we sold 452,260 units of Tata and other brand vehicles in India, while 68,251 units were sold outside of India, compared to 461,513 units and 63,009 units, respectively, in Fiscal 2015. Our share of the Indian four wheeler automotive vehicle market, which consists of automobile vehicles other than two- and three-wheeler categories, decreased from 14.1% in Fiscal 2015 to 13.1% in Fiscal 2016. We maintained our leadership position in the commercial vehicle category in the industry, which was characterized by increased competition during the year. The passenger vehicle market also continued to be subject to intense competition. A principal reason for the decline in the volume of sales of Tata and other brand vehicles, mainly light commercial vehicles, is the potential customers lack of available funds. High default rates in loans alongside early delinquencies has led financiers to tighten lending norms, for example, by lowering the loan-to-value ratio on new financings, while focusing on collection of existing loans.

The following table sets forth our market share in various categories in the Indian market based on wholesale volumes:

Category	Year ended March 31		
	2016	2015	2014
Passenger cars[1]	5.3%	5.9%	6.1%
Utility vehicles[2]	2.7%	3.7%	5.0%
Light commercial vehicles[3]	42.2%	47.0%	53.9%
Medium and heavy commercial vehicles	51.9%	54.4%	54.9%
Total Four-Wheel Vehicles	**13.1%**	**14.1%**	**16.5%**

Source: Society of Indian Automobile Manufacturers Report and our internal analysis.

1 Passenger Cars market share data includes sales of Fiat vehicles distributed by us and Jaguar Land Rover vehicles sold in India.
2 Utility Vehicles market share data includes the market share for Vans V1 category (i.e., Tata Venture) and excludes Vans V2 segment (i.e., Tata Ace Magic).
3 Light Commercial Vehicles market share data includes the market shares for Vans V2 category (i.e., Tata Ace Magic) in accordance with SIAM s classification of passenger vehicles.

Passenger vehicles in India

Industry-wide sales of passenger vehicles grew by 7.6% in Fiscal 2016, compared to 5.5% in Fiscal 2015. The growth in sales volumes was reflected across both passenger vehicle categories and was primarily attributable to reduced fuel prices, improved consumer sentiment, and lower interest rates. Hatchback sales remained flat, but sedans continued to show significant growth with new launches. The utility vehicle category has also shown growth, mainly with strong performances in softroad SUVs and multi-purpose vehicles.

Notwithstanding growth in the Indian passenger vehicle sector, our passenger vehicle sales in India decreased by 12.7% to 125,477 units in Fiscal 2016 from 143,720 units in Fiscal 2015, due to fewer new-product offerings by us, compared to our competitors.

Passenger Cars

During Fiscal 2016, in the passenger car category, our sales decreased by 10.5% to 106,733 units from 119,203 units in Fiscal 2015, primarily due to fewer product offerings. Our overall market share of passenger cars in India was lower at 5.3% in Fiscal 2016, as compared to 5.9% during Fiscal 2015, primarily due to industry-wide competition and declining demand for diesel vehicles**.**

Utility vehicles

Our sales in the utility vehicles category decreased by 23.5% in Fiscal 2016 to 18,744 units from 24,517 units in Fiscal 2015. Our share in the overall utility vehicles category has declined mainly due to a lack of presence in the growing compact SUV and softroader categories, resulting in our overall market share of utility vehicles in India decreasing to 2.7% in Fiscal 2016 from 3.7% during Fiscal 2015.

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Commercial vehicles in India

Sales of commercial vehicles in India increased by 9.6% in Fiscal 2016, compared to a decrease of 8.4% in Fiscal 2015. However, in Fiscal 2016, we recorded commercial vehicle sales of 326,783 units, as compared to 317,793 units in Fiscal 2015, registering an increase of 2.8%, as compared to a decrease of 15.9%.

M&HCVs

Industry-wide sales in the M&HCV category increased by 30.3% in Fiscal 2016, as compared to 15.9% in Fiscal 2015. Pending fleet replacements, a recent trend in gradual improvement in operating environment for fleet operators due to relatively higher freight rates, a correction in diesel prices, some improvement in cargo availability, market expectations of an increase in investments in infrastructure, as well as manufacturing space, and a renewal of mining and construction activities have contributed to the increase in M&HCV sales in Fiscal 2016.

In Fiscal 2016, our sales in the M&HCV category increased by 24.3% to 157,120 units in Fiscal 2016 from 126,368 units in Fiscal 2015, primarily due to an industry-wide increase in M&HCV sales.

Our overall market share of M&HCV sales in India decreased to 51.9% in Fiscal 2016 from 54.4% in Fiscal 2015, primarily due to increased competition.

LCVs

The increase in sales in the M&HCV category was marginally offset by a decrease of sales in the LCV category by 2.1% to 401,908 units in Fiscal 2016 from 410,528 units in Fiscal 2015. Demand in the light commercial vehicles category was affected primarily by lower freight transportation needs due to high-capacity additions to fleets over recent years, financing defaults and tightened lending norms, all of which continue to impede the recovery in sales of small commercial vehicles.

Our sales in the LCV category declined by 11.4% to 169,663 units in Fiscal 2016 from 191,425 units in Fiscal 2015 due to the factors affecting the LCV market industry wide. Our overall market share of LCV sales in India decreased to 42.2% in Fiscal 2016 from 46.6% during Fiscal 2015.

Tata and other brand vehicles Exports

International business has consistently expanded and has been ongoing since 1961. We have a global presence in more than 45 countries, including the South Asian Association for Regional Cooperation, South Africa, Africa, Middle East, Southeast Asia and Ukraine. We market a range of products including M&HCV trucks, LCV trucks, buses, pickups and small commercial vehicles. Our international business has also been bolstered by the entry into the ASEAN region, including Indonesia, Malaysia, Philippines, as well as with the introduction of our new range of world-class products, the Prima and the Ultra, in various markets during Fiscal 2016, which we anticipate offering in additional markets in Fiscal 2017.

Our overall sales in international markets increased by 8.3% to 68,251 units in Fiscal 2016 from 63,009 units in Fiscal 2015. Our exports of vehicles manufactured in India increased by 16.1% in Fiscal 2016 to 55,698 units from 47,961 units in Fiscal 2015. The improvement of the geopolitical situation in the South Asian Association for Regional Cooperation region has contributed to an increase in investment in capital goods, which has helped us to improve volumes in this region generally, and particularly in Bangladesh. In addition, the launch of new models in the Middle East and Africa region, along with the opening up of new markets in this region, contributed to an increase in international sales volumes. Our top five export destinations for vehicles manufactured in India, that is, Bangladesh, Sri Lanka, Nepal, South Africa and Indonesia, accounted for approximately 79% and 93% of the exports of commercial vehicles and passenger vehicles, respectively. We intend to strengthen our position in the geographic areas we are currently operating in and explore possibilities of entering new markets with similar market characteristics to the Indian market.

TDCV, our subsidiary company engaged in the design, development and manufacturing of M&HCVs, witnessed a decline in the overall sales by 22.1% to 9,067 units in Fiscal 2016 from 11,640 units in Fiscal 2015. In the South Korean market, TDCV s sales have increased by 3.4% from 6,808 units in Fiscal 2015 to 7,036 units in Fiscal 2016, primarily due to newly introduced Euro 6 models. However, the export market scenario was very challenging. Factors, such as low oil prices, local currency depreciation against the U.S. dollar, new statutory regulations to reduce imports, the slowdown in Chinese economy impacting commodity exporting countries, and increased dealer inventory adversely impacted TDCV s exports in major markets, such as Algeria, Russia, Vietnam, South Africa, and Gulf Cooperation Countries. In Fiscal 2016, TDCV exported 2,031 units, lower by 58.0%, as compared to 4,832 units in Fiscal 2015.

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Tata and other brand vehicles Sales and Distribution

Our sales and distribution network in India as at March 2016 comprised approximately 3,887 contact points for sales and service for our passenger and commercial vehicle business. Our subsidiary, TML Distribution Company Limited, or TDCL, acts as a dedicated distribution and logistics management company to support the sales and distribution operations of our vehicles in India. We believe this has improved the efficiency of our selling and distribution operations and processes. We use a network of service centers on highways and a toll-free customer assistance center to provide 24-hour on-road maintenance, including replacement of parts, to vehicle owners.

TDCL provides distribution and logistics support for vehicles manufactured at our facilities and has set up stocking points at some of our plants and at different places throughout India. TDCL helps us improve planning, inventory management, transport management and timing of delivery. We have completed the initial rollout of a new customer relations management system, or CRM, at all of our dealerships and offices across the country, which supports users both at our company and among our distributors in India and abroad.

We market our commercial and passenger vehicles in several countries in Africa, the Middle East, South East Asia, South Asia, Australia, Russia and the Commonwealth of Independent States countries. We have a network of distributors in all such countries, where we export our vehicles. Such distributors have created a network of dealers and branch offices and facilities for sales and after-sales servicing of our products in their respective markets. We have also stationed overseas resident sales and service representatives in various countries to oversee our operations in the respective territories.

Tata and other brand vehicles Competition

We face competition from various domestic and foreign automotive manufacturers in the Indian automotive market. Improving infrastructure and robust growth prospects compared to other mature markets have attracted a number of international companies to India who have either formed joint ventures with local partners or have established independently owned operations in India. Global competitors bring with them decades of international experience, global scale, advanced technology and significant financial resources, and as a result, competition is likely to further intensify in the future. We have designed our products to suit the requirements of the Indian market based on specific customer needs, such as safety, driving comfort, fuel efficiency and durability. We believe that our vehicles are suited to the general conditions of Indian roads and the local climate. The vehicles have also been designed to comply with applicable environmental regulations currently in effect. We also offer a wide range of optional configurations to meet the specific needs of our customers. We intend to develop and are developing products to strengthen our product portfolio in order to meet the increasing customer expectation of owning world-class products.

Tata and other brand vehicles Seasonality

Demand for our vehicles in the Indian market is subject to seasonal variations. Demand generally peaks between January and March, although there is a decrease in demand in February just before release of the Government of India s fiscal budget. Demand is usually lean from April to July and picks up again in the festival season from September onwards, with a decline in December due to model year change.

Tata and other brand vehicles Vehicle Financing

Through our vehicle financing division and a subsidiary, TMFL, we also provide financing services to purchasers of our vehicles through our independent dealers, who act as our agents, and through our branch network. The vehicle financing is intended to encourage sales of vehicles by providing financing to the dealers customers and as such is an integral part of the automotive business.

TMFL disbursed Rs.89,850 million and Rs.73,156 million in vehicle financing during Fiscal 2016 and 2015, respectively. During Fiscal 2016 and 2015, approximately 23% and 24%, respectively, of our vehicle unit sales in India were made by the dealers through financing arrangements where our captive vehicle financing divisions provided the support. Total vehicle finance receivables outstanding as at March 31, 2016 and 2015 amounted to Rs.163,370 million and Rs.158,016 million, respectively. As at March 31, 2016 and 2015, our customer finance receivable portfolio comprised 584,101 and 687,580 contracts, respectively. We follow specified internal procedures, including quantitative guidelines, for selection of our finance customers and assist in managing default and repayment risk in our portfolio. We originate all of the contracts through our authorized dealers and direct marketing agents with whom we have agreements. All our marketing, sales and collection activities are undertaken through dealers or by TMFL.

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We securitize or sell our finance receivables on the basis of the evaluation of market conditions and funding requirements. The constitution of these pools is based on criteria that are decided by credit rating agencies and/or based on the advice that we receive regarding the marketability of a pool. We undertake these securitizations of our receivables due from purchasers by means of private placement.

We act as collection agent on behalf of the investors, representatives, special purpose vehicles or banks, in whose favor the receivables have been assigned, for the purpose of collecting receivables from the purchasers on the terms and conditions contained in the applicable deeds of securitization, in respect of which pass-through certificates are issued to investors in case of special purpose vehicles, or SPVs. We also secure the payments to be made by the purchasers of amounts constituting the receivables under the loan agreements to the extent specified by rating agencies by any one or all of the following methods:

- furnishing collateral to the investors, in respect of the obligations of the purchasers and the undertakings to be provided by us;

- furnishing, in favor of the investors, 14.50% of the gross receivables as cash collateral, for securitizations done through Fiscal 2014, either by way of a fixed deposit or bank guarantee to secure the obligations of the purchasers and our obligations as the collection agent, based on the quality of receivables and rating assigned to the individual pool of receivables by the rating agency(ies); and

- by way of over-collateralization or by investing in subordinate pass-through certificates to secure the obligations of the purchasers.

For further details, see Note 35(b) to our consolidated financial statements included elsewhere in this annual report on Form 20-F.

Jaguar Land Rover

In Fiscal 2016, Jaguar Land Rover s wholesale volumes were 544,085 units (including wholesales from our China Joint Venture), up 15.0%, compared to Fiscal 2015, primarily driven by the success of the new Land Rover Discovery Sport and Jaguar XE. Jaguar wholesale volume in Fiscal 2016 was 102,106 units (up 33.5%), and Land Rover wholesale volume was 441,979 (up 12.2%). Wholesales of Jaguar s all-new luxury performance SUV, the F-PACE, also commenced in the fourth quarter of Fiscal 2016, and we expect sales to ramp up given the positive reception in the market and a strong order book. Wholesale volume continued to grow year-on-year in the United Kingdom (up 26.2%), North America (up 37.7%) and Europe (up 45.2%) and in other overseas markets (up 0.9%). Wholesale volumes in China decreased by 17.3% in Fiscal 2016, compared to Fiscal 2015, as softer economic conditions in China, as well as the timing of new product launches, adversely impacted volumes during the year. However, sales in China improved during the last quarter of Fiscal 2016, up 28.3%, primarily driven by the continued success of new models, such as the Discovery Sport, now produced at the China Joint Venture, and the imported Jaguar XE, while wholesale volumes of more established models such as the F-TYPE, Range Rover and Range Rover Sport also grew in the fourth quarter of Fiscal 2016, compared to the same quarter last year.

Our total wholesale (including wholesale units sold from the China Joint Venture) volume for Jaguar Land Rover in Fiscal 2016, 2015 and 2014 are set forth in the table below:

	Fiscal 2016		**Fiscal 2015**		**Fiscal 2014**	
	Units	**%**	**Units**	**%**	**Units**	**%**
Jaguar	102,106	18.8%	78,083	16.5%	80,644	18.7%
Land Rover	441,979	81.2%	394,945	83.5%	351,245	81.3%
Total	**544,085**	**100.0%**	**473,028**	**100.0%**	**431,889**	**100.0%**

The strengths of the Jaguar Land Rover business include its internationally recognized brands, strong product portfolio of award-winning luxury performance cars, luxury performance SUVs and premium all-terrain vehicles and a global distribution network, strong research and development capabilities and a strong management team.

Retail volumes (including retail sales from the China Joint Venture) in Fiscal 2016 increased by 12.8% to 521,571 units from 462,209 units in Fiscal 2015 primarily driven by strong sales of the Jaguar XE and Land Rover Discovery Sport, as well as solid performance by the iconic land Rover Defender in its run-out year. Retail volumes of more established models, such as the Land Rover Discovery, Range Rover and Range Rover Sport, also grew year-on-year, while the sales of the more mature Jaguar XF and XJ were softer, impacted by the launch of the new lightweight XF and refreshed 2016 Model Year XJ in September 2015 and December 2015 respectively. Retail sales of the Range Rover Evoque were down 11% in Fiscal 2016, compared to Fiscal 2015 due to the transition of localized production to the China Joint Venture, as well as a general slowdown in the Chinese economy. However, total retail sales of the Evoque strengthened in the final quarter (up 6%) as sales of the model increased in China, Europe and the United Kingdom year-on-year. By brand, Jaguar retail volumes increased by 22.8% to 94,449 units in Fiscal 2016 compared to 76,930 units in Fiscal 2015, while Land Rover retail volumes increased by 10.9% to 427,122 units in Fiscal 2016 from 385,279 units in Fiscal 2015.

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United Kingdom

Industry vehicle sales rose by 5.1% in Fiscal 2016 in the United Kingdom, compared to Fiscal 2015, as economic growth, inflation and interest rates remained low and labor market conditions continued to stabilize. Jaguar Land Rover retail volumes increased by 23.8% to 107,371 units in Fiscal 2016 from 86,750 units in Fiscal 2015, with a strong sales performance from Jaguar, up 54.7% in Fiscal 2016, which was driven by sales of the new Jaguar XE and the XFJ. Land Rover retail volumes increased by 15.7%, as all models experienced an increase in volumes, most notably the Land Rover Discovery Sport, Range Rover and Range Rover Sport.

North America

Economic performance in North America (the United States and Canada) generally continued to strengthen over the year, as unemployment continued to fall, lower inflation driven by lower energy prices increased disposable incomes, and consumer confidence continued to grow, despite the rise in interest rates in the United States, contributing to an industry-wide increase in passenger car sales of 3.1% in the United States in Fiscal 2016 compared to Fiscal 2015. Jaguar Land Rover retail volumes in North America increased by 27.1% to 99,606 units in Fiscal 2016 from 78,372 units in Fiscal 2015, with a 35.1% increase in Land Rover retail volumes, primarily driven by the Land Rover Discovery Sport, Land Rover Discovery and Range Rover. Retail sales of the Range Rover Sport and Range Rover Evoque also grew, albeit more moderately, in Fiscal 2016. Jaguar retail volumes in North America decreased by 2.0% as the impact of the discontinued XK and softer XJ sales were only partially offset by increased sales volumes of the XF and F-TYPE. The Jaguar XE and F-PACE have recently been launched in North America and both went on general retail sale in May 2016.

Europe

Passenger car sales increased by 8.1% industry-wide in Europe, as the impact of quantitative easing and other policy action supported low but steady growth, despite the impact of terrorist attacks during the year. Jaguar Land Rover volumes in Europe increased by 42.0% to 124,734 units in Fiscal 2016 from 87,863 units in Fiscal 2015, with sales particularly strong in Germany, Italy, France and Spain. Land Rover volumes increased by 32.7% in Fiscal 2016, primarily driven by strong sales of the Discovery Sport, Range Rover and Range Rover Sport, as well as the Defender. Retail sales of the Evoque also grew modestly in Fiscal 2016 compared to Fiscal 2015. Jaguar volumes increased by 116.5% in Fiscal 2016, as sales of the new XE more than doubled Jaguar volumes in Europe, partially offset by softer sales of the XF and XJ due to the transition to the new XF and refreshed XJ in the second half of the year.

China

Passenger car sales in China increased by 6.7% in Fiscal 2016, while Jaguar Land Rover retail volumes (including sales from the China Joint Venture) decreased by 16.4% to 96,912 units in Fiscal 2016 from 115,969 units in Fiscal 2015, as softer economic conditions in China, as well as the timing of new product launches, adversely impacted volumes in the first nine months of the year. Retail sales of Land Rover decreased by 14.8% in Fiscal 2016, primarily driven by softer sales of the Evoque, Range Rover and Discovery, while Jaguar retail sales decreased by 23.9%, primarily driven by softer sales of the XF and XJ impacted by the transition to sales of the new XF and refreshed XJ, which were only introduced in December 2015 and February 2016, respectively. However sales in China improved during the last quarter of Fiscal 2016, up 18.9%, primarily driven by the continued success of new models such as the Discovery Sport, now produced at the China Joint Venture, and the imported Jaguar XE.

Overseas markets

Jaguar Land Rover s retail volumes in the overseas markets declined slightly by 0.3% to 92,948 units in Fiscal 2016 from 93,255 units in Fiscal 2015, with Land Rover volumes down 2.4% to 79,218 units in Fiscal 2016, compared to 81,174 units in Fiscal 2015, as strong sales of the Discovery Sport and modest growth in Range Rover volumes were offset by softer sales of all other products. Jaguar volume grew to 13,730 units, up 13.6% from 12,081 units in Fiscal 2015, driven by the introduction of the XE and partially offset by softer sales of all other Jaguar products. Year-on-year growth in Australia (up 31%), Japan (up 20%), South Korea (up 43%) and South Africa (up 12%) were offset by softer sales in Russia (down 42%) and other importer markets in Latin America and Sub-Saharan Africa.

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We sold 2,844 units of Jaguar Land Rover vehicles in India through our exclusive dealerships in Fiscal 2016, marginally decreased by 1.0% compared to the 2,873 units sold in Fiscal 2015, supported by the manufacture of the Jaguar XE, XF, XJ, Range Rover Evoque and Land Rover Discovery Sport in India (vehicles assembled and sold in India are not subject to certain import duties). We expect that the continued efforts toward dealership network expansion and local manufacturing of Jaguar Land Rover products will enable us to further penetrate the premium/luxury automotive passenger car market in India.

Jaguar Land Rover Sales & Distribution

As at March 31, 2016, we distributed our vehicles in approximately 123 markets across the world for Jaguar and approximately 153 markets across the world for Land Rover. Sales locations for our vehicles are operated as independent franchises. We are represented in our key markets through NSCs, as well as third-party importers. Jaguar and Land Rover have regional offices in certain select countries that manage customer relationships and vehicle supplies and provide marketing and sales support to their regional importer markets. The remaining importer markets are managed from the United Kingdom.

Our products are sold through a variety of sales channels: through our dealerships for retail sales and for sale to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies, and governments. We do not depend on a single customer or small group of customers to the extent that the loss of such a customer or group of customers would have a material adverse effect on our business.

As at March 31, 2016, our global sales and distribution network comprised 20 NSCs, 74 importers, 33 export partners and 2,720 franchise sales dealers, of which 1,026 are joint Jaguar and Land Rover dealers.

Jaguar Land Rover Competition

Jaguar Land Rover operates in a globally competitive environment and faces competition from established premium and other vehicle manufacturers who aspire to move into the premium performance car and premium SUV markets, some of which are much larger than Jaguar Land Rover. Jaguar vehicles compete primarily against other European brands, such as Audi, BMW, Porsche and Mercedes Benz. Land Rover and Range Rover vehicles compete largely against SUVs from companies, such as Audi, BMW, Infiniti, Lexus, Mercedes Benz, Porsche, Volvo and Volkswagen. The Land Rover Defender competed with vehicles manufactured by companies, such as Isuzu, Nissan and Toyota.

Jaguar Land Rover Seasonality

Jaguar Land Rover volumes are impacted by the biannual change in age-related registration plates of vehicles in the United Kingdom, where new age-related plate registrations take effect in March and September. This has an impact on the resale value of the vehicles because sales are clustered around the time of the year when the vehicle registration number change occurs. Seasonality in most other markets is driven by introduction of new model year vehicles and derivatives. Furthermore, Western European markets tend to be impacted by summer and winter holidays, and the Chinese market tends to be affected by the Lunar New Year holiday in either January or February, the PRC National Day holiday and the Golden Week holiday in October. The resulting sales profile influences operating results on a quarter-to-quarter basis.

Other Operations

In addition to our automotive operations, we are also involved in other business activities, including information technology services. Net revenues, before inter-segment elimination, from these activities totaled Rs.29,116 million, Rs.27,152 million and Rs.24,989 million in Fiscal 2016, 2015 and 2014, respectively, representing nearly 1.1%, 1.0% and 1.1% of our total revenues before inter-segment elimination in the corresponding Fiscal periods.

Information Technology Services

As at March 31, 2016, we owned a 72.32% equity interest in our subsidiary, TTL. TTL, founded in 1994 and a part of Tata Motors Group, provides product development IT services solutions for PLM and Enterprise Resource Management, or ERM, to automotive, aerospace and consumer durables manufacturers and their suppliers. TTL s services include product design, analysis and production engineering, knowledge-based engineering, PLM, ERM and CRM systems. TTL also distributes, implements and supports PLM products from leading solution providers in the world, such as Dassault Systems and Autodesk.

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TTL has its international headquarters in Singapore, with regional headquarters in the United States, India and the United Kingdom. In Fiscal 2014, TTL acquired Cambric Corporation, an engineering services organization, to achieve greater domain expertise and presence in the industrial equipment sector. TTL has a combined global workforce of around 8,087 professionals serving clients worldwide from facilities in the North America, Europe, and Asia Pacific regions. TTL responds to customers needs through its subsidiary companies and through its offshore development centers in India, Thailand and Romania. TTL had 14 functional subsidiary companies and one joint venture as at March 31, 2016.

The consolidated revenues of TTL increased by 2.7% in Fiscal 2016 to Rs.26,871 million (including sales to Tata Motors Limited and its consolidated subsidiaries) from Rs.26,170 million in Fiscal 2015, due to operations in the automotive and aerospace markets. TTL recorded profit after tax of Rs.3,791 million in Fiscal 2016, reflecting an increase of 13.2% over Rs.3,349 million in Fiscal 2015.

Research and Development

Over the years, we have devoted significant resources toward our research and development activities. Our research and product development costs in Fiscal 2016, 2015 and 2014 were Rs.34,688 million, Rs.28,515 million and Rs.25,651 million, respectively. Our research and development activities focus on product development, environmental technologies and vehicle safety. In India, our ERC, established in 1966, is one of the few in-house automotive research and development centers in India recognized by the Government of India. The ERC is integrated with all of the Tata Motors Global Automotive Product Design and Development Centers in South Korea, Italy and the United Kingdom.

Our main focus is on specific areas of research and development and engineering by which we can strengthen our HorizoNext Philosophy, a three-horizon strategy as detailed below. For passenger cars, the main focus areas are in the domains of creating stunning design, a pleasurable driving experience and connectivity. Therefore, the research and development portfolio is aligned toward developing technologies, core competence and skill sets in these specific domains to ensure impactful and timely delivery of the envisaged future products with leading product attributes. For commercial vehicles, in addition to design, the main focus areas are reducing the total cost of ownership, being a market leader in fuel efficiency and delivering high performance and reliable products.

We use a three-horizon strategy for managing our engineering and technology initiatives. The first-horizon involves products that we are currently working on to bring to the market. The second-horizon involves researching known technologies that Tata Motors may not be entirely familiar with at the present time but are needed for future products. Finally, the third-horizon is for blue sky research projects and projects aimed at fostering a culture of innovation in our company. Besides its own global network spanning across India, the United Kingdom and Italy, Tata Motors also has relationships with various universities based outside of India, including the University of Warwick in the United Kingdom and also institutions in the United States. The main endeavor, which Tata Motors has is to continuously search for innovative projects in the second and third horizons to integrate promising projects into the main stream projects in the first-horizon.

We have constantly adopted new technologies and practices in the digital product development domain to improve the product development process. This has led to better front loading of product creation, validation and testing, which results in greater likelihood of timely delivery and ensuring that new products are properly developed from the beginning. Niche integration tools, systems and processes continue to be enhanced in the areas of CAx, knowledge based engineering, or KBE, product lifecycle management, or PLM and manufacturing planning management, or MPM, for more efficient end-to-end delivery of the product development process. In terms of physical assets used for product validation and testing, Tata Motors has state-of-the-art facilities, such as Crash Lab, which is a facility where crash tests are performed, engine development and testing facilities, prototype shop and noise, vibration and harshness refinement facilities. These facilities are used extensively to physically validate the new products in a robust manner before they enter the market.

We plan to continue our endeavor in the research and development space to develop technologies, skill sets and competencies that will help us meet future product portfolio requirements. One of the main future initiatives in this direction would be a platform approach of creating bills of material and bills of process that have a high degree of commonality to reduce complexity and enhance ability to the scale. Also, Tata Motors aims for timely and successful conclusion of technology projects so that the technology products begin induction into mainstream products, which will lead to a promising future product portfolio.

Jaguar Land Rover s research and development operations are built around state-of-the-art engineering facilities, extensive test tracks, testing centers, design hubs and a virtual innovation center. The ERC in India and Jaguar Land Rover s engineering and development operations in the United Kingdom have identified areas in which to leverage the facilities and resources to enhance the product development process and to achieve economies of scale.

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Jaguar Land Rover s two design and development centers are equipped with computer-aided design, manufacturing and engineering tools configured to support an ambitious product development cycle plan. In recent years, Jaguar Land Rover has refreshed the entire Jaguar range under a unified concept and design language and has continued to enhance the design of Land Rover s range of all-terrain vehicles. The majority of Jaguar Land Rover s products are designed and engineered in the United Kingdom, and Jaguar Land Rover endeavors to implement the best technologies into its product range to meet the requirements of a globally competitive market and to comply with regulatory requirements. Jaguar Land Rover currently offers hybrid technology on some of its models, such as diesel variants of the Range Rover and Range Rover Sport, and conducts research and development related to the further application of alternative fuels and technologies, including electrification, to further improve the environmental performance of its vehicles, including the reduction of CO_2 emissions.

Jaguar Land Rover endeavors to apply the best technologies for its product range to meet the requirements of a globally competitive market, and all of our vehicles and engines are compliant with the prevalent regulatory norms in the respective countries in which they are sold.

Intellectual Property

We create, own, and maintain a wide array of intellectual property assets throughout the world that are among our most valuable assets. Our intellectual property assets include patents, trademarks, copyrights, designs, trade secrets and other intellectual property rights. We proactively and aggressively seek to protect our intellectual property in India and other countries.

We own a number of patents and have applied for new patents which are pending for grant in India, as well as in other countries. We have also filed a number of patent applications outside India under the Patent Cooperation Treaty, which we expect will be effective in other countries going forward. We also obtain new patents as part of our ongoing research and development activities.

We own registrations for a number of trademarks and have pending applications for registration of these in India, as well as in other countries. The registrations mainly include trademarks for our vehicle models and other promotional initiatives. We use the Tata brand, which has been licensed to us by Tata Sons. We believe that establishment of the Tata word mark and logo mark in India and around the world is material to our operations. As part of our acquisition of TDCV, we have rights to the perpetual and exclusive use of the Daewoo brand and trademarks in South Korea and overseas markets for the product range of TDCV.

As part of the acquisition of our Jaguar Land Rover business, ownership (or co-ownership, as applicable) of core intellectual property associated with Jaguar Land Rover was transferred to us; however, such intellectual property is still ultimately owned by Jaguar Land Rover entities. Additionally, perpetual royalty-free licenses to use other essential intellectual property from the third parties have been granted to us for use in Jaguar and Land Rover vehicles. Jaguar Land Rover owns registered designs to protect the design of its vehicles in several countries.

In varying degrees, all of our intellectual property is important to us. In particular, the Tata, Jaguar, Land Rover and Range Rover brands are integral to the conduct of our business, a loss of which could lead to dilution of our brand image and have a material adverse effect on our business.

Components and Raw Materials

The principal materials and components required by us for use in Tata and other brand vehicles are steel sheets (for in-house stampings) and plates, iron and steel castings and forgings, items such as alloy wheels, tires, fuel injection systems, batteries, electrical wiring systems, electronic information systems and displays, interior systems such as seats, cockpits, doors, plastic finishers and plastic functional parts, glass and consumables, such as paints, oils, thinner, welding consumables, chemicals, adhesives and sealants, and fuels. We also require aggregates such as axles, engines, gear boxes and cams for our vehicles, which are manufactured in-house or by our subsidiaries, affiliates, joint ventures or operations and strategic suppliers. We have long-term purchase agreements for certain critical components such as transmissions and engines. We have established contracts with certain commodity suppliers to cover our own as well as our suppliers requirements in order to moderate the effect of volatility in commodity prices. We have also undertaken special initiatives to reduce material consumption through value engineering and value analysis techniques.

Our sourcing department in India has two divisions, namely, purchasing and supplier quality, or P&SQ, and supply chain management. P&SQ includes purchase program management, or PPM. The reorganization was done with a view to establish and define responsibility and accountability in the sourcing department. Purchasing oversees the commercial aspects of product sourcing. Our supplier quality department is primarily responsible for development of new components and maintaining the quality of supplies that we purchase. Our supply chain department oversees the logistics of the supply and delivery of parts from our suppliers, while PPM oversees execution of new projects.

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As part of our strategy to become a value for money vehicle manufacturer, we have undertaken various initiatives to reduce our fixed and variable costs. In India we started an e-sourcing initiative in 2002, pursuant to which we procure some supplies through reverse auctions. We also use external agencies as third-party logistic providers. This has resulted in space and cost savings. Our initiatives to leverage information technology in supply chain activities have resulted in improved efficiency through real time information exchange and processing with our suppliers.

We have an established supplier quality sixteen step process in order to ensure quality of outsourced components. We formalized the component development process using Automotive Industry Action Group guidelines. We also have a program for assisting suppliers from whom we purchase raw materials or components to maintain quality. Preference is given to suppliers with TS 16949 certification. We also maintain a stringent quality assurance program that includes random testing of production samples, frequent re-calibration of production equipment and analysis of post-production vehicle performance, as well as an ongoing dialogue with supplier partners to eliminate production defects.

We are also exploring opportunities for increasing the global sourcing of parts and components from low cost countries, and have in place a supplier management program that includes supplier base upgradation, supplier quality improvement and supplier satisfaction surveys. We have begun to include our supply chain in our initiatives on social accountability and environment management activities, including supply chain carbon footprint measurement and knowledge sharing on various environmental aspects.

The principal materials and components required for use in our Jaguar Land Rover vehicles are steel and aluminum sheets, aluminum castings and extrusions, iron and steel castings and forgings, and items such as alloy wheels, tires, fuel injection systems, batteries, electrical wiring systems, electronic information systems and displays, leather-trimmed interior systems such as seats, cockpits and doors, plastic finishers and plastic functional parts, glass and consumables, such as paints, oils, thinner, welding consumables, chemicals, adhesives, sealants and fuels. Jaguar Land Rover also requires certain highly functional components, such as axles, engines and gear boxes for its vehicles, which are mainly manufactured by strategic suppliers. We have long-term purchase agreements for critical components, such as transmissions, with ZF Friedrichshafen AG and for engines with Ford. The components and raw materials in Jaguar Land Rover cars include steel, aluminum, copper, platinum and other commodities. Jaguar Land Rover has established contracts with certain commodity suppliers, such as Novelis, to cover its own and its suppliers requirements to mitigate the effect of high volatility. Special initiatives are also undertaken to reduce material consumption through value engineering and value analysis techniques.

Jaguar Land Rover works with a range of strategic suppliers to meet their requirements for parts and components, and we endeavor to work closely with our suppliers to form short- and medium-term plans for our business. We have established quality control programs to ensure that externally purchased raw materials and components are monitored and meet our quality standards. Jaguar Land Rover also outsources many of the manufacturing processes and activities to various suppliers. Where this is the case, Jaguar Land Rover provides training to the outside suppliers who design and manufacture the required tooling and fixtures. Such programs include site engineers who regularly interface with suppliers and carry out visits to supplier sites to ensure that relevant quality standards are being met. Site engineers are also supported by persons in other functions, such as program engineers who interface with new model teams as well as resident engineers located at Jaguar Land Rover plants, who provide the link between the site engineers and the plants. Jaguar Land Rover has in the past worked, and is expected to continue to work, with its suppliers to optimize their procurements, including the sourcing of certain raw materials and component requirements from low-cost countries.

Although Jaguar Land Rover has commenced the production of its own in-house 2.0-liter, four-cylinder engines (first installed in the Jaguar XE, which went on retail sale in May 2015), at present we continue to source a large proportion of our engines from Ford. Separately, the supply of engines sourced through the Ford-PSA joint venture ceased in October 2015.

Suppliers

We have an extensive supply chain for procuring various components. We also outsource many manufacturing processes and activities to various suppliers. In such cases, we provide training to external suppliers who design and manufacture the required tools and fixtures.

Our associate company, Tata AutoComp Systems Ltd., or TACO, manufactures automotive components and encourages the entry of internationally acclaimed automotive component manufacturers into India by setting up joint ventures with them.

Our other suppliers include some of the large Indian automotive supplier groups with multiple product offerings, such as the Anand Group, the Sona Group, and the TVS Group, as well as large multinational suppliers, such as Bosch, Continental, Delphi and Denso, Johnson Controls Limited for seats and Yazaki AutoComp Limited for wiring harnesses. We continue to work with our suppliers for our Jaguar Land Rover business to optimize procurements and enhance our supplier base, including for the sourcing of certain of our raw material and component requirements. In addition, the co-development of various components, such as engines, axles and transmissions also continue to be evaluated, which we believe may lead to the development of a low-cost supplier base for Jaguar Land Rover.

In India, we have established vendor parks in the vicinity of our manufacturing operations and vendor clusters have been formed at our facilities at Pantnagar and Sanand. This initiative is aimed at ensuring availability of component supplies on a real-time basis, thereby reducing logistics and inventory costs as well as reducing uncertainties in the long distance supply chain. Efforts are being taken to replicate the model at new upcoming locations as well as a few existing plant locations.

As part of our pursuit of continued improvement in procurement, we have integrated our system for electronic interchange of data with our suppliers. This has facilitated real time information exchange and processing, which enables us to manage our supply chain more effectively.

We have established processes to encourage improvements through knowledge sharing among our vendors through an initiative called the Vendor Council, which consists of our senior executives and representatives of major suppliers. The Vendor Council also helps in addressing common concerns through joint deliberations. The Vendor Council works on four critical aspects of engagement between us and the suppliers: quality, efficiency, relationships and new technology development.

We import some components that are either not available in the domestic market or when equivalent domestically-available components do not meet our quality standards. We also import products to take advantage of lower prices in foreign markets, such as special steels, wheel rims and power steering assemblies.

Ford has been and continues to be a major supplier of parts and services to Jaguar Land Rover. In connection with our acquisition of Jaguar Land Rover in June 2008, long-term agreements were entered into with Ford for technology sharing and joint development providing technical support across a range of technologies focused mainly around power train engineering so that we may continue to operate according to the existing business plan. This includes an EuCD platform, a shared platform consisting of shared technologies, common paths and systems. The EuCD platform is owned by Ford and is shared among Land Rover, Ford and Volvo cars.

Supply agreements aligned to the business cycle plan were entered into with Ford for (i) the long-term supply of engines developed by Ford and (ii) engines developed by Jaguar Land Rover but manufactured by Ford.

Following the global financial crisis and its cascading effect on the financial health of our suppliers, we have commenced efforts to assess supplier financial risk.

Suppliers are appraised based on our long-term requirements through a number of platforms, such as Vendor Council meetings, council regional chapter meetings, national vendor meets and location-specific vendor meets.

Capital and Product Development Expenditures

Our capital expenditure totaled Rs.306,233 million, Rs.335,771 million and Rs.272,832 million during Fiscal 2016, 2015 and 2014, respectively. Our capital expenditure during the past three Fiscal years related primarily to new product development and capacity expansion for new and existing products to meet market demand as well as investments toward improving quality, reliability and productivity that are each aimed at increasing operational efficiency.

We intend to continue to invest in our business units in general, and in research and product development in particular, over the next several years in order to improve our existing product range, develop new products and platforms and to build and expand our portfolio in the passenger vehicle and commercial vehicle categories. We believe this will strengthen our position in the Indian automotive market and help us to grow our market share internationally.

As part of this future growth strategy, we plan to make investments in product development, capital expenditure in capacity enhancement, plant renewal and modernization and to pursue other growth opportunities. Our subsidiaries also have their individual growth plans and related capital expenditure plans. These expenditures are expected to be funded largely through cash generated from operations, existing investible surplus in the form of cash and cash equivalents, investment securities and other external financing sources.

Governmental Regulations

Governmental Regulations in India

Automotive Mission Plan, 2016-2026

The Automotive Mission Plan 2016-26, or AMP 2026, is the collective vision of the Government of India and the Indian automotive industry, in which the goal is for the vehicles, auto components, and tractor industries to reach certain size benchmarks over the next ten years and also contribute to India s development, global footprint, technological maturity, competitiveness, and institutional structure and capabilities. AMP 2026 also seeks to define the trajectory of evolution of the automotive network in India, including the trajectory of specific regulations and policies that govern research, design, technology, testing, manufacturing, imports/exports, sales, use, repair, and scrapping of automotive vehicles, components and services.

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The vision statement of AMP 2026 Vision 3/12/65 states: By 2026, the Indian automotive industry will be among the top three of the world in engineering, manufacture and export of vehicles and auto components, and will encompass safe, efficient and environment friendly conditions for affordable mobility of people and transportation of goods in India comparable with global standards, growing in value to over 12% of India s GDP, and generating an additional 65 million jobs .

AMP 2026 envisages that the Government of India and the Indian automotive industry will work together to address all key issues relating to India achieving its rightful position in the global automotive industry. AMP 2026 will help the Indian automotive industry focus on its strengths and improve its competitiveness in select segments, achieve the annual production target of Rs.16,160,000 to Rs.18,895,000 in terms of its size, and establish its Right to Win on the global stage. By 2026, India could stand first in the world in production/sale of small cars, two wheelers, three wheelers, tractors and buses, third in passenger vehicles and heavy trucks, all of which is expected to account for up to 12% of GDP.

The Auto Policy, 2002

The Auto Policy was introduced by the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises of the Government of India in March 2002, with the aims, among other things, of promoting a globally competitive automotive industry that would emerge as a global source for automotive components, establishing an international hub for manufacturing small, affordable passenger cars, ensuring a balanced transition to open trade at a minimal risk to the Indian economy and local industry, encouraging modernization of the industry and facilitating indigenous design, research and development, as well as developing domestic safety and environment standards on par with international standards.

Auto Fuel Vision & Policy 2025

The Ministry of Petroleum and Natural Gas constituted an expert committee under the Chairmanship of Shri Saumitra Chaudhuri, Member Planning Commission, on December 19, 2012. Its objective was to recommend auto fuel quality applicable through model year 2025. The committee in its draft report has recommended Bharat Stage IV compliant fuel across the country by 2017 and Bharat Stage V compliant fuel with 10 ppm of sulfur to be made available from 2020 onward. The draft report proposes nationwide Bharat Stage V emission norms for new four-wheelers from model year 2020 and for all four-wheelers from model year 2021. It also recommends Bharat Stage VI emissions norms from model year 2024 onwards. In April 2014, the expert committee submitted its recommendations to the committee empowered by the Ministry of Petroleum and Natural Gas, which proposed the implementation of emission norms one year earlier than the expert committee s recommendations, which would result in the implementation of Bharat Stage V emission norms starting in model year 2019 and Bharat Stage VI emissions norms starting in model year 2023. However, in January 2016, Government of India decided to implement the Bharat Stage VI emission norms even earlier by skipping Bharat Stage V emission norms. As such, the Bharat Stage VI norms will be made applicable from April 1, 2020 to all categories of vehicles across India.

FAME Scheme

A scheme called Faster Adoption and Manufacturing of Hybrid & Electric Vehicles, or FAME, was announced in February 2015 in India. This scheme specifies the details for operationalization of the National Mission on Electric Mobility 2020, or NEMMP. The overall scheme is intended to support plug-in vehicle, or xEV, market development and its manufacturing network to achieve self-sustenance by the end of the stipulated period. The scheme is proposed to be implemented over a period of six years beginning in April 2015 and lasting until 2020 The scheme has four focus areas: (1) technology development, (2) demand creation, (3) pilot projects, and (4) public charging infrastructure. Specific projects under the pilot projects, technology development, and charging infrastructure categories will require approval by the Project Implementation and Sanctioning Committee, or PISC, which is headed by the Secretary of the Department of Heavy Industry. The scheme will implement demand driven R&D to achieve desirable target specs for which the efforts would be to synergize government, industry, and academia efforts to maximize objectives of increasing domestic capacities of product and technology development and commercialization aimed at making the xEV market self-sustaining.

Central Motors Vehicles Rules, 1989

Chapter V of the Central Motor Vehicle Rules, 1989, or the CMV Rules, sets forth provisions relating to construction, equipment and maintenance of motor vehicles, including specifications for dimensions, gears, indicators, reflectors, lights, horns, safety belts and others. The CMV Rules govern emission standards for vehicles operating on CNG, gasoline, liquefied petroleum gas and diesel.

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On and from the date of commencement of the CMV (Amendment) Rules, 1993, every manufacturer must submit the prototype of every vehicle to be manufactured by it for testing by the Vehicle Research and Development Establishment of the Ministry of Defense of the Government of India, the Automotive Research Association of India, Pune, the Central Machinery Testing and Training Institute, Budni (MP), the Indian Institute of Petroleum, Dehradun, the Central Institute of Road Transport, Pune, the International Center for Automotive Technology, Manesar or such other agencies as may be specified by the central government for granting a certificate by that agency as to the compliance of provisions of the Motor Vehicles Act, and the CMV Rules.

The CMV Rules also require the manufacturers to comply with notifications in the Official Gazette, issued by Government of India, to use such parts, components or assemblies in the manufacture of certain vehicles according to standards specified by either the Automotive Industry Standards Committee or the Bureau of Indian Standards.

Emission and Safety in India

In 1992, the Government of India issued emission and safety standards, which were further tightened in April 1996, under the Indian Motor Vehicle Act. Currently Bharat Stage IV norms, which are equivalent to Euro IV norms, are in force for four wheelers in 13 cities and Bharat Stage III norms, which are equivalent to Euro III norms, are in effect in the rest of India. Our vehicles comply with these norms. In 2014, the Ministry of Road Transport and Highways has extended Bharat Stage IV norms in 20 additional cities. In its draft GSR No.247 (E), dated April 1, 2015, the Ministry of Road Transport and Highways proposed the further extension of Bharat Stage IV norms in 30 additional cities starting July 1, 2015. We have vehicles that comply with Bharat Stage IV norms. Further to this, the Bharat Stage IV norms will be applicable for all vehicles across India from April 2017. In accordance with the product plan, the TML models would be complying to Bharat Stage IV norms in both PV and CV business from April 2017. Some of our products that conform to Bharat Stage IV norms include the Ace HT BS4, Super Ace Mint BS4, Ace CNG BS4, and Tata Magic BS4.

We are also working toward meeting all applicable regulations which we believe are likely to come into effect in various markets in the near future. Our vehicle exports to Europe comply with Euro V norms, and we believe our vehicles also comply with the various safety regulations in effect in the other international markets where we operate.

The Indian automobile industry is progressively harmonizing its safety regulations with international standards in order to facilitate sustained growth of the Indian automobile industry as well as to encourage export of automobiles from India.

India has been a signatory to the 1998 UNECE Agreement on Global Technical Regulations since April 22, 2006 and has voted in favor of all eleven Global Technical Regulations. We work closely with the Government of India to participate in WP 29 World Forum Harmonization activities.

India has a well-established regulatory framework administered by the Indian Ministry of Road Transport and Highways. The Ministry issues notifications under the CMV Rules and the Motor Vehicles Act. Vehicles manufactured in India must comply with applicable Indian standards and automotive industry standards. In January 2002, the Indian Ministry of Road Transport and Highways finalized plans on implementing automobile safety standards. The plans are based on traffic conditions, traffic density, driving habits and road user behavior in India and is generally aimed at increasing safety requirements for vehicles under consideration for Indian markets.

The existing Motor Vehicle Act may be replaced by the Road Transport and Safety Bill (RTSB) 2015, which is subject to legislative approval by the Parliament, which could expose us to additional liability for vehicle recalls and for manufacturer s liability for our vehicles. Further to this, the Ministry of Road Transport & Highways, or MoRTH, has issued a draft notification GSR 595(E) dated June 13, 2016 on vehicle recall (warranty after sale and norms therefore) which provides the procedure for managing vehicle recalls under Central Motor Vehicle Rule (CMVR) 127A with an indication that it would be applicable from October 1, 2016 for all vehicle categories. Any safety defect which has an impact on occupants and road users will have to be investigated in detail, and if a recall is required, the same will have to be performed by OEMs on the customer vehicles in accordance with the procedures laid down in the notification, and robust recording will have to be maintained. The Voluntary Recall Code has been in place since 2012.

The Essential Commodities Act, 1955

The Essential Commodities Act, 1955, as amended by the Essential Commodities (Amendment and Validation) Act, 2009, or the Essential Commodities Act, authorizes the Government of India, if it finds it necessary or expedient to do so, to provide for regulating or prohibiting the production, supply, distribution, trade and commerce in the specified commodities under the Essential Commodities Act, in order to maintain or increase supplies of any essential commodity or to secure their equitable distribution and availability at fair prices, or to secure any essential commodity for the defense of India or the efficient conduct of military operations. The definition of essential commodity under the Essential

Commodities Act includes component parts and accessories of automobiles .

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Environmental Regulations

Manufacturing units or plants must ensure compliance with various environmental statutes; significant statutes for our business include the Water (Prevention and Control of Pollution) Act, 1974 and the rules thereunder, the Air (Prevention and Control of Pollution) Act, 1981 and the rules thereunder, the Environment Protection Act, 1986 and the rules thereunder and the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards, or PCBs, which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for establishing standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that units or plants are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. All of our manufacturing plants are either in possession of current, valid consents to operate and hazardous waste authorizations or are in the process of renewing their consents to operate and hazardous waste authorizations from the respective PCBs of the states where they operate.

The Ministry of Environment and Forests under the Government of India receives proposals for expansion, modernization and establishment of projects and the impact of such projects on the environment are assessed by the Ministry, before it grants environmental clearances for the proposed projects under the Environmental Impact Assessment Notification and Rules. All of our manufacturing plants have obtained environmental clearances for specific projects in the past as and when mandated.

We ensure that all prescribed norms are followed for management of waste and we have made significant investments toward pollution control and environmental protection at our manufacturing plants.

The Government of India intends to regulate end of life vehicles, or ELVs, which would be applicable to passenger cars and two wheelers. The Authorized Collection and Dismantling Centers, or ACDCs, would be equipped to handle commercial vehicles as well. The purpose of the ELV policy is to remove vehicles that have gone beyond their useful life such that these vehicles are endangering the environment and posing safety hazards to the public.

MoRTH prepared a concept note titled the Voluntary Vehicle Fleet Modernization Programme, or V-VMP, which may be applicable for vehicles purchased on or before March 31, 2005. The MoRTH has sought comments from the public and involved stakeholders. Various intensives, such as a reduction in excise duty by 50% and a special discount from automobile manufacturers, are intended to be given to the customers as part of this policy. The State Run Transport Undertakings, or SRTU, buses would be given a 100% excise duty exemption based on this policy to promote public transport and also to reduce congestion on the roads.

Regulation of Imports and Exports

Regulation of quantitative restrictions on imports into India were liberalized with effect from April 1, 2001, pursuant to India s World Trade Organization obligations, and imports of capital goods and automotive components were placed under the open general license category.

Automobiles and automotive components may, generally, be imported into India without a license from the Government of India subject to their meeting Indian standards and regulations, as specified by designated testing agencies. As a general matter, cars, UVs and SUVs in completely built up, or CBU, condition may be imported at 60% basic customs duty. However, cars with cost, insurance and freight value of more than U.S.$40,000 or with engine capacities greater than 3,000 cubic centimeters for diesel variants and 2,500 cubic centimeters for gasoline variants, may be imported at a 100% basic customs duty. Commercial vehicles may be imported at a basic customs duty of 20% and components may be imported at basic customs duty ranging from at 10% to 7.5%.

The FDI Policy

Automatic approval for foreign equity investments up to 100% is allowed in the automobile manufacturing sector under the FDI Policy. See Item 10.D Exchange Controls for additional information relating to restrictions on foreign investment under Indian law.

Indian Taxes

See Item 10.E Taxation for additional information relating to our taxation.

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Excise Duty

The Government of India imposes excise duty on cars and other motor vehicles and their chassis, which rates vary from time to time and across vehicle categories reflecting the policies of the Government of India. The chart below sets forth a summary of historical changes and the current rates of excise duty.

	Excise Duty (per vehicle or chassis)						
Change of Tax Rate	**Small cars[1]**	**Cars other than small cars[2]**	**Motor vehicles for more than 13 persons**	**Chassis fitted with engines for vehicles of more than 13 persons**	**Trucks**	**Chassis fitted with engines for trucks**	**Safari, SUVs and UVs**
March 2012	12%	24% or 27%[1]	12%	15%	12%	15%	27%
May 2012	-	-	-	14%	-	14%	-
March 2013	-	-	-	-	-	13%	27% or 30%
February 2014	8%	20% or 24%[1]	8%	10%	8%	9%	24%
January 2015	12%	24% or 27%[1]	12%	14%	12%	13%	27% or 30%
March 2015 onward	12.50%	-	12.50%	-	12.50%	-	-

1. Small cars are cars with a length not exceeding 4,000 mm and an engine capacity not exceeding 1,500 cubic centimeters for cars with diesel engines, and not exceeding 1,200 cubic centimeters for cars with gasoline engines. The higher rate is applicable if the engine capacity exceeds 1,500 cubic centimeters.
2. Cars other than small cars are cars with a length exceeding 4,000 mm with an engine capacity exceeding 1,500 cubic centimeters for diesel engines and 1,200 cubic centimeters for gasoline engines.

(-) indicates no change during the relevant year.

All vehicles and chassis are subjected to the automobile cess, which is assessed at 0.125%. Certain passenger vehicles are also subject to the National Calamity Contingent Duty, which is assessed at 1%. The education cess, assessed at 2%, and secondary and higher education cess, assessed at 1%, in addition to the excise duties indicated above, are exempted on goods, starting March 1, 2015. The infrastructure cess as follows has been imposed with effect from March 1, 2016 on motor vehicles falling under Chapter 87.03 Central Excise Tariff Act, that is, motor cars and other motor vehicles principally designed for the transport of up to nine persons including the driver:

1. 1% on small cars using petrol, CNG or LPG;
2. 2.50% on small cars using diesel; and
3. 4% on all categories of vehicles falling under Chapter 87.03 other than (1) and (2) above.

Value Added Tax

The Value Added Tax, or VAT, has been implemented throughout India. VAT enables set-off from sales tax paid on inputs by traders and manufacturers against the sales tax collected by them on behalf of the Government of India, thereby eliminating the cascading effect of taxation. Two main brackets of 5% and 12.5%, along with special brackets of 0%, 1%, 3%, 4%, 13.5%, 14% 14.5%, 15%, 20%, 22% and 23% have been announced for various categories of goods and commodities sold in the country and certain states have also introduced additional VAT of 1% to 3% on specified commodities, including automobiles. In some of the states, a surcharge of 5% to 10% on VAT has been introduced on automobiles. Since its implementation, VAT has had a positive impact on our business. Prior to the implementation of VAT, a major portion of sales tax paid on purchases formed part of our total cost of materials. The implementation of VAT has resulted in savings on the sales tax component, as VAT paid on inputs may generally be set-off against tax paid on outputs.

In addition to VAT, a Central Sales Tax continues to exist, although it is proposed to be abolished in a phased manner. In the Indian Union Budget 2008-09, the Central Sales Tax rate was reduced to 2%, which remained unchanged in Fiscal 2016.

Goods and Services Tax

The Government of India is proposing to reform the indirect tax system in India with a comprehensive national goods and services tax, or GST, covering the manufacture, sale and consumption of goods and services. The expected date of introduction of the GST is still not clear. The proposed GST regime will combine taxes and levies by the central and state governments into one unified rate structure. There is a proposal to levy a 1% non-creditable tax to be collected by the Government of India and will be appropriated to the origin state government on every interstate movement of goods. The Government of India has publicly expressed the view that following the implementation of the GST, the indirect tax on domestically manufactured goods is expected to decrease along with prices on such goods.

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We have benefitted and continue to benefit from excise duty exemptions for manufacturing facilities in the state of Uttarakhand and other incentives such as subsidies or loans from other states where we have manufacturing operations. While both the Government of India and other state governments of India have publicly announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to the effect of this or any other aspect of the tax regime following implementation of the GST.

Imposition of any additional taxes and levies by the Government of India designed to limit the use of automobiles could adversely affect the demand for our products and our results of operations.

Economic Stimulus Package and Incentives

The central value added tax rate, or Cenvat, was 12% since March 16, 2012. The Government of India made changes in the excise duty in February 2014, which were in effect until December 31, 2014 as follows: the Cenvat on small cars, trucks and buses was reduced to 8% in February 2014, whereas Cenvat on cars other than small cars was reduced to 20% or 24% from 24% or 27%. The Cenvat on UVs was reduced from 27% or 30% to 24%. The Cenvat for chassis, which was increased from 12% to 14% in the budget for the Fiscal 2013, was revised to 13% in the budget for the Fiscal 2014 and further reduced to 9% in February 2014.

The Government of India launched the NEMMP to encourage reliable, affordable and efficient electric vehicles that meet consumer performance and price expectations. Through collaboration between the government and industry for promotion and development of indigenous manufacturing capabilities, required infrastructure, consumer awareness and technology, the NEMMP aims to help India to emerge as a leader in the electric vehicle market in the world by 2020 and to contribute toward national fuel security.

Furthermore, the Ministry of Road Transport & Highways and the Bureau of Energy Efficiency in India finalized labeling regulations for the M1 category of vehicles, which includes passenger vehicles with nine seats or less.

The Government of India s plan to encourage India s transition to hybrid and electric mobility consists of the following initiatives:

- Demand Side: Mandate use of electric vehicles in areas such as public transportation and government fleets in order to create initial demand for OEMs and provide incentives for the sales of electric vehicles to consumers.

- Supply Side: Link incentives to localization of the production of key components of electric vehicle in a phased manner.

- Research and Development: Fund research and development programs along with OEMs and component suppliers to develop optimal solutions for India at low cost.

- Infrastructure Support: Develop pilot programs to support hybrid and/or electric vehicles and test their effectiveness and make modest investments to build public charging infrastructure to support electric vehicles, especially for buses.

Environmental, fiscal and other governmental regulations around the world

Our Jaguar Land Rover business has significant operations in the United States, Europe and China, which have stringent and ever evolving regulations relating to vehicular emissions. The proposed tightening of vehicle emissions regulations by the European Union will require significant costs of compliance for Jaguar Land Rover. While we are pursuing various technologies in order to meet the required standards in the various countries in which we operate, the costs of compliance with these required standards can be significant to our operations and may adversely impact our results of operations.

In the United Kingdom, the Bank of England base (interest) rate has been maintained at an historic low of 0.5% despite an improvement in the UK economy. The UK labor market and the general economy appear relatively stable, and support moderate growth. However, the referendum on the exit of the United Kingdom from the European Union is driving significant uncertainty, with the GBP weakening significantly since the outcome to leave the EU was announced, and could impact future economic growth.

Economic growth in the Eurozone remained low but positive during Fiscal 2016, as the European Central Bank continued with quantitative easing. Continued accommodative monetary and other policies are likely to support economic growth going forward; however, that growth is likely to be limited for some time.

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The U.S. economy continues to strengthen as the U.S. Federal Reserve raised interest rates toward the end of 2015. Labor market conditions continue to improve, and low inflation driven by lower energy prices are encouraging consumer spending. The outlook for economic growth in the U.S. remains firmly positive and the dollar continues to strengthen against the backdrop of a stronger economic outlook.

China s economic performance softened during the year in line with the government s downward revision of GDP growth targets below 7% for 2016. However, stock market volatility at the beginning of 2016 continues to drive uncertainty over the Chinese economy with a possible further reduction in economic growth in the future that could weaken the Chinese currency further.

Greenhouse gas / CO_2 / fuel economy legislation

Legislation is in place limiting passenger car fleet average greenhouse gas emissions in Europe to 130 grams of CO_2 per kilometer for 100% of new cars in 2015. Different targets apply to each manufacturer based on its respective fleet of vehicles and average weight. We have received a permitted derogation from the weight-based target requirement available to small volume and niche manufacturers. As a result, we are permitted to reduce our emissions by 25% from 2007 levels rather than meeting a specific CO_2 emissions target. Jaguar Land Rover had an overall 2015 target of an average of 178.0 grams of CO_2 per kilometer for our full fleet of vehicles registered in the EU that year, with Jaguar Land Rover and Tata Motors monitored as a single pooled entity for compliance with this target (for Jaguar Land Rover alone, this would be 179.8 g/km). Our entire fleet met this target in 2014, delivering 178 grams of CO_2 per kilometer a year earlier than that legislated for 2015.

Furthermore, the European Union has regulated target reductions for 95% of a manufacturer s full fleet of new passenger cars registered in the European Union in 2020 to average 95 grams of CO_2 per kilometer, rising to 100% in 2021. The new rule for 2020 contains an extension of the niche manufacturers derogation and permits us to reduce our emissions by 45% from 2007 levels, which enables us to apply for an overall target of 132 grams of CO_2 per kilometer. With the rapid growth of our sales, there is a risk that we may exceed the 300,000 unit niche manufacturers derogation volume threshold before 2020. All cycle plans are now structured to achieve the non-derogated CO_2 target.

The European Union has also adopted an average emissions limit of 175 grams of CO_2 per kilometer for LCVs to be phased in between 2014 and 2017. Implementation of LCV CO_2 standards affect the Defender and a small number of Freelander and Discovery vehicles. We have been granted a small volume derogation by the European Commission for alternative specific emission targets for our LCV fleet for 2014 to 2016 inclusive, which applies to the Defender up through the end of its production in January 2016. Jaguar Land Rover met the emission limit of 255 grams of CO_2 per kilometer, which was the average amount of emissions of the top 70% of vehicles in the LCV category in terms of emissions performance. The average CO_2 emissions per kilometer for the entire fleet was 267 grams, while the specific target was 276.9 grams of CO_2 per kilometer. A further average emissions limit of 147 grams of CO_2 per kilometer for LCVs has been adopted for 2020.

In the United States, both CAFE standards and greenhouse gas emissions standards are imposed on manufacturers of passenger cars and light trucks. The National Highway Traffic Safety Administration, or the NHTSA, has set the federal CAFE standards for passenger cars and light trucks to meet an estimated combined average fuel economy level of 35.5 miles per U.S. gallon for 2016 model year vehicles. Meanwhile, the EPA and NHTSA issued a joint rule to reduce the average greenhouse gas emissions from passenger cars, light trucks and medium duty passenger vehicles for model years 2012 to 2016 of 250 grams of CO_2 per mile, or approximately 6.63L/100km or 35.5 miles per gallon if the requirements were met only through fuel economy improvements. The United States federal government extended this program to cars and light trucks for model years 2017 through 2025, targeting an estimated combined average emissions level of 243 grams of CO_2 per mile in 2017 and 163 grams per mile in 2025, which is equivalent to 54.5 miles per gallon if achieved exclusively through fuel economy standards. In addition, many other markets either have or will shortly implement similar greenhouse gas emissions standards (including Brazil, Canada, China, the European Free Trade Association, India, Japan, Mexico, Saudi Arabia, South Korea and Switzerland).

California is empowered to implement more stringent greenhouse gas emissions standards but has elected to accept the existing U.S. federal standards for compliance with the state s own requirements. The California Air Resources Board enacted regulations that deem manufacturers of vehicles for model years 2012 through 2016 that are in compliance with the EPA greenhouse gas emissions regulations to also be in compliance with California s greenhouse gas emissions regulations. In November 2012, the California Air Resources Board accepted the federal standard for vehicles with model years 2017 through 2025 for compliance with the state s own greenhouse gas emission regulations.

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However, California is moving forward with other stringent emissions regulations for vehicles, including the Zero Emission Vehicle, or ZEV, regulations. The ZEV regulations require manufacturers to increase their sales of zero emissions vehicles each year, up to an industry average of 22% of vehicles sold in California by 2025. The precise sales required in order to meet a manufacturer s obligation in any given model year depend on the size of the manufacturer and the level of technology sold (for example, transitional zero emission technologies, such as plug in hybrids, can account for at least a proportion of a manufacturer s obligation, but these technologies earn compliance credits at a different rate from pure zero emissions vehicles). Other compliance mechanisms available under the ZEV regulations include banking and trading credits generated through the sale of eligible vehicles.

We are fully committed to meeting these standards, and technology deployment plans incorporated into cycle plans are directed at achieving these standards. These plans include the use of lightweight materials, including aluminum, which will contribute to the manufacture of lighter vehicles with improved fuel efficiency and thus reduce losses as a result of the improved driveline and aerodynamics. They also include the development and installation of smaller engines in our existing vehicles and other drivetrain efficiency improvements, including the introduction of eight-speed or nine-speed transmissions in some of our vehicles. We continue to introduce smaller vehicles, such as the Jaguar XE, which is our most fuel efficient Jaguar thus far. The technology deployment plans also include the research, development and deployment of hybrid electric vehicles. These technology deployment plans require significant investment. Additionally, local excise tax initiatives are a key consideration in ensuring our products meet customer needs for environmental footprint and cost of ownership concerns, as well as continued access to major city centers, such as London s and Paris s ultra low emission zones and similar low emissions areas being contemplated in Berlin and Beijing.

Non-greenhouse gas emissions legislation

The European Union has adopted the latest in a series of more stringent standards for emissions of other air pollutants from passenger and light commercial vehicles, such as nitrogen oxides, carbon monoxide, hydrocarbons and particulates. These standards are being phased in from September 2014 (Euro 6b) and September 2017 (Euro 6c) for passenger cars and from September 2015 (Euro 6b) and September 2018 for light commercial vehicles. September 2015 will see the adoption of real world driving emissions monitoring, or RDE, while September 2017 will see RDE become mandatory, along with a move to the new worldwide light duty test procedure, or WLTP, coincident with Euro 6c in Europe to address global concerns on more customer correlated fuel economy certified levels as well as air quality concerns. Other markets are expected to follow. All our programs are fully engineered to enable the adoption of these new requirements, and we are accelerating some of these initiatives to improve RDE ahead of the mandated timing.

In the United States, existing California low emission vehicle regulations and the recently adopted Low Emission Vehicle III, or LEVIII, regulations, as well as the state s ZEV regulations, place stricter limits on emissions of particulates, nitrogen oxides, hydrocarbons, organics and greenhouse gases from passenger cars and light trucks. These regulations require increasing levels of technology in engine control systems, on board diagnostics and after treatment systems, which all affect the base costs of our powertrains. The new California LEVIII and ZEV regulations cover model years 2015 to 2025. Additional regulations on evaporative emissions also require more advanced materials to eliminate fuel evaporative losses and longer warranty periods (up to 150,000 miles in the United States).

In addition, in April 2014, the Tier 3 Motor Vehicle Emission and Fuel Standards issued by the United States Environmental Protection Agency, or the EPA, were finalized. With Tier 3, the EPA has established more stringent vehicle emissions standards broadly aligned to the California LEVIII standards for 2017 to 2025 model year vehicles. The EPA made minor amendments to these Tier 3 standards in January 2015.

While Europe and the United States lead the implementation of these emissions programs, other nations and states typically follow on with adoption of similar regulations two to four years thereafter. For example, China s Stage III fuel consumption regulation targets a national average fuel consumption of 6.9L/100km by 2015 and its Stage IV regulation targets a national average fuel consumption of 5.0L/100km by 2021. In response to severe air quality issues in Beijing and other major Chinese cities, the Chinese government also intends to adopt more stringent emissions standards beginning in 2016.

To comply with the current and future environmental norms, we may have to incur substantial capital expenditure and research and development expenditure to upgrade products and manufacturing facilities, which would have an impact on our cost of production and results of operations.

Noise legislation

The European Commission adopted new rules (which apply to new homologations from July 2016) to reduce noise produced by cars, vans, buses, coaches and light and heavy trucks. Noise limit values would be lowered in two steps of each two A-weighted decibels for vehicles other than trucks, and one A weighted decibel in the first step and two in the second step for trucks. Compliance would be achieved over a 10-year period from the introduction of the first phase.

Vehicle safety legislation

Vehicles sold in Europe are subject to vehicle safety regulations established by the European Union or by individual Member States. In 2009, the European Union enacted a new regulation to establish a simplified framework for vehicle safety, repealing more than 50 existing directives and replacing them with a single regulation aimed at incorporating relevant United Nations standards. The incorporation of the United Nations standards commenced in 2012. The European Commission has introduced regulations requiring new model cars to have electronic stability control systems and relating to low-rolling resistance tires, requirements for tire pressure monitoring systems, and requirements for heavy vehicles to have advanced emergency braking systems and lane departure warning systems. In the European Union, new safety requirements came into force from November 2014 for all new vehicles sold in the European Union market. The new mandatory measures include safety belt reminders, electric car safety requirements, easier child seat anchorages, tire pressure monitoring systems and gear shift indicators.

NHTSA issues U.S. federal motor vehicle safety standards covering a wide range of vehicle components and systems, such as airbags, seatbelts, brakes, windshields, tires, steering columns, displays, lights, door locks, side impact protection and fuel systems. We are required to test new vehicles and equipment and assure their compliance with these standards before selling them in the United States. We are also required to recall vehicles found to have defects that present an unreasonable risk to safety or which do not conform to the required federal motor vehicle safety standards, and to repair them without charge to the owner. The financial cost and impact on consumer confidence of such recalls can be significant depending on the repair required and the number of vehicles affected. We have no investigations relating to alleged safety defects or potential compliance issues pending before NHTSA.

These standards add to the cost and complexity of designing and producing vehicles and equipment. In recent years NHTSA has mandated, among other things:

- a system for collecting information relating to vehicle performance and customer complaints, and foreign recalls to assist in the early identification of potential vehicle defects as required by the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act; and

- enhanced requirements for frontal and side impact, including a lateral pole impact.

Furthermore, the Cameron Gulbransen Kids Transportation Safety Act of 2007, or the Kids and Cars Safety Act, passed into law in 2008, requires NHTSA to enact regulations related to rearward visibility and brake to shift interlock and requires NHTSA to consider regulating the automatic reversal functions on power windows. The costs to meet these proposed regulatory requirements may be significant.

Vehicle safety regulations in Canada are similar to those in the United States; however, many other countries have vehicle regulatory requirements which differ from those in the United States. The differing requirements among various countries create complexity and increase costs such that the development and production of a common product that meets the country regulatory requirements of all countries is not possible. Global Technical Regulations, or GTRs, developed under the auspices of the United Nations, continue to have an increasing impact on automotive safety activities, as indicated by legislation in the European Union. In 2008, GTRs on electronic stability control, head restraints and pedestrian protection were each adopted by the United Nations World Forum for the Harmonization of Vehicle Regulations, and are now in different stages of national implementation. While global harmonization is fundamentally supported by the automobile industry in order to reduce complexity, national implementation may still introduce subtle differences into the system.

Insurance Coverage

The Indian insurance industry is predominantly state-owned and insurance tariffs are regulated by the Indian Insurance Regulatory and Development Authority. We have insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations, including business interruptions, and which we believe are in accordance with industry standards in India. We have obtained coverage for product liability for some of our vehicle models in several countries to which we export vehicles. TDCV has insurance coverage as is required and applicable to cover all normal risks in accordance with industry standards in South Korea, including product liability. We have also taken insurance coverage on directors and officers liability to minimize risks associated with international litigation for us and our subsidiaries.

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Jaguar Land Rover has maintained insurance coverage that is reasonably adequate to cover normal risks associated with the operation of our business, such as coverage for people, property and assets, including construction and general, auto and product liability, in accordance with treasury policy. On August 12, 2015, a series of explosions caused widespread damage at the Port of Tianjin in China, one of three major locations in China through which Jaguar Land Rover imports its vehicles. At the time of the explosion, approximately 5,800 Jaguar Land Rover vehicles were stored at various locations in Tianjin. Many of these vehicles were destroyed or damaged in the explosion, and, as a result, Jaguar Land Rover recognized an exceptional charge of GBP212 million, which was partially reduced to GBP157 million in the 12 months ended March 31, 2016, due to insurance recoveries. Any further insurance and other potential recoveries may take some months to conclude, and therefore will be recognized only in future periods when paid or confirmed. There can be no assurance that any claim under our insurance policies will be honored fully or timely, our insurance coverage will be sufficient in any respect or our insurance premiums will not increase substantially. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, or have to pay higher insurance premiums, our financial condition may be affected.

We are insured by insurers of recognized financial standing against such losses and risks and in such amounts as are prudent and customary in the business in which it is engaged. All such insurance is in full force and effect.

We are able to renew our existing insurance coverage, as and when such policies expire or to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business, as now conducted.

Export Promotion Capital Goods

Since Fiscal 1997, we have benefited from participation in the Export Promotion Capital Goods Scheme, or the EPCG Scheme, which permits us to import capital equipment under a special license at a substantially reduced customs duty. Our participation in this scheme is subject to us fulfilling an obligation to export goods manufactured or produced by the use of capital equipment imported under the EPCG Scheme to the value of a multiple of the cost plus insurance and freight value of these imports or customs duty saved over a period of 6, 8 and 12 years from the date of obtaining the special license. We currently hold 107 licenses which require us to export our products of a value of approximately Rs.77.86 billion between the years 2002 to 2022, and we carefully monitor our progress in meeting our incremental milestones. After fulfilling some of the export obligations as per provisions of Foreign Trade Policy, as at March 31, 2016, we have remaining obligations to export products worth approximately Rs.11.94 billion by March 2022. In the event that the export obligation under the EPCG Scheme is not fulfilled, we would have to pay the differential between the reduced and normal duty on the goods imported along with interest. In view of our past record of exceeding our export milestones, and our current plans with respect to our export markets, we do not currently foresee any impediments to meeting our export obligation in the required time frame.

Legal Proceedings

In the normal course of business, we face claims and assertions by various parties. We assess such claims and assertions and monitor the legal environment on an ongoing basis, with the assistance of external legal counsel where appropriate. We record a liability for any claims where a potential loss is probable and capable of being estimated and disclose such matters in our financial statements, if material. For potential losses which are considered reasonably possible, but not probable, we provide disclosure in the financial statements, but do not record a liability in our financial statements unless the loss becomes probable. Should any new developments arise, such as a change in law or rulings against us, we may need to make provisions in our financial statements, which could adversely impact our reported financial condition and results of operations. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, there could be a material adverse effect on our business and profitability. Certain claims that are above Rs.200 million in value are described in Note 33 to our consolidated financial statements included in this annual report on Form 20-F. Certain claims that are below Rs.200 million in value pertain to indirect taxes, labor and other civil cases. There are other claims against us which pertain to motor accident claims in India (involving vehicles that were damaged in accidents while being transferred from our manufacturing plants to regional sales offices), product liability claims and consumer complaints. Some of these cases relate to replacement of parts of vehicles and/or compensation for deficiency in services provided by us or our dealers.

Capital work-in-progress as at March 31, 2014, included building under construction at Singur in West Bengal of Rs.3,098.8 million for the purposes of manufacturing automobiles. In October 2008, we moved the Nano project from Singur in West Bengal to Sanand in Gujarat. In June 2011, the newly elected Government of West Bengal (State Government) enacted a law cancelling the land lease agreement at Singur, and took over possession of the land. We challenged the constitutional validity of the law. In June 2012, the Calcutta High Court declared the law unconstitutional and restored our rights under the land lease agreement. The State Government filed an appeal in the Supreme Court of India in August 2012, which is pending disposal.

Though we continue to rigorously press our rights, contentions and claims in the matter, we have been advised that the time it may take in disposal of the appeal is uncertain. We have also been advised that we have a good case and can strongly defend the appeal, but the questions that arise are issues of constitutional law and thus the result of the appeal cannot be predicted. In these circumstances, in view of the uncertainty on the timing of resolution, following the course of prudence, the management has, in Fiscal 2015, made a provision for carrying capital cost of buildings at Singur amounting to Rs.3,098.8 million, excluding other assets (electrical installations, etc.) and expenses written off/provided in earlier years, security expenses, lease rent and claim for interest on the whole amount (including Rs.3,098.8 million). We shall, however, continue to pursue the case and assert our rights and our claims in the courts.

In South Korea, our union employees filed a lawsuit to include some elements of non-ordinary salary and bonus as part of ordinary wages for the period December 2007 to May 2011. The district court ruled in favor of the union employees in January 2013 and ordered TDCV to pay the employees KRW 17.2 billion and interest, up to the period of payment. We recorded a provision of KRW 45.8 billion (Rs.2,565 million) as at March 31, 2014, in respect of this lawsuit and consequential obligation for all employees (including non-union employees). TDCV filed an appeal against the order to the High Court of Seoul, which gave its verdict on December 24, 2014. The High Court of Seoul, following the decision of the Supreme Court in a case of an unaffiliated company, determined that some elements of non-ordinary salary were part of ordinary wages and the need to be paid with retrospective effect. However, based on the Good Faith Principle and because any retrospective payment would have high financial impact on the Company, the court determined that the bonuses and work performance salary would not be eligible for retrospective payment. Accordingly, the liability was determined at KRW 99 million and interest of KRW 20 million thereon.

Furthermore, in order to maintain the claim for the period from June 2011 to March 2014, TDCV union employees filed a case in the Seoul district court on November 24, 2014. In addition to the items included in the first lawsuit, one new item for additional 50% allowance for overtime work was added. However, after receipt of the final judgment of the Seoul High Court for the first lawsuit, which was not in their favor, the labor union decided to withdraw the second lawsuit and submitted the case withdrawal confirmation on March 19, 2015. Accordingly, the provision created as at March 31, 2014 of KRW 45.8 billion (Rs.2,643 million) has been reversed in Fiscal 2015.

The Competition Commission of India, or CCI, has initiated an inquiry against us and other car manufacturers (collectively referred to hereinafter as the OEMs) pursuant to an allegation that genuine spare parts of automobiles manufactured by the OEMs were not made freely available in the open market in India and, accordingly, anti-competitive practices were carried out by the OEMs. The CCI through its order, dated August 25, 2014, held that the OEMs had violated the provisions of Section 3 and Section 4 of the Competition Act, 2002, and imposed a penalty of 2% of the average turnover for three years. Subsequently, we and other car manufacturers filed a writ petition before the Delhi High Court challenging the constitutional validity of Section 22(3) and 27(b) of the Indian Competition Act under which the order was passed and penalty imposed. The matter is currently pending before the Delhi High Court.

During Fiscal 2015, Jaguar Land Rover s Brazilian subsidiary received a demand for approximately 167 million Brazilian reals in relation to additional indirect taxes. Brazilian authorities claimed that taxes relating to the Programa de Integração Social and the Contribuição para Financiamento da Seguridade Social were due on local vehicle and parts sales made in 2010. The matter is currently being contested before the Brazilian appellate authorities. Professional legal opinions we have obtained in Brazil support our position that the basis of the tax authority s assertion is incorrect and, as a result, the likelihood of any settlement ultimately having to be made is considered remote.

We believe that none of the contingencies would have a material adverse effect on our financial condition, results of operations or cash flows.

C. Organizational Structure.

Tata Sons Our Promoter and its Promoted Entities

Tata Sons holds equity interests in its promoted companies engaged in a wide range of businesses. The various companies promoted by Tata Sons, including Tata Motors Limited, are based substantially in India and had combined consolidated revenues of approximately over US$100 billion in Fiscal 2016. The businesses of entities promoted by Tata Sons can be categorized under seven business sectors, namely, engineering, materials, energy, chemicals, consumer products, services, and communications and information systems.

Some of the entities promoted by Tata Sons have their origins in the trading business founded by the founder Mr. Jamsetji Nusserwanji Tata in 1868, which was developed and expanded in furtherance of his dreams by his two sons, Sir Dorabji Tata and Sir Ratan Tata, following their father s death in 1904. The family s interests subsequently vested largely in the Sir Ratan Tata Trust, the Sir Dorabji Tata Trust and other associate trusts, or the Tata Trusts. The Tata Trusts have been established for philanthropic and charitable purposes and together own a significant percentage of the share capital of Tata Sons.

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Over the years, the operations of the entities promoted by Tata Sons have expanded to encompass a number of major industrial and commercial enterprises, including Indian Hotels Company Limited (1902), Tata Steel (1907), one of the top ten steel manufacturers in the world, Tata Power Company Limited (1910), Tata Chemicals Limited (1939), which is the world s second largest manufacturer of soda ash, and Tata Motors Limited (1945). Other Tata entities include Voltas Limited (1954), and Tata Global Beverages Ltd, (1962), along with its UK-based subsidiary Tetley.

Tata Consultancy Services Limited, or TCS, a subsidiary of Tata Sons which started its operations in the 1960s as a division of Tata Sons and later became a listed public company, is a leading software service provider in India and several countries abroad and the first Indian software firm to exceed sales of US$4 billion. TCS has delivery centers around the globe including the United States of America, the United Kingdom, Hungary, Brazil, Uruguay and China, as well as India.

Tata Sons promoted India s first airline, Tata Airlines, which later became Air India (India s national carrier), as well as India s largest general insurance company, New India Assurance Company Limited, both of which were subsequently taken over by the government as part of the Government of India s nationalization program. In 1999, entities promoted by Tata Sons also invested in several telephone and telecommunication ventures, including acquiring a significant portion of the Government of India s equity stake in the then state owned Videsh Sanchar Nigam Limited, which was subsequently renamed Tata Communications Limited. Companies promoted by Tata Sons are building multinational businesses that aspire to achieve growth through excellence and innovation, while balancing the interests of shareholders, employees and society.

Some of the emerging companies promoted by Tata Sons include Titan Company, established in 1984, which is manufacturing India s largest and best-known range of personal accessories, such as watches, jewelry, sunglasses, and prescription eyewear, and excels in precision engineering, Tata Housing Development Company, established in 1984, a real estate developer in India, Tata AIA Life Insurance Company, established in 2001, which is a joint venture between Tata Sons and AIA Life Group Ltd Tata AIG General Insurance Company, established in 2001, which provides non-life insurance solutions to individuals, groups and corporate houses in India and Tata Capital, established in 2007, a systemically important non-deposit taking non-banking financial company, or NBFC, that fulfils the financial needs of retail and institutional customers in India, Tata Realty and Infrastructure Limited, established in 2007 which is an Infrastructure and Real Estate developer, AirAsia (India) Limited, a joint venture established in 2013 which is a low cost airline, Tata SIA Airlines Limited, a joint venture established in 2013 which is engaged in full service scheduled passenger airline services, Tata Advanced Systems Limited, established in 2006 and its subsidiaries which are, *inter alia*, engaged in scientific, technical and research and development activities, manufacturing, testing and experimenting equipment, components, etc, in the field of Advanced Defence Technologies, Security Systems, Aerospace & Aerostructures.

We have for many years been a licensed user of the TATA brand owned by Tata Sons, and thus have gained from the use of the TATA brand and its brand equity. Tata Sons instituted a corporate identity program in the year 1998 to re-position the brand to compete in a global environment. A substantial ongoing investment and recurring expenditure is undertaken by Tata Sons to develop and promote a strong, well-recognized and common brand, which is intended to represent for the consumer a high level of quality, service and reliability associated with products and services offered by the entities promoted by Tata Sons.

Companies which have subscribed to the Tata Brand Equity & Business Promotion Scheme pay an annual subscription fee to use the TATA business name and trademarks and participate in and gain from the promotion of the Tata brand equity as well as to avail themselves of various services including legal, human resources, economics and statistics, corporate communications and public affairs services of Tata Sons. We believe that we benefit from the use of and association with the TATA brand identity and accordingly, Tata Motors Limited and certain of its subsidiaries have subscribed to the Tata Brand Equity & Business Promotion Agreement and pay an annual subscription fee to Tata Sons which is in the range of 0.15% to 0.25% of the annual net income (defined as net revenues exclusive of excise duties and other governmental taxes and non-operating income), subject to a ceiling of 5% of annual profit before tax (defined as profit after interest and depreciation but before income tax), each calculated on a standalone basis for these entities. In some of the past years, Tata Sons has lowered the absolute amount of subscription fee in light of its outlay for activities related to brand promotion and protection in those years. In Fiscal 2013, Tata Motors Limited on a standalone basis paid an amount less than 0.25% of its annual net income calculated in accordance with Indian GAAP, and in Fiscal 2014 and 2015, no amount was paid in view of losses of Tata Motors Limited calculated on a standalone basis. Pursuant to our licensing agreement with Tata Sons, we have also undertaken certain obligations for the promotion and protection of the Tata brand identity licensed to us under the agreement. The agreement can be terminated by written agreement between the parties, by Tata Sons upon our breach of the agreement and our failure to remedy such a breach, or by Tata Sons upon providing six months notice for reasons to be recorded in writing. The agreement can also be terminated by Tata Sons upon the occurrence of certain specified events, including liquidation of Tata Motors Limited.

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The entities promoted by Tata Sons continue to follow the ideals, values and principles of ethics, integrity and fair business practices espoused by the founder Mr. Jamsetji Tata, and his successors. To further protect and enhance the Tata brand equity, these values and principles have been articulated in the Tata Code of Conduct, which has been adopted by the entities promoted by Tata Sons. The Tata Trusts have also made significant contributions towards national causes through promotion of public institutions in the field of science, such as the Indian Institute of Science and the Tata Institute of Fundamental Research and in the field of social services through the Tata Institute of Social Sciences, the Tata Memorial Hospital, the National Centre for the Performing Arts in Mumbai and, more recently, the Tata Medical Center at Kolkata in India for cancer patients, set up by the Tata Trusts and supported by Tata Sons and its promoted companies. The Tata Trusts are among the largest charitable foundations in India.

Some of the entities promoted by Tata Sons hold shares in other companies promoted by Tata Sons. Similarly, some of our directors may hold directorships on the boards of Tata Sons and/or other entities promoted by Tata Sons. However, there are no voting agreements, material supply or purchase agreements or any other relationships or agreements that have the effect of binding us with other entities promoted by Tata Sons at management, financial or operational levels. With the exception of Tata Steel, which under our Articles of Association has the right to appoint one director on our board of directors, neither Tata Sons nor its subsidiaries have any special contractual or other power to appoint our directors or management. They have only the voting power of their shareholdings in Tata Motors. Except as set forth in the tables below under the heading Subsidiaries and Affiliates and except for approximately a 15.37% equity interest in Tata Services Ltd, a 17.29% equity interest in Tata International Limited and a 10.47% equity interest in Tata Industries Limited, our shareholdings in other entities promoted by Tata Sons are generally insignificant as a percentage of their respective outstanding shares or in terms of the amount of our investment or the market value of our shares of those companies.

Subsidiaries and Affiliates

The subsidiaries, joint operation and equity method affiliates and joint ventures of Tata Motors Limited that together with Tata Motors Limited form the Tata Motors Group as at March 31, 2016 are set forth in the chart below:

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(1) Holding company of Tata Motors Finance Solutions Limited, which was converted to a public limited company from a private limited with effect from June 4, 2015 and also acquired 100% shareholding in Sheba Properties Limited, a 100% subsidiary of TML, with effect from March 31, 2016.
(2) Holding Company of Jaguar Land Rover Automotive plc, Tata Daewoo Commercial Vehicle Co. Limited, Tata Motors (Thailand) Limited, Tata Motors (SA) (Proprietary) Limited and PT Tata Motors Indonesia. Also incorporated TMNL Motor Services Nigeria Limited with effect from September 2, 2015.
(3) These subsidiaries are based in many countries outside India.
(4) Holding in its subsidiary, Tata Daewoo Commercial Vehicle Sales and Distribution Co. Ltd. is 100%.
(5) Holding in PT Tata Motors Distribusi Indonesia subsidiary is 100%.
(6) The holdings in these 14 subsidiaries range between 72.32% and 72.37%.
(7) With one 100% subsidiary in Spain and 1 affiliate in China with effective holding of 22.48%.
(8) Out of the 10 subsidiaries with holdings ranging from 13% to 26%, three are presently under the process of liquidation, and there are six joint ventures with holding of 13% in each.
(9) Chery Jaguar Land Rover Automotive Sales Company Limited, a wholly owned subsidiary of Chery Jaguar Land Rover Automotive Co. Limited.
(10) The holding company for 13 wholly owned subsidiary companies situated in various countries outside India.
(11) An affiliate of Tata Technologies Limited.

Out of the above, the following are our three significant subsidiaries as defined under Regulation S-X:

Name	Country of Incorporation	Ownership Interest / Voting Power
Jaguar Land Rover Automotive plc	United Kingdom	100%
Jaguar Land Rover Limited	United Kingdom	100%
Jaguar Land Rover Holdings Limited	United Kingdom	100%

With respect to certain subsidiaries and affiliates, where Tata Motors Limited has a joint venture partner, voting on certain items of business may be based on affirmative voting provisions and board of director s participation clauses in the relevant joint venture agreement(s).

D. Property, Plants and Equipment

Facilities

We operate six principal automotive manufacturing facilities in India. The first facility was established in 1945 at Jamshedpur in the state of Jharkhand in eastern India. We had commenced construction of the second facility in 1966 (with production commencing in 1976) at Pune, in the state of Maharashtra in western India, the third facility in 1985 (with production commencing in 1992) at Lucknow, in the state of Uttar Pradesh in northern India, the fourth at Pantnagar in the state of Uttarakhand, India, which commenced operations in Fiscal 2008, the fifth at Sanand in Gujarat in western India for manufacturing of the Nano, which commenced operations in June 2010, and the sixth plant for manufacturing Tata Marcopolo buses under our joint venture with Marcopolo and LCVs at Dharwad in Karnataka (which buses are also produced at Lucknow). The Jamshedpur, Pune, Sanand, Pantnagar and Lucknow manufacturing facilities have been accredited with a ISO/TS 16949:2000(E) certification.

The manufacturing facilities of TDCV are based in Gunsan, South Korea. TDCV has received the ISO/TS 16949 certification, an international quality systems specification given by SGS UK Ltd., an International Automotive Task Force, or IATF, accredited certification body. It is the first South Korean automobile OEM to be awarded an ISO/TS 16949 certification.

Fiat India Automobiles Private Limited, our joint arrangement with Fiat Group, has its manufacturing facility located in Ranjangaon, Maharashtra. The plant is used for manufacturing Tata and Fiat branded cars and engines, and transmissions for use by both partners.

Tata Motors (Thailand) Limited is our joint venture with Thonburi Automotive Assembly Plant Co. Ltd, and has a manufacturing facility located in Samutprakarn province, Thailand. The facility is used for the manufacture and assembly of pickup trucks. Through our joint venture in Thailand, we offered refreshed versions of Tata brand pickup trucks in Fiscal 2016 and increased the joint venture s product range by introducing Daewoo brand M&HCV trucks in Thailand. We intend to introduce further upgraded versions of pickup trucks and introduce Tata brand M&HCV trucks in Thailand in Fiscal 2017

Through Jaguar Land Rover, we currently operate four principal automotive manufacturing facilities in the United Kingdom at Solihull, Castle Bromwich, Halewood and the Engine Manufacturing Centre at Wolverhampton, as well as two product development facilities in the United Kingdom at Gaydon and Whitley. Most of these facilities are owned as freehold estates or are held through long-term leaseholds, generally with nominal rents. We also own a joint venture manufacturing plant under our China Joint Venture, in Changshu, near Shanghai, as part of a RMB

10.9 billion investment that also includes a new research and development center, which opened in October 2014. Construction of a new engine plant for production of fuel-efficient engines is also contemplated under the joint venture agreement. Jaguar Land Rover also recently opened a new manufacturing facility in Brazil, which manufactures the Evoque and Discovery Sport for the Brazilian market.

Tata Motors (SA) (Proprietary) Limited, our joint venture with Tata Africa Holdings (SA) (Proprietary) Ltd.for the manufacture and assembly operations of our LCVs and M&HCVs in South Africa, owns and operates a manufacturing facility located in Rosslyn, South Africa.

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Description of environmental issues that may affect our utilization of facilities

Tata and other brand vehicles

As with other participants in the automobile industry around the world, we are exposed to regulatory risks related to climate change. The design and development of fuel-efficient vehicles and vehicles running on alternative renewable energy has become a priority as a result of fossil fuel scarcity, escalating price and growing awareness about energy efficiency among customers.

We have adopted the Tata Group Climate Change Policy which addresses key climate change issues related to products, processes and services. We are committed to reduction of greenhouse gas emissions throughout the lifecycle of our products and development of fuel efficient and low greenhouse gas emitting vehicles, as an integral part of our product development and manufacturing strategy.

Considering the climate change risk, we are actively involved in partnerships with technology providers to embrace energy-efficient technologies not only for products but also for processes and are also participating actively in various national committees in India, which are working on formulating policies and regulations for improvement of the environment, including through reduction of greenhouse gases.

India, as a party to the United Nations Framework Convention on Climate Change, 1992 and its Kyoto Protocol, 1997, has been committed to addressing the global problem on the basis of the principle of common but differentiated responsibilities and respective capabilities of the member parties. At present, there are no legally binding targets for greenhouse gas reductions for India as it is a developing country. There are, however, opportunities for minimizing energy consumption through elimination of energy losses during manufacturing, thereby reducing manufacturing costs and increasing productivity.

The United Nations 21st Conference on Climate Change, Conference of the Parties, or COP 21, was held in Paris from November 30, 2015 to December 11, 2015. The Honorable Prime Minister Narendra Modi highlighted India s commitment to reduce its emission intensity to 33% to 35% by 2030 compared to 2005 levels, through nationally determined development measures and priorities.

In order to manage regulatory and general risks of climate change, we are increasingly investing in the design and development of fuel efficient and alternative energy vehicles, in addition to implementing new advanced technologies to increase efficiency of our internal combustion engines. We have manufactured CNG and CNG-electric hybrid versions of buses, LCVs, and the Ace Xenon, as well as a liquefied petroleum gas version of the Indica passenger vehicle.

Moreover, we use refrigerants such as R134A in our products in order to minimize our contribution toward greenhouse gas emissions. We also ensure that no refrigerant is released to the atmosphere during any service, repair and maintenance of the air-conditioning systems of our vehicles by first recovering the refrigerant charge before the system is serviced and recharged. In addition, since 2009, we have voluntarily disclosed fuel-efficiency information for our passenger vehicles in India in accordance with a decision by SIAM. We are also continually in the process of developing products to meet the current and future emission norms in India and other countries. For example, we offer products which meet the Bharat Stage III and Bharat Stage IV norms in India and Euro V norms in International markets.

We also strive to increase the proportion of energy sourced from renewables. As one of our prime objectives, we have endeavored to incorporate environmentally sound practices in our processes, products and services. Our manufacturing facilities at Pune, Jamshedpur, Lucknow, Sanand, Dharwad and Pantnagar in India each have an Environmental Management System in place and have achieved ISO-14001 certification. We have been implementing various Environment Management Programs on energy conservation such as reduction in electricity and fuel consumption with resulting reductions in greenhouse gas emissions. We are actively working toward a shift to gas fuels to meet process heat requirements.

Jaguar Land Rover

Our production facilities are subject to a wide range of environmental, health and safety requirements. These requirements address, among other things, air emissions, wastewater discharges, accidental releases into the environment, human exposure to hazardous materials, the storage, treatment, transportation and disposal of wastes and hazardous materials, the investigation and clean-up of contamination, process safety and the maintenance of safe conditions in the workplace. Many of our operations require permits and controls to monitor or prevent pollution. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future environmental, health and safety laws and regulations or their more stringent enforcement. Violations of these laws and regulations could result in the imposition of significant fines and penalties, the suspension, revocation or non-renewal of our permits, or the closure of our plants. Other environmental, health and safety laws and regulations could impose restrictions or onerous conditions on the availability or the use of raw materials we need for our manufacturing process. Violations of these laws and regulations may occur, among other ways, from errors in monitoring emissions of hazardous or toxic substances from our vehicles or production sites into the environment, such as our use of incorrect methodologies or defective or inappropriate measuring equipment, errors in manually capturing results, or other mistaken or unauthorized acts of our employees, suppliers or agents.

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Our manufacturing process results in the emission of greenhouse gases such as CO_2. We expect requirements to reduce greenhouse gasses to become increasingly more stringent and costly to address over time. For example, the European Union Emissions Trading Scheme, or EUETS, a systemwide scheme in the European Union in which allowances to emit greenhouse gases are issued and traded, is now in Phase 3 (2013 to 2020) and applies to our three manufacturing facilities. We have managed our EUETS allowances during previous phases of the EUETS scheme and use these remaining allowances from these earlier phases to meet our compliance requirements. The automotive sector has also been given recognition of being at risk of carbon leakage in accordance with the EUETS rules. This means that we will receive an increase in free allowances from 2015 and 2019. As a consequence of these actions, we currently project that we will reach the end of Phase 3 without the need to purchase EUETS carbon allowances. In Phase 4 of the scheme from 2020 to 2027, free allowances will be completely phased out by 2027 for all organizations in the EUETS scheme, so we project that we will be required to purchase EUETS allowances in Phase 4 of the scheme, potentially at a substantial cost.

We have a Climate Change Agreement, or CCA, in the United Kingdom which covers our manufacturing energy use. This requires us to deliver a 15% reduction in energy use per vehicle by 2020 compared to the 2008 baseline. Our projections show that we are on track to achieve this target and consequently will not need to purchase carbon allowances under this scheme.

We are also registered as a participant in the Carbon Reduction Commitment Energy Efficiency Scheme, or CRC Scheme, which regulates emissions from electricity and gas use, primarily in our non-vehicle manufacturing activities in the United Kingdom. We will be purchasing allowances under this scheme during 2016 for the emissions in Fiscal 2015.

The Department of Energy and Climate Change of the United Kingdom has recently issued a consultation on potential changes to the energy taxation regime in the United Kingdom. The U.K. s treasury department has advised that the envisaged changes need to be cost neutral and should not result in a decrease in the revenues raised from the schemes. These changes may lead to elimination of the CRC Scheme and amendments to the CCA. Jaguar Land Rover has worked with the Society of Motor Manufacturers and Traders to compile and submit a response to the consultation. These changes may result in an increased cost of compliance to our business.

Many of our sites have an extended history of industrial activity. We may be required to investigate and remediate contamination at those sites, as well as properties we formerly operated, regardless of whether we caused the contamination or whether the activity causing the contamination was legal at the time it occurred. For example, some of our buildings at our Solihull plant and other plants in the United Kingdom are undergoing an asbestos-removal program in connection with ongoing refurbishment and rebuilding. In connection with contaminated properties, as well as our operations generally, we also could be subject to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property damage resulting from hazardous substance contamination or exposure caused by our operations, facilities or products. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at our facilities, could result in substantial unanticipated costs. We could be required to establish or substantially increase financial reserves for such obligations or liabilities, and, if we fail to accurately predict the amount or timing of such costs, the related adverse impact on our business, financial condition or results of operations could be material.

Production Capacity

The following table shows our production capacity as at March 31, 2016 and production levels by plant and product type in Fiscal 2016 and 2015:

	As at March 31, 2016 Production Capacity	Year ended March 31, 2016 Production (Units)	Year ended March 31, 2015 Production (Units)
Tata Motors Plants in India[1]			
Medium and heavy commercial vehicles, light commercial vehicles, utility vehicles and passenger cars	1,588,784	466,622	458,339
Jaguar Land Rover[2 5]			
Utility vehicles, passenger cars	770,812	559,880	470,536
Other subsidiary companies plants (excluding Jaguar Land Rover[3])			
Medium and heavy commercial vehicles, buses, bus bodies and pickup trucks	57,000	20,237	23,670
Joint operations[4] (Passenger Vehicles)	100,000	29,931	32,298

1. This refers to estimated production capacity on a double-shift basis for all plants (except the Uttarakhand plant for which capacity is on a three-shift basis) for the manufacture of vehicles and replacement parts.
2. Production capacity is on a three-shift basis.
3. The plants are located in South Korea, Morocco, South Africa and Thailand. Production capacity of plants at Morocco are on a single-shift basis.
4. Excludes production of engines/powertrains.
5. Includes capacity at Chery Jaguar Land Rover Automotive Company Limited.

Properties

We produce vehicles and related components and carry out other businesses through various manufacturing facilities. In addition to our manufacturing facilities, our properties include sales offices and other sales facilities in major cities, repair service facilities and research and development facilities.

The following table sets forth information, with respect to our principal facilities, a substantial portion of which are owned by us as at March 31, 2016. The remaining facilities are on leased premises.

Location	Facility or Subsidiary / Joint Operations Name	Principal Products or Functions
India		
In the State of Maharashtra		
Pune (Pimpri, Chinchwad, Chikhali[1], Maval)	Tata Motors Limited	Automotive vehicles, components and research and development
Pune (Chinchwad)	TAL Manufacturing Solutions Ltd.	Factory automation equipment and services
Pune (Hinjewadi)[1]	Tata Technologies Ltd.	Software consultancy and services
Mumbai, Pune	Tata Motors Limited/Concorde Motors (India) Ltd./Tata Motors Finance Ltd.	Automobile sales and service and vehicle financing
Nagpur[1]	TAL Manufacturing Solutions Ltd.	Production of advanced composite floor beams, including machining of metal fittings for Boeing 787 Dreamliner
Satara	Tata Cummins Pvt. Ltd.	Automotive engines
Pune (Ranjangaon)	Fiat India Automobiles Pvt. Ltd.	Automotive vehicles and components
In the State of Jharkhand		
Jamshedpur	Tata Motors Limited	Automotive vehicles, components and research and development
Jamshedpur	TML Drivelines Ltd.	Axles and transmissions for M&HCVs
Jamshedpur	Tata Cummins Pvt. Ltd.	Automotive engines
In the State of Uttar Pradesh		
Lucknow[1]	Tata Motors Limited	Automotive vehicles, parts and research and development
	Tata Marcopolo Motors Ltd.	Bus bodies
In the State of Karnataka		
Dharwad	Tata Motors Limited	Automotive vehicles, components, spare parts and warehousing
	Tata Marcopolo Motors Ltd.	Bus body manufacturing
Bengaluru[2]	Concorde Motors (India) Ltd.	Automobile sales and service
In the State of Uttarakhand		
Pantnagar[1]	Tata Motors Limited	Automotive vehicles and components
In the State of Gujarat		
Sanand	Tata Motors Limited	Automotive vehicles and components
Rest of India		
Hyderabad[2] & Chennai[1]	Concorde Motors (India) Ltd.	Automobile sales and service
Cochin, Delhi	Concorde Motors (India) Ltd.	Automobile sales and service

Various other properties in India	Tata Motors Limited/Tata Motors Finance Ltd.	Vehicle financing business (office/ residential)
Outside India		
Singapore	Tata Technologies Pte Ltd.	Software consultancy and services

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Location	**Facility or Subsidiary / Joint Operations Name**	**Principal Products or Functions**
Republic of South Korea	Tata Daewoo Commercial Vehicles Co. Ltd	Automotive vehicles, components and research and development
Thailand	Tata Motors (Thailand) Ltd.	Pick-up trucks
	Tata Technologies (Thailand) Ltd.	Software consultancy and services
United Kingdom	Tata Motors European Technical Centre	Engineering consultancy and services
United Kingdom	INCAT International PLC, Tata Technologies Europe Ltd and Cambric UK Ltd	Software consultancy and services
United Kingdom		
Solihull	Jaguar Land Rover Holdings Limited	Automotive vehicles and components
Castle Bromwich	Jaguar Land Rover Limited	Automotive vehicles and components
Halewood	Jaguar Land Rover Limited	Automotive vehicles and components
Gaydon	Jaguar Land Rover Holdings Limited	Research and product development
Whitley	Jaguar Land Rover Limited	Headquarters and research and product development
Wolverhampton	Jaguar Land Rover Limited	Engine manufacturing
Spain	Tata Hispano Motors Carrocera S.A.	Bus body service
Morocco	Tata Hispano Motors Carrocerries Maghreb SA	Bus body manufacturing and service
South Africa	Tata Motors (SA) (Proprietary) Limited	Manufacture and assembly operations of vehicles
Indonesia	PT Tata Motors Indonesia	Distribution of vehicles
Italy	Trilix Srl.	Automotive design and engineering
Rest of the world		
Various (e.g. United States, United Kingdom, China, Europe, Australia)	Tata Technologies Ltd.	Software consultancy and services
	Jaguar Land Rover[3]	National sales companies Regional sales offices

Note: Excludes facilities held by our joint ventures, including the manufacturing plant held by Jaguar Land Rover Automotive Company Limited.

1. Land at each of these locations is held under an operating lease.
2. Some of the facilities are held under an operating lease and some are owned.
3. National sales companies are held by various subsidiaries of the Jaguar Land Rover group of companies.

Substantially all of our owned properties are subject to mortgages in favor of secured lenders and debenture trustees for the benefit of secured debenture holders. A significant portion of our property, plant and equipment, except those in the United Kingdom, is pledged as collateral securing indebtedness incurred by us. We believe that there are no material environmental issues that may affect our utilization of these assets.

We have additional property interests in various locations around the world for limited manufacturing, sales offices, and dealer training and testing. The majority of these are housed within leased premises.

For further details regarding the current legal proceedings with respect to the leased land in West Bengal, please refer to Item 4.B Business Overview Legal Proceedings of this annual report on Form 20-F.

We consider all of our principal manufacturing facilities and other significant properties to be in good condition and adequate to meet the needs of our operations.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

You should read the following discussion of our financial condition and results of operations together with our consolidated financial statements prepared in conformity with IFRS and information included in this annual report on Form 20-F. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors including, but not limited to, those set forth in Item 3.D and elsewhere in this annual report on Form 20-F.

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A. Operating Results

All financial information discussed in this section is derived from our audited financial statements included in this annual report on Form 20-F, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Overview

In Fiscal 2016, our total revenue (net of excise duties), including finance revenues, increased by 2.7% to Rs.2,697,422 million from Rs.2,625,265 million in Fiscal 2015. We recorded net income (excluding the share attributable to non-controlling interests) of Rs.95,883 million in Fiscal 2016, representing a decrease by 25.3% or Rs.32,408 million over net income in Fiscal 2015 of Rs.128,291 million.

Automotive operations

Automotive operations are our most significant segment, accounting for 99.5% of our total revenues in each of Fiscal 2016, 2015, and 2014. In Fiscal 2016, revenue from automotive operations before inter-segment eliminations was Rs.2,683,327 million, as compared to Rs.2,612,303 million in Fiscal 2015 and Rs.2,329,582 million in Fiscal 2014.

Our automotive operations include:

- All activities relating to the development, design, manufacture, assembly and sale of vehicles, as well as related spare parts and accessories;
- Distribution and service of vehicles; and
- Financing of our vehicles in certain markets.

Our automotive operations segment is further divided into Tata and other brand vehicles (including financing thereof), and Jaguar Land Rover. In Fiscal 2016, Jaguar Land Rover contributed 81.7% of our total automotive revenue compared to 82.9% in Fiscal 2015 and 81.3% in Fiscal 2014 (before intra-segment elimination) and the remaining 18.3% was contributed by Tata and other brand vehicles in Fiscal 2016 compared to 17.1% in Fiscal 2015 and 18.7% in Fiscal 2014. Jaguar Land Rover revenue includes a translation loss from GBP to Indian rupees. For further detail see Item 5.A Operating Results Fiscal 2016 Compared to Fiscal 2015 Revenue.

Other Operations

Our other operations business segment mainly includes information technology services, machine tools and factory automation solutions. Our revenue from other operations before inter-segment eliminations was Rs.29,116 million in Fiscal 2016, an increase of 7.2% from Rs.27,152 million in Fiscal 2015. Revenues from other operations represented 1.1%, 1.0% and 1.1% of our total revenues, before inter-segment eliminations, in Fiscal 2016, 2015 and 2014, respectively. Earnings before other income, interest and tax before inter-segment eliminations (segment earnings), were Rs.4,212 million in Fiscal 2016 and Rs.3,448 million and Rs.2,634 million in Fiscal 2015 and 2014, respectively.

Geographical breakdown

We have pursued a strategy of increasing exports of Tata and other brand vehicles to new and existing markets. Improved market sentiment in certain countries to which we export and a strong portfolio of Jaguar Land Rover vehicles have enabled us to increase sales in these international markets in Fiscal 2016. Sales in Europe have overtaken those in China, and Europe has become our second largest single market in terms of volume, after India. Sales in Europe increased by 45.2% in Fiscal 2016, in terms of volume. Besides, Jagaur Land Rover, TDCV, our subsidiary in South Korea, and TTL, our specialized subsidiary engaged in engineering, design and information technology services, contributes to our revenue from international markets. The proportion of our net sales earned from markets outside of India has decreased marginally to 84.7% in Fiscal 2016 from 86.2% in Fiscal 2015, due to growth in revenues from India. Our net sales do not include revenues of the China Joint Venture (which commenced operations in Q3 of Fiscal 2015), as the China Joint Venture is an equity accounted investee.

The following table sets forth our revenue from our key geographical markets:

	Year ended March 31,					
	2016		2015		2014	
Revenue	**Rs. in million**	**Percentage**	**Rs. in million**	**Percentage**	**Rs. in million**	**Percentage**
India	411,399	15.2%	361,206	13.8%	364,591	15.6%
China	494,359	18.3%	758,085	28.9%	656,138	28.0%
United Kingdom	448,389	16.6%	351,527	13.4%	290,162	12.4%
United States of America	435,932	16.2%	314,009	12.0%	266,436	11.4%
Rest of Europe	415,022	15.4%	317,303	12.1%	292,378	12.4%
Rest of the World	492,321	18.3%	523,135	19.8%	472,056	20.2%
Total	**2,697,422**	**100%**	**2,625,265**	**100%**	**2,341,761**	**100%**

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The Rest of Europe market is geographic Europe, excluding the United Kingdom and Russia. The Rest of the World market is any region not included above.

Significant Factors Influencing Our Results of Operations

Our results of operations are dependent on a number of factors, which mainly include the following:

General economic conditions. We, similar to other participants in the automotive industry, are materially affected by general economic conditions. See Item 3.D Risk Factors Risks associated with Our Business and the Automotive Industry .

Interest rates and availability of credit for vehicle purchases. Our volumes are significantly dependent on availability of vehicle financing arrangements and their associated costs. For further discussion of our credit support programs, see Item 4.B Business Overview Automotive Operations .

Excise duties and sales tax rates. In India, the excise and sales tax rate structures affect the cost of vehicles to the end user and, therefore, impact demand significantly. For a detailed discussion regarding tax rates applicable to us, please see Item 4.B Business Overview Government Regulations Excise Duty .

Our competitive position in the market. For a detailed discussion regarding our competitive position, see Item 4.B Business Overview Automotive Operations Tata and other brand vehicles Competition .

Cyclicality and seasonality. Our results of operations are also dependent on the cyclicality and seasonality in demand in the automotive market. For a detailed discussion on seasonal factors affecting our business, please see Item 4.B Business Overview Automotive Operations Tata and other brand vehicles Seasonality and 4.B Business Overview Automotive Operations Jaguar Land Rover Seasonality .

Environmental Regulations. Governments in the various countries in which we operate are placing a greater emphasis on raising emission and safety standards for the automobile industry. Compliance with applicable environmental and safety laws, rules, regulations and standards will have a significant impact on costs and product life cycles in the automotive industry. For further details with respect to these regulations, please see Item 4.B Business Overview Government Regulations .

Foreign Currency Rates. Our operations and our financial position are quite sensitive to fluctuations in foreign currency exchange rates. Jaguar Land Rover earns significant revenue in the United States, Europe and China, and also sources a significant portion of its input material from Europe. Thus, any exchange rate fluctuations of GBP to Euro, GBP to U.S. dollar and GBP to other currencies would affect our financial results. We have significant borrowings in foreign currencies denominated mainly in U.S. dollars. Our consolidated financial results are affected by foreign currency exchange fluctuations through both translation and transaction risks. Changes in foreign currency exchange rates may positively or negatively affect our revenues, results of operations and net income. To the extent that our financial results for a particular period will be affected by changes in the prevailing exchange rates at the end of the period, such fluctuations may have a substantial impact on comparisons with prior periods. Furthermore, Jaguar Land Rover constitutes a major portion of consolidated financial position, the figures of which are translated into Indian rupees. However, the translation effect is a reporting consideration and does not impact our underlying results of operations. Please see Item 11 Quantitative and Qualitative Disclosures About Market Risk and Note 35(d)(i) (a) to our consolidated financial statements included elsewhere in this annual report on Form 20-F for further detail on our exposure to fluctuations in foreign currency exchange rates.

***Political and Regional Factors*.** As with the rest of the automotive industry, we are affected by political and regional factors. For a detailed discussion regarding these risks, please see Item 3.D Key Information Risk Factors Political and Regulatory Risks.

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Results of operations

The following table sets forth selected items from our consolidated statements of income for the periods indicated and shows these items as a percentage of total revenues:

	Percentage of Total Revenue Year ended March 31,			Percentage Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Total revenues	100%	100%	100%	2.7%	12.1%
Raw materials, components and purchase of product for sale (including change in inventories of finished goods & work-in-progress)	59.7	61.0	61.7	0.7	10.8
Employee cost	10.7	9.5	9.1	15.1	17.1
Other expenses	21.7	20.8	21.3	7.2	9.4
Provision for loss of inventory (net of insurance recoveries)	0.6			100.0	
Depreciation and amortization	6.2	5.1	4.7	25.0	21.8
Expenditure capitalized	-6.2	-5.8	-5.8	8.9	13.3
Other (income)/ loss (net)	-0.1	-0.4	-0.3	-72.8	48.8
Interest income	-0.3	-0.3	-0.3	6.2	1.6
Interest expense (net)	1.8	2.0	2.3	-8.3	-1.6
Foreign exchange (gain) / loss (net)	1.4	0.5	-0.8	203.4	166.4
Impairment of an equity accounted investee			0.3		-100.0
Share of (profit) / loss of equity accounted investees	-0.2	0.1	0.1	-430.3	-6.9
Net income before tax	4.6	7.5	7.7	-37.3	10.5
Income tax expense	-1.0	-2.6	-2.1	-60.2	43.4
Net income	3.6	4.9	5.6	-25.0	-1.6
Net income attributable to shareholders of Tata Motors Limited	3.6	4.9	5.6	-25.3	-1.9
Net income attributable to non-controlling interests	*	*	*	25.0	71.4

* Less than 0.1

The following table sets forth selected data regarding our automotive operations (Tata and other brand vehicles (including financing thereof) and Jaguar Land Rover) for the periods indicated and the percentage change from period-to-period (before inter-segment eliminations):

	Year ended March 31,			Percentage Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Total Revenues (Rs. million)	2,683,327	2,612,303	2,329,582	2.7	12.1
Earnings before other income, interest and tax (Rs. million)	191,195	244,551	207,396	-21.8	17.9
Earnings before other income, interest and tax (% to total revenue)	7.1%	9.4%	8.9%		

The following table sets forth selected data regarding our other operations for the periods indicated and the percentage change from period-to-period (before inter-segment eliminations):

	Year ended March 31,			Percentage Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Total Revenues (Rs. million)	29,116	27,152	24,989	7.2	8.7
Earnings before other income, interest and tax (Rs. million)	4,212	3,448	2,634	22.2	30.9
Earnings before other income, interest and tax (% to total revenue)	14.5%	12.7%	10.5%		

Fiscal 2016 Compared to Fiscal 2015

Revenue

Our total consolidated revenue (net of excise duty, where applicable), including finance revenue, increased by 2.7% to Rs.2,697,422 million in Fiscal 2016 from Rs.2,625,265 million in Fiscal 2015.

The increase in revenue was driven by both Tata brand vehicles in India and our Jaguar Land Rover business. The revenue of our Tata brand vehicles increased by 9.6% to Rs.490,344 million in Fiscal 2016 from Rs.447,218 million in Fiscal 2015 due to increased volumes of M&HCV. The revenue of our Jaguar Land Rover business increased by 1.3% to Rs.2,193,059 million in Fiscal 2016 from Rs.2,165,673 million in Fiscal 2015, primarily due to volume increases driven by the success of new products we launched, such as the Discovery Sport and the XE, as well as strong growth in the United Kingdom, North America and European markets. The increase in revenue also reflects an increase on account of foreign currency translation gain from GBP to Indian rupees of Rs.2,087 million pertaining to Jaguar Land Rover. The increase in revenue of Rs.25,299 million at our Jaguar Land Rover business (excluding translation impact) was mainly attributable to an increase in sales of Land Rover from 394,945 units in Fiscal 2015 to 441,979 units in Fiscal 2016, an increase of 11.9%, which was supplemented by an increase in sales of Jaguar-brand vehicles to 102,106 units in Fiscal 2016 from 78,083 units in Fiscal 2015, an increase of 30.8%.

Our revenues from sales of vehicles and spares manufactured in India increased by 17.0% to Rs.423,698 million in Fiscal 2016 from Rs.362,214 million in Fiscal 2015. The increase was mainly attributable to increased revenues of M&HCVs in India, which increased by 31.8% to Rs.219,097 million in Fiscal 2016 from Rs.166,263 in Fiscal 2015, primarily due to replacement of fleet vehicles, supported by stable freight rates across key routes, lower fuel prices, higher load factor and renewal of mining activities in certain states of India. Such increase in revenue was partially offset by the decrease in revenue of LCVs, which decreased by 14.6% to Rs.58,860.7 million in Fiscal 2016 from Rs.68,890 million in Fiscal 2015. Furthermore, revenue attributable to passenger cars decreased by 10.7% to Rs.33,224.4 million in Fiscal 2016 from Rs.37,196 million in Fiscal 2015, and revenue attributable to utility vehicles decreased by 20.3% to Rs.10,399.7 million in Fiscal 2016 from Rs.13,051 million in Fiscal 2015

Revenue from our vehicle financing operations marginally declined by 1.3% to Rs.22,319 million in Fiscal 2016, as compared to Rs.22,631 million in Fiscal 2015.

Revenue attributable to TDCV, our subsidiary company engaged in design, development and manufacturing of M&HCVs, decreased by 13.2% to Rs.47,742 million in Fiscal 2016 from Rs.55,016 million in Fiscal 2015, primarily due to lower export sales, which was partially offset by an increase in domestic volumes. Factors, such as low-oil prices, local currency depreciation against the U.S. dollar, new statutory regulations to reduce imports, slowdown in the Chinese economy, which impacted commodity-exporting countries, and increased dealer inventory, adversely impacted TDCV s exports in major markets, such as Algeria, Russia, Vietnam, South Africa and Gulf Cooperation Council, or GCC, countries.

Revenue from other operations, before inter-segment eliminations, increased by 7.2% to Rs.29,116 million in Fiscal 2016 from Rs.27,152 million in Fiscal 2015, and represents 1.1% and 1.0% of our total revenues, before inter-segment eliminations, in Fiscal 2016 and 2015, respectively.

Cost and Expenses

Raw Materials, Components and Purchase of Products for Sale (including change in inventories of finished goods and work-in-progress) (material costs)

Material costs increased marginally by 0.7% to Rs.1,611,639 million in Fiscal 2016 from Rs.1,601,056 million in Fiscal 2015.

At our Jaguar Land Rover operations, material costs in Fiscal 2016 marginally decreased by 0.8% to Rs.1,293,304 million from Rs.1,304,221 million in Fiscal 2015. Material costs attributable to our Jaguar Land Rover operations had decreased by Rs.10,917 million in Fiscal 2016 mainly due to a positive movement of foreign currency rates applicable for sourcing countries and a decrease in duties of GBP 593 million, primarily due to a decrease in sales in China, which partially offset increases in material costs, primarily due to changes in product mix and higher volumes. Material costs at our Jaguar Land Rover operations as a percentage of revenue decreased to 59.2% in Fiscal 2016 from 60.3% in Fiscal 2015 (in GBP terms).

Material costs for Tata and other brand vehicles has also increased by 7.5% to Rs.313,172 million in Fiscal 2016 from Rs.291,206 million in Fiscal 2015, primarily due to increase in volumes. However, material costs as a percentage of total revenue (excluding finance revenue) decreased to 66.9% in Fiscal 2016, as compared to 68.6% in Fiscal 2015, primarily due to favorable product mix leading to higher contribution margin.

At our India operations, material costs have increased by 28.7% to Rs.143,924 million in Fiscal 2016, as compared to Rs.111,823 million in Fiscal 2015 for M&HCVs, which was partially offset by a decrease in the material costs for LCVs by 4.9% to Rs.40,439 million in Fiscal 2016, as compared to Rs.42,531 million in Fiscal 2015. In the passenger vehicle segment, material costs for passenger cars decreased by 8.7% to Rs.29,183 million in Fiscal 2016, as compared to Rs.31,957 million in Fiscal 2015 and for utility vehicles, by 24.0% to Rs.8,529 million in Fiscal 2016, as compared to Rs.11,228 millions in Fiscal 2015.

Material costs have decreased by 20.5% to Rs.31,159 million in Fiscal 2016, as compared to Rs.39,177 million in Fiscal 2015 for TDCV, primarily due to lower volumes particularly in the export market. The decrease was partially offset by an unfavorable foreign currency translation from KRW to Indian rupees of Rs.728 million. As a percentage of total revenue, material cost decreased to 65.3% in Fiscal 2016, compared to 71.2% in Fiscal 2015. Increased sales prices of models that comply with Euro 6 regulations in the domestic market and a favorable product mix contributed to a higher contribution ratio.

Provision for Loss of Inventory

On August 12, 2015, a series of explosions caused widespread damage at the Port of Tianjin in China, one of three major locations in China through which Jaguar Land Rover imports its vehicles. A provision of Rs.16,384 million (GBP 157 million) (net of insurance recoveries of Rs.5,342 million (GBP 55 million)) has been recognised against the carrying value of inventory for the damage due to explosion at the port of Tianjin in China. We may have additional claims for insurance recoveries in future.

Employee Costs

Our employee costs increased by 15.1% in Fiscal 2016 to Rs.288,117 million from Rs.250,401 million in Fiscal 2015, including the foreign currency translation impact from GBP to Indian rupees discussed below. Our permanent headcount increased by 4.2% as at March 31, 2016 to 76,598 employees from 73,485 employees as at March 31, 2015, primarily due to new production facilities and research and development centers at Jaguar Land Rover, and the average temporary headcount remain flat at 40,205 employees in Fiscal 2016 from 40,213 employees in Fiscal 2015.

The employee cost at Jaguar Land Rover increased by 17.6% to Rs.228,730 million in Fiscal 2016 from Rs.194,467 million in Fiscal 2015. This increase includes an unfavorable foreign currency translation from GBP to Indian rupees of Rs.546 million. In GBP terms, employee costs at Jaguar Land Rover increased to GBP 2,321 million in Fiscal 2016 from GBP1,977 million in Fiscal 2015. The employee cost at Jaguar Land Rover as a percentage to revenue increased to 10.5% in Fiscal 2016 from 9.0% in Fiscal 2015. Due to consistent increases in volumes and to support new launches and product development projects, Jaguar Land Rover increased its average permanent headcount by 19.6% in Fiscal 2016 to 29,789 employees from 24,902 employees in Fiscal 2015. However, the average temporary headcount was flat at 7,216 employees in Fiscal 2016 from 7,225 employees in Fiscal 2015. Total number of permanent employees as at March 31, 2016 was 30,750, as compared to 27,004 as at March 31, 2015 for Jaguar Land Rover.

The employee cost for Tata and other brand vehicles (including financing thereof) increased by 6.6% to Rs.46,836 million in Fiscal 2016 from Rs.43,922 million in Fiscal 2015.

For our India operations, employee costs increased marginally by 0.8% to Rs.36,834 million in Fiscal 2016 from Rs.36,547 million in Fiscal 2015, mainly due to regular annual increases in salary. However, the permanent headcount decreased marginally by 2.9% as at March 31, 2016 to 36,177 employees from 37,243 employees as at March 31, 2015, which was mainly driven by efforts to rationalize employee costs across our India operations. However, the average temporary headcount increased by 13.9% to 31,625 employees in Fiscal 2016 from 27,772 employees in Fiscal 2015, mainly due to increase in M&HCV volumes.

Employee costs at TDCV increased by 64.0% to Rs.7,370 million in Fiscal 2016 from Rs.4,493 million in Fiscal 2015. During Fiscal 2015, TDCV reduced employee costs by write back of a provision of Rs.2,643 million due to the resolution of the lawsuit filed by TDCV union employees. After adjusting for the write back in Fiscal 2015, employee costs increased marginally by 3.3%.

In Fiscal 2016, we closed the manufacturing operations at Tata Hispano Motors Carrocerries Maghreb, or Hispano Maghreb, and paid Rs.223 million as employee separation costs. The closure was triggered by sustained underperformance that was mainly attributable to challenging market conditions in the regions where Hispano Maghreb operates.

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Other Expenses

Other expenses increased by 7.2% to Rs.585,321 million in Fiscal 2016 from Rs.545,910 million in Fiscal 2015. This increase reflects an unfavorable foreign currency translation of GBP to Indian rupees of Rs.818 million pertaining to Jaguar Land Rover. As a percentage of total revenues, these expenses increased to 21.7% in Fiscal 2016 from 20.8% in Fiscal 2015. The major components of expenses are as follows:

	Year ended March 31, 2016	Year ended March 31, 2015	Change	Percentage of Total Revenue Year ended March 31, 2016	Percentage of Total Revenue Year ended March 31, 2015
	(Rs. in millions)				
Freight and transportation expenses	103,351	84,309	22.6%	3.8%	3.2%
Works operation and other expenses	223,315	213,280	4.7	8.3	8.1
Publicity	87,685	85,773	2.2	3.3	3.3
Allowance for trade and other receivables, and finance receivables	15,319	25,597	-40.2	0.6	1.0
Warranty and product liability expenses	67,539	60,266	12.1	2.5	2.3
Research and development expenses	34,688	28,515	21.6%	1.3%	1.1%

1. The increase in freight and transportation expenses corresponds to an increase in volumes at both Tata brand vehicles and Jaguar Land Rover operations, predominantly on account of increased sales of M&HCV and growth in North America and Europe and the United Kingdom, respectively, on an annual basis.

2. Our works operation and other expenses represented 8.3% and 8.1% of total revenue in Fiscal 2016 and 2015, respectively. On absolute terms, the expenses have increased by 4.7% to Rs.223,315 million in Fiscal 2016 from Rs.213,280 million in Fiscal 2015. These mainly relate to volume-related expenses at Jaguar Land Rover and Tata Motors. Engineering expenses at Jaguar Land Rover have increased, reflecting our increased investment in the development of new vehicles by 6.4% to Rs.65,054 million in Fiscal 2016 from Rs.61,127 million in Fiscal 2015. A significant portion of these costs are capitalized and shown under the line item expenditure capitalized discussed below.

3. Publicity expenses remains flat at 3.3% of our total revenues in Fiscal 2016 and 2015. In addition to routine product and brand campaigns, we incurred expenses relating to new product introduction campaigns in Fiscal 2016, namely the new Jaguar XE, the all new Jaguar XF, the refreshed 2016 model year Jaguar XJ, new Jaguar F-PACE and the Range Rover Evoque (including convertible) at Jaguar Land Rover, and the SIGNA range of trucks, the Ace Mega and the Made of Great campaign and auto expo at our India operations.

4. Our allowance for trade and other receivables represented 0.6% and 1.0% of total revenues in Fiscal 2016 and Fiscal 2015, respectively. The allowances for finance receivables mainly relate to India operations. These mainly reflect provisions for the impairment of vehicle loans of Rs.8,600 million for Fiscal 2016 as compared to Rs.23,226 million for the same period in 2015. The decrease in provision is mainly due to improved financing (more M&HCV and lower loan-to-value ratio) during the year and increased collections. Based on our assessment of non-recoverability of overdues in trade and other receivables, we have recorded a provision of Rs.6,719 million in Fiscal 2016, compared to a provision of Rs.2,371 million in Fiscal 2015, increased mainly at Jaguar Land Rover due to certain doubtful debts.

5. Warranty and product liability expenses represented 2.5% and 2.3% of our total revenues in Fiscal 2016 and Fiscal 2015, respectively. The warranty expenses at Jaguar Land Rover represented 2.86% of the revenue as compared to 2.57% last year whereas for Tata Motors Indian operations these represent 1.16% of revenue as compared to 1.17% last year. In May 2016, an industry-wide passenger airbag safety recall was announced in the United States by the NHTSA in respect of airbags from Takata. Certain front-passenger airbags from Takata are installed in vehicles sold by Jaguar Land Rover Group. Accordingly, we recognized an additional provision of Rs.6,415 million (GBP 67 million) for the estimated cost of repairs in Fiscal 2016. Please refer to Item 5.A Critical Accounting Policies of this annual report for further details.

6. Research and product development costs represent research costs and costs pertaining to minor product enhancements, refreshes and upgrades to existing vehicle models. These represented 1.3% of total revenues for Fiscal 2016 as compared to 1.1% in Fiscal 2015.

Expenditure capitalized

This represents employee costs, stores and other manufacturing supplies and other works expenses incurred mainly toward product development projects. Considering the nature of our industry, we continually invest in the development of new products and invest to address safety, emission and other regulatory norms. The expenditure capitalized increased by 8.9% to Rs.166,783 million in Fiscal 2016 from Rs.153,218 million in Fiscal 2015. The increase includes a favorable foreign currency translation impact from GBP to Indian rupees of Rs.363 million pertaining to Jaguar Land Rover. These reflect expenditures on new products and other major product development plans.

Depreciation and Amortization

Our depreciation and amortization expenses increased by 25.0% in Fiscal 2016, the breakdown of which is as follows:

	Year ended March 31,	
	2016	**2015**
	(Rs. in millions)	
Depreciation	79,643	65,398
Amortization	88,432	69,098
Total	**168,075**	**134,496**

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The increase in depreciation and amortization expenses includes an unfavorable foreign currency translation from GBP to Indian rupees of Rs.580 million pertaining to Jaguar Land Rover. The increase in depreciation expenses was primarily due to full-year depreciation of the new engine plant at the Wolverhampton facility in the United Kingdom and expenses attributable to plant and equipment and tooling, which are mainly toward capacity and new products. The amortization expenses for Fiscal 2016 mainly related to product development costs capitalized and new products introduced during this period namely the XE, the F-PACE, the new XF and the 2016 model year Evoque. Depreciation and amortization expenses represented 6.2% and 5.1% of total revenues in Fiscal 2016 and Fiscal 2015, respectively.

Other income (net)

There was a net gain of Rs.3,136 million in Fiscal 2016, as compared to Rs.11,508 million in Fiscal 2015, representing a decrease of 72.8%.

i. The loss on change in the fair value of commodity derivatives mainly at Jaguar Land Rover increased to Rs.11,555 million in Fiscal 2016, as compared to Rs.3,627 million in Fiscal 2015, primarily due to the significant fall in commodity prices of major commodities, including aluminum, copper and platinum.

ii. We recorded a loss on a sale of assets and assets written off of Rs.9,477 million in Fiscal 2016, as compared to Rs.3,512 million in Fiscal 2015. In Fiscal 2016, certain product development in progress were identified for write off.

iii. Gain on sale of available-for-sale investments increased to Rs.1,814 million in Fiscal 2016, as compared to Rs.1,195 million in Fiscal 2015.

iv. Miscellaneous income increased by 28.1% to Rs.21,908 million in Fiscal 2016 from Rs.17,101 million in Fiscal 2015. During Fiscal 2014, legislation was enacted that allows companies in the United Kingdom to elect for the Research and Development Expenditure Credit, or RDEC, on qualifying expenditures incurred since April 1, 2013, instead of the existing super-deduction rules. Accordingly, the amount not relating to capitalized product development expenditure of Rs.3,748 million and Rs.2,909 million for the Fiscal 2016 and 2015, respectively, have been recognized as miscellaneous income. Further, the increase was primarily due to income earned from royalties received from Chery Jaguar Land Rover Automotive Company Ltd. of Rs.2,466 million in Fiscal 2016, as compared to Rs. 503 million in Fiscal 2015.

For further details see Note 30 to our consolidated financial statements included elsewhere in this annual report on Form 20-F.

Interest expense (net)

Our interest expense (net of interest capitalized) decreased by 8.3% to Rs.47,913 million in Fiscal 2016 from Rs.52,232 million in Fiscal 2015. As a percentage of total revenues, interest expense represented 1.8% in Fiscal 2016, compared to 2.0% in Fiscal 2015. The interest expense (net) for Jaguar Land Rover was GBP 90 million (Rs.8,833 million) in Fiscal 2016, as compared to GBP 135 million (Rs.12,779 million) in Fiscal 2015, due to prepayment penalties of GBP 2 million in Fiscal 2016, as compared to GBP 77 million in Fiscal 2015. The decrease (excluding prepayment penalty) in interest expense is primarily due to the prepayment of higher coupon senior notes during Fiscal 2016 and Fiscal 2015, offset by an unfavorable foreign currency translation of Rs.361 million from GBP to Indian rupees. For our operations of Tata and other brand vehicles (including financing thereof), interest expense decreased marginally by 1.0% to Rs.39,249 million in Fiscal 2016 from Rs.39,665 million in Fiscal 2015. This includes mark-to-market on interest rate swaps of Rs. 1171.3 million at TML Holdings Pte Ltd. See Item 5.B Liquidity and Capital Resources of this annual report on Form 20-F for additional details on our debt financing arrangements.

Foreign exchange (gain)/loss (net)

We had a net foreign exchange loss of Rs.38,468 million in Fiscal 2016, compared to Rs.12,681 million in Fiscal 2015. This was primarily attributable to our Jaguar Land Rover operations.

i. Jaguar Land Rover recorded an exchange loss of Rs.32,837 million in Fiscal 2016, as compared to Rs.11,949 million in Fiscal 2015. We incurred a net exchange loss on senior notes of Rs.5,639 million in Fiscal 2016, as compared to Rs.15,387 million in Fiscal 2015, mainly due to appreciation of the U.S. dollar, as compared to GBP as at March 31, 2016. Further, there was a loss of Rs.13,441 million in Fiscal 2016, as compared to Rs.11,536 million in Fiscal 2015, due to fluctuations in foreign currency exchange rates on derivatives contracts, mainly reflecting a stronger U.S. dollar and Euro, offset by weaker Chinese RMB and emerging market currencies. Furthermore, this also includes a loss on revaluation of other assets and liabilities of Rs.9,166 million in Fiscal 2016, as compared to a gain of Rs.11,195 million in Fiscal 2015.

ii. For India operations, due to depreciation of the Indian rupee mainly against the U.S. dollar, we incurred exchange losses. There was a net exchange loss of Rs.2,781 million in Fiscal 2016, as compared to Rs.1,777 million in Fiscal 2015, mainly attributable to foreign currency denominated borrowings.

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Income Taxes

Our income tax expense decreased by 60.2% to Rs.27,513 million in Fiscal 2016 from Rs.69,150 million in Fiscal 2015, resulting in consolidated effective tax rates of 22.1% and 34.9%, for Fiscal 2016 and 2015, respectively.

Reasons for significant differences in the company s recorded income tax expense of Rs.27,513 million in Fiscal 2016, as compared to Rs.69,150 million in Fiscal 2015, income tax expense are mainly the following:

i. During Fiscal 2016, Tata Motors Limited, on a standalone basis, did not recognize a deferred tax asset, amounting to Rs.8,152 million, as compared to Rs.13,844 million in Fiscal 2015, with respect to tax losses, due to the uncertainty of future taxable profit against which tax losses can be utilized.

ii. Furthermore, during Fiscal 2016, deferred tax assets totaling Rs.5,137 million, as compared to Rs.7,089 million in Fiscal 2015, were not recognized in certain subsidiaries due to uncertainty of realization.

iii. Income tax expense on undistributed earnings of subsidiaries was Rs.5,402 million in Fiscal 2016, as compared to Rs.7,805 million in Fiscal 2015.

iv. In Fiscal 2016, there was a tax credit due to share of profit of equity accounted investees of Rs.1,138 million, (due to profits at our China Joint Venture) as compared to loss of Rs.334 million in Fiscal 2015.

v. During Fiscal 2016, Tata Motors Limited, on a standalone basis received additional consideration of Rs.3,245 million, from TML Holdings Pte Ltd, a wholly owned subsidiary towards divestment of investments in Fiscal 2014 in a foreign subsidiary. Further, Tata Motors Limited, on a standalone basis divested investments in Sheba Properties Limited, wholly owned subsidiary, to Tata Motors Finance Ltd, a subsidiary, resulting in a profit of Rs.3,304 million. The resultant gain was subject to capital gains tax in India for Tata Motors Limited, on a standalone basis, resulting in utilization of business losses having a tax effect of Rs.550 million.

During Fiscal 2015, TML Holdings Pte Ltd, a wholly-owned subsidiary, repurchased 35,000,000 equity shares, par value US$1 each, at a price of US$7.99 each. The resultant gain was subject to capital gains tax in India for Tata Motors Limited, on a standalone basis, resulting in utilization of business losses having a tax effect of Rs.4,469 million.

vi. The relevant Indian tax regulations mandate that companies pay tax on book profits, known as the Minimum Alternate Tax, or MAT. MAT may be carried forward and set off against future income tax liabilities computed under normal tax provisions within a period of ten years. We had recognized deferred tax assets in respect of MAT paid in prior years for Tata Motors Limited on a standalone basis.

In Fiscal 2015, the Government of India amended Indian income tax laws extending the concessional tax rate of 15% on dividends received from foreign subsidiaries indefinitely. This amendment will result in lower utilization of deferred tax assets in respect of MAT paid, due to which we have written off previously recognized deferred tax assets in respect of MAT paid of Rs.7,772 million.

vii. Additional deduction for patent, research and product development cost of Rs.14,494 million in Fiscal 2016, as compared to Rs.7,203 million in Fiscal 2015. During Fiscal 2016, we have applied for tax benefit under patent box regime in the United Kingdom leading to additional benefit of Rs.6,958 million.

viii. Reduction due to change in statutory tax rate by Rs.2,069 million to Rs.5,931 million in Fiscal 2016 as compared to Rs.8,000 million in Fiscal 2015.

ix. During Fiscal 2016, tax on dividend from subsidiaries, joint operations, equity accounted investees and available-for-sale investments was Rs.1,345 million, as compared to a credit of Rs.84 million in Fiscal 2015, mainly due to an additional dividend received during Fiscal 2016.

For further details see Note 17 to our consolidated financial statements included elsewhere in this annual report on Form 20-F.

Share of profit of equity-accounted investees and non-controlling interests in consolidated subsidiaries, net of tax

In Fiscal 2016, our share of profit of equity-accounted investees reflected a gain of Rs.5,775 million, as compared to a loss of Rs.1,748 million in Fiscal 2015.

Our share of profit (including other adjustments) in Chery Jaguar Land Rover Automotive Company Limited in Fiscal 2016 was Rs.5,781 million, as compared to a loss of Rs.1,213 million in Fiscal 2015.

Our share of loss in Tata Hitachi Construction Machinery Co Private Ltd was Rs.421 million in Fiscal 2016, as compared to Rs.768 million in Fiscal 2015.

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The share of non-controlling interests in consolidated subsidiaries increased by 25.0% to Rs.989 million in Fiscal 2016 from Rs.791million in Fiscal 2015, primarily due to increased profitability of one of our subsidiaries, TTL.

Net income

Our consolidated net income in Fiscal 2016, excluding shares of non-controlling interests, decreased by 25.3% to Rs. 95,883 million from Rs.128,291 million in Fiscal 2015. Net income as a percentage of total revenues also decreased from 4.9% in Fiscal 2015 to 3.5% in Fiscal 2016. This decrease was mainly the result of the following factors:

Earnings before other income, interest and tax for Jaguar Land Rover decreased by 33.8% to Rs.181,763 million in Fiscal 2016 from Rs.274,382 million in Fiscal 2015, which amounted to 8.3% in Fiscal 2016 of sales, as compared to 12.7% in Fiscal 2015.

The decrease in profitability was mainly attributable to softer sales in China, product mix and higher depreciation and amortization. Further, Jaguar Land Rover recorded a provision for loss of inventory (net of insurance recoveries) of Rs.16,384 million (GBP157 million), following the assessment of the physical condition of the vehicles involved in the explosion at the port of Tianjin in China in August 2015. Furthermore, in May 2016, an industry-wide passenger airbag safety recall was announced in the United States by the NHTSA in respect of airbags from Takata. Certain front-passenger airbags from Takata are installed in vehicles sold by Jaguar Land Rover Group. Accordingly, we recognized an additional provision of Rs.6,415 million (GBP 67 million) for the estimated cost of recall in Fiscal 2016.

These were primarily offset by the following factors:

Earnings before other income, interest and tax for Tata and other brand vehicles increased to Rs.9,432 million in Fiscal 2016, as compared to a loss of Rs.29,831 million in Fiscal 2015, primarily due to increased volume of M&HCVs.

Fiscal 2015 Compared to Fiscal 2014

Revenue

Our total consolidated revenue (net of excise duty, where applicable), including finance revenue, increased by 12.1% to Rs.2,625,265 million in Fiscal 2015 from Rs.2,341,761 million in Fiscal 2014.

The increase in revenue was primarily driven by our Jaguar Land Rover business, where revenue increased by 14.3% to Rs.2,165,673 million in Fiscal 2015 from Rs.1,894,590 million in Fiscal 2014, due to volume increases across products and markets. The increase in revenue also reflects an increase on account of a foreign currency translation gain from GBP to Indian rupees of Rs.30,187 million pertaining to Jaguar Land Rover. The increase in revenue of Rs.240,896 million at our Jaguar Land Rover business (excluding translation impact) was mainly attributable to an increase in sales of the new Range Rover Sport, Range Rover Evoque and new Range Rover from 223,517 units in Fiscal 2014 to 271,043 units in Fiscal 2015, an increase of 21.3%, which was offset by a marginal reduction in sales of Jaguar-brand vehicles to 78,083 units in Fiscal 2015 from 80,644 units in Fiscal 2014. The increase in revenue pertaining to Jaguar Land Rover in Fiscal 2015 was also attributable to an indirect tax incentive by Jaguar Land Rover of Rs.13,054 million as compared to Rs.8,463 million in Fiscal 2014.

The increase in revenue was also attributable to an increase in revenue of Tata and other brand vehicles (including financing thereof) by 2.8% to Rs.447,218 million in Fiscal 2015 from Rs.435,012 million in Fiscal 2014.

Our revenues from sales of vehicles and spares manufactured in India increased by 5.2% to Rs.362,214 million in Fiscal 2015 from Rs.344,369 million in Fiscal 2014. The increase was mainly attributable to increased revenues of M&HCVs (in India), which increased by 28.5% to Rs.166,263 million in Fiscal 2015 from Rs.129,350 in Fiscal 2014. Furthermore, revenue attributable to passenger cars increased by 22.5% to Rs.37,196 million in Fiscal 2015 from Rs.30,370 million in Fiscal 2014. These were offset by a decrease in revenue attributable to LCVs by 8% to Rs.68,890 million in Fiscal 2015 from Rs.74,900 million in Fiscal 2014. Revenue attributable to utility vehicles decreased by 5.5% to Rs.13,051 million in Fiscal 2015 from Rs.13,810 million in Fiscal 2014.

Revenue from our vehicle financing operations decreased by 24.3% to Rs.22,631 million in Fiscal 2015 as compared to Rs.29,876 million in Fiscal 2014, due to lower vehicle financing activity and an increase in defaults.

Revenue attributable to TDCV, our subsidiary company engaged in design, development and manufacturing of M&HCVs, increased by 15.7% to Rs.55,015 million in Fiscal 2015 from Rs.47,533 million in Fiscal 2014.

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Revenue (net of excise duty, where applicable) from other operations, before inter-segment eliminations, increased by 8.7% to Rs.27,152 million in Fiscal 2015 from Rs.24,989 million in Fiscal 2014, and represents 1.0% and 1.1% of our total revenues, before inter-segment eliminations, in Fiscal 2015 and 2014, respectively.

Cost and Expenses

Raw Materials, Components and Purchase of Products for Sale (including change in stock) (material costs)

Material costs increased by 10.8% to Rs.1,601,056 million in Fiscal 2015 from Rs.1,444,946 million in Fiscal 2014. The increase in absolute terms in material costs in Fiscal 2015 was mainly attributable to increased volumes at our Jaguar Land Rover business and includes an unfavorable foreign currency translation from GBP to Indian rupees for Jaguar Land Rover operations which resulted in an increase in material costs of Rs.19,432 million in Fiscal 2015 compared to Fiscal 2014.

At our Jaguar Land Rover operations, material costs in Fiscal 2015 increased by 13.0% to Rs.1,304,221 million from Rs.1,154,510 million in Fiscal 2014. Material costs at our Jaguar Land Rover operations as a percentage of revenue decreased to 60.3% in Fiscal 2015 from 61.4% in Fiscal 2014 (in GBP terms). Material costs attributable to our Jaguar Land Rover operations increased by Rs.107,668 million in Fiscal 2015 due to an increase in volume of sales and an increase in duties by Rs.13,340 million, mainly due to increased sales to China. However, as a percentage of revenue attributable to our Jaguar Land Rover operations, duties decreased from 10.4% in Fiscal 2014 to 9.9% in Fiscal 2015, due to an increase in sales in China of our 2.0 liter engines which attract a lower duty. Furthermore, the decrease in material cost as a percentage to revenue was mainly due to cost reduction programs undertaken by Jaguar Land Rover of approximately GBP 206 million (Rs.20,311 million) and positive movement of foreign currency rates applicable for sourcing countries of GBP 301 million (Rs.29,678 million).

Material costs for Tata and other brand vehicles have also increased by 4.8% to Rs.291,206 million in Fiscal 2015 from Rs.277,820 million in Fiscal 2014. However, material costs as a percentage of total revenue (excluding finance revenue) were 68.6% in Fiscal 2015 and 2014.

At our India operations, material costs have increased by 22% to Rs.111,823 million in Fiscal 2015, as compared to Rs.91,673 million in Fiscal 2014 for M&HCVs and by 17.9% to Rs.31,957 million in Fiscal 2015, as compared from Rs.27,105 million in Fiscal 2014 for passenger cars. Material costs have decreased by 25% to Rs.42,531 million in Fiscal 2015 as compared to Rs.56,684 million in Fiscal 2014 for LCVs and by 13.5% to Rs.11,228 million in Fiscal 2015 as compared from Rs.12,979 million in Fiscal 2014 for utility vehicles.

Material costs have increased by 14.9% to Rs.39,177 million in Fiscal 2015 as compared to Rs.34,102 million in Fiscal 2014 for TDCV, due to increased sales. The increase is also due to an unfavorable foreign currency translation from KRW to Indian rupees of Rs.1,348 million. However, material costs as a percentage of total revenue were 71.2% in Fiscal 2015 and 71.7% in Fiscal 2014.

Employee Costs

Our employee costs increased by 17.1% in Fiscal 2015 to Rs.250,401 million from Rs.213,903 million in Fiscal 2014, including the foreign currency translation impact from GBP to Indian rupees discussed below. Our permanent headcount increased by 6.7% as at March 31, 2015 to 73,485 employees from 68,889 employees as at March 31, 2014, and the average temporary headcount increased by 14.1% to 40,213 employees in Fiscal 2015 from 35,260 employees in Fiscal 2014.

The employee cost at Jaguar Land Rover increased by 21.4% to Rs.194,467 million in Fiscal 2015 from Rs.160,147 million in Fiscal 2014. This increase includes an unfavorable foreign currency translation from GBP to Indian rupees of Rs.3,076 million. In GBP terms, employee costs at Jaguar Land Rover increased to GBP 1,977 million in Fiscal 2015 from GBP1,654 million in Fiscal 2014. The employee cost at Jaguar Land Rover as a percentage to revenue increased to 9.0% in Fiscal 2015 from 8.5% in Fiscal 2014. Due to consistent increases in volumes and to support new launches and product development projects, Jaguar Land Rover increased its average permanent headcount by 7.8% as at March 31, 2015 to 24,902 employees from 23,111 employees as at March 31, 2014, and the average temporary headcount increased by 49.2% to 7,225 employees in Fiscal 2015 from 4,842 employees in Fiscal 2014. The increase in employee cost was also due to wage negotiations in November 2014 for Jaguar Land Rover plant workers. Total number of permanent employees as at March 31, 2015 was 27,004 as compared to 22,186 as at March 31, 2014 for Jaguar Land Rover.

The employee cost for Tata and other brand vehicles (including financing thereof) increased by 2.8% to Rs.43,922 million in Fiscal 2015 from Rs.42,739 million in Fiscal 2014.

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For our India operations, employee costs increased by 8.5% to Rs.36,547 million in Fiscal 2015 from Rs.33,672 million in Fiscal 2014. We incurred Rs.930 million in Fiscal 2015 toward an employee early-separation scheme, as compared to Rs.535 million in Fiscal 2014. Excluding the employee early-separation charge, the employee cost increased by 7.5% to Rs.35,617 million in Fiscal 2015 from Rs.33,137 million in Fiscal 2014, mainly due to regular annual increases in salary. The permanent headcount decreased marginally by 3.1% as at March 31, 2015 to 37,243 employees from 38,434 employees as at March 31, 2014, which was driven by efforts to rationalize employee costs across our India operations. For our India operations, the average temporary headcount increased by 3.0% to 27,772 employees in Fiscal 2015 from 26,973 employees in Fiscal 2014.

Employee costs at TDCV decreased by 22.1% to Rs.4,493 million in Fiscal 2015 from Rs.5,771 million in Fiscal 2014. The decrease of employee costs attributable to TDCV during Fiscal 2015 was mainly due to the reversal of Rs.2,643 million, following the resolution of the lawsuit filed by TDCV union employees. Please see Item 4.B Business Overview Legal Proceedings of this annual report on Form 20-F for further details on the lawsuit filed by TDCV union employees.

In Fiscal 2014, we closed the manufacturing operations at Tata Hispano Motors Carrocera S.A. and paid Euro 12.4 million (Rs.1,006 million) as employee separation costs. The closure was triggered by sustained underperformance that was mainly attributable to challenging market conditions in the regions where Hispano operates.

Other Expenses

Other expenses increased by 9.4% to Rs.545,910 million in Fiscal 2015 from Rs.498,778 million in Fiscal 2014. This increase mainly reflects an increase of volumes at Jaguar Land Rover and an unfavorable foreign currency translation of GBP to Indian rupees of Rs.6,694 million pertaining to Jaguar Land Rover. As a percentage of total revenues, these expenses decreased to 20.8% in Fiscal 2015 from 21.3% in Fiscal 2014. The major components of expenses are as follows:

	Year ended March 31, (Rs. in millions)			Percentage of Total Revenue Year ended March 31,	
	2015	2014	Change	2015	2014
Freight and transportation expenses	84,309	75,439	11.8%	3.2%	3.2%
Works operation and other expenses	213,280	186,067	14.6%	8.1%	7.9%
Publicity	85,773	81,425	5.3%	3.3%	3.5%
Allowance for trade and other receivables, and finance receivables	25,597	26,830	-4.6%	1.0%	1.1%
Warranty and product liability expenses	60,266	57,957	4.0%	2.3%	2.5%
Research and development expenses	28,515	25,651	11.2%	1.1%	1.1%

1. The increase in freight and transportation expenses corresponds to an increase in volumes at our Jaguar Land Rover operations, predominantly on account of increased China sales on an annual basis.

2. Our works operation and other expenses represented 8.1% and 7.9% of total revenue in Fiscal 2015 and 2014, respectively. These mainly relate to volume-related expenses at Jaguar Land Rover. Furthermore, engineering expenses at Jaguar Land Rover have increased, reflecting our increased investment in the development of new vehicles by 11.8% to Rs.61,127 million in Fiscal 2015 from Rs.54,658 million in Fiscal 2014. A significant portion of these costs are capitalized and shown under the line item expenditure capitalized discussed below.

3. Publicity expenses decreased to 3.3% of our revenues in Fiscal 2015 from 3.5% in Fiscal 2014. In addition to routine product and brand campaigns, we incurred expenses relating to new product introduction campaigns in Fiscal 2015, namely the new Range Rover, new Range Rover Sport, Range Rover Evoque, Jaguar F-TYPE, smaller powertrain derivatives of the XF and XJ, the XF Sportbrake at Jaguar Land Rover, and the Ultra trucks, Zest and Bolt at our India operations.

4.

Our allowance for trade and other receivables represented 1.0% and 1.1% of total revenues in Fiscal 2015 and Fiscal 2014, respectively. The allowances for trade and other receivables, and finance receivables mainly relate to India operations. These mainly reflect provisions for the impairment of vehicle loans of Rs.23,226 million for Fiscal 2015 as compared to Rs.24,139 million for the same period in 2014. The rate of defaults was due to prolonged unanticipated deterioration in the economic environment in India, which severely affected fleet owners and transporters. Furthermore, based on our assessment of non-recoverability of overdues in trade and other receivables, we have recorded a provision of Rs.2,371 million in Fiscal 2015, a decrease by 11.9% compared to a provision of Rs.2,691 million in Fiscal 2014.

5. Warranty and product liability expenses represented 2.3% and 2.5% of our revenues in Fiscal 2015 and Fiscal 2014, respectively. The warranty expenses at Jaguar Land Rover represented 2.57% of the revenue as compared to 2.84% last year, primarily due to product and market mix, whereas for Tata Motors Indian operations these represent 1.17% of revenue as compared to 0.99% last year. The increased cost for Tata Motors Indian operations represented an increase in warranty period from two years to four years for certain M&HCV models, resulting in an increase in warranty accrual from Rs.438 million in Fiscal 2014 to Rs.652 million in Fiscal 2015. Please refer to Item 5.A Critical Accounting Policies of this annual report for further details.

6. Research and product development costs represent research costs and costs pertaining to minor product enhancements, refreshes and upgrades to existing vehicle models. These represented 1.1% of total revenues for Fiscal 2015 and 2014.

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Expenditure capitalized

This represents employee costs, stores and other manufacturing supplies and other works expenses incurred mainly toward product development projects. Considering the nature of our industry, we continually invest in the development of new products and invest to address safety, emission and other regulatory norms. The expenditure capitalized increased by 13.3% to Rs.153,218 million in Fiscal 2015 from Rs.135,247 million in Fiscal 2014. The increase includes a favorable foreign currency translation impact from GBP to Indian rupees of Rs.2,654 million pertaining to Jaguar Land Rover. These reflect expenditures on new products and other major product development plans.

Depreciation and Amortization

Our depreciation and amortization expenses increased by 21.8% in Fiscal 2015, the breakdown of which is as follows:

	Year ended March 31,	
	2015	**2014**
	(Rs. in millions)	
Depreciation	65,398	52,426
Amortization	69,098	58,037
Total	**134,496**	**110,463**

The increase in depreciation and amortization expenses includes an unfavorable foreign currency translation from GBP to Indian rupees of Rs.1,543 million pertaining to Jaguar Land Rover. The increase in depreciation expenses was on account of asset additions, which primarily include the launch of Ingenium engines at the Wolverhampton facility in the United Kingdom and expenses attributable to plant and equipment and tooling, which are mainly toward capacity and new products. The amortization expenses for Fiscal 2015 mainly related to product development costs capitalized and new products introduced during this period and during Fiscal 2014, primarily the Jaguar F-TYPE coupe and all-wheel drive derivatives, the new Discovery Sport, the Zest and Ultra trucks. Depreciation and amortization expenses represented 5.1% and 4.7% of total revenues in Fiscal 2015 and Fiscal 2014, respectively.

Other income (net)

There was a net gain of Rs.11,508 million in Fiscal 2015, as compared to Rs.7,733 million in Fiscal 2014, representing an increase of 48.8%.

i. During Fiscal 2014, we repaid senior notes before maturity and consequently recognized a loss of Rs.4,792 million toward reversal of previously recognized gain of the fair value of prepayment option. Please see Item 5.B Liquidity and Capital Resources-Long-term funding of this annual report on Form 20-F for details on prepayments of senior notes in Fiscal 2014.

ii. There was a loss on the fair value of conversion option relating to foreign currency convertible notes of Rs.838 million in Fiscal 2014. The notes were fully converted in Fiscal 2014.

iii. We recorded a loss on a sale of assets and assets written off of Rs.3,512 million in Fiscal 2015 as compared to Rs.294 million in Fiscal 2014.

Capital work-in-progress as at March 31, 2014, included building under construction at Singur in the state of West Bengal in India of Rs.3,098.8 million for the purposes of manufacturing automobiles. We have made a provision for carrying capital costs of buildings at Singur amounting to Rs.3,098.8 million in Fiscal 2015, excluding other assets, such as electrical installations, expenses written off/provided for in earlier years, security expenses, lease rent and our claim for the interest on the whole amount (including on the Rs.3,098.8 million carrying capital costs). Please see Item 4.B Information on the Company Business Overview Legal Proceedings of the annual report on Form 20-F for additional details on the claims related to the Singur facility.

iv. Miscellaneous income increased by 10.6% to Rs.13,474 million in Fiscal 2015 from Rs.12,179 million in Fiscal 2014. During Fiscal 2014, legislation was enacted that allows United Kingdom (UK) companies to elect for the RDEC on qualifying expenditures incurred since April 1, 2013, instead of the existing super-deduction rules. Accordingly, the amount not relating to capitalized product development expenditure of Rs.2,909 million and Rs.1,712 million for the Fiscal 2015 and 2014, respectively, have been recognized as miscellaneous income. Further, the increase was due to income earned from services provided to the China Joint Venture of Rs.1,134 million in Fiscal 2015 as compared to Rs.179 million in Fiscal 2014. Furthermore, Jaguar Land Rover earned commissions of Rs.1,163 million in Fiscal 2015 as compared to Rs.183 million in Fiscal 2014. In addition, in Fiscal 2015 we recorded an income of Rs.366 million on the sale of occupancy rights.

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For further details see Note 30 to our consolidated financial statements included elsewhere in this annual report on Form 20-F.

Interest expense (net)

Our interest expense (net of interest capitalized) decreased by 1.6% to Rs.52,232 million in Fiscal 2015 from Rs.53,095 million in Fiscal 2014. As a percentage of total revenues, interest expense represented 2.0% in Fiscal 2015 compared to 2.3% in Fiscal 2014. The interest expense (net) for Jaguar Land Rover was GBP135 million (Rs.12,779 million) in Fiscal 2015 as compared to GBP 138 million (Rs.13,272 million) in Fiscal 2014, which includes prepayment penalties of GBP 77 million as compared to GBP 53 million in Fiscal 2014. The decrease (excluding prepayment penalty) in interest expense is primarily due to the prepayment of higher coupon senior notes during Fiscal 2014 and 2015, offset by an unfavorable foreign currency translation of Rs.1,143 million from GBP to Indian rupees. For our operations of Tata and other brand vehicles (including financing thereof), interest expense increased marginally by 1.8% to Rs.39,665 million in Fiscal 2015 from Rs.38,966 million in Fiscal 2014. See Item 5.B Liquidity and Capital Resources of this annual report on Form 20-F for additional details on our debt financing arrangements.

Foreign exchange (gain)/loss (net)

We had a net foreign exchange loss of Rs.12,681 million in Fiscal 2015, compared to a net gain of Rs.19,104 million in Fiscal 2014. This was primarily attributable to our Jaguar Land Rover operations.

i. Jaguar Land Rover recorded an exchange loss of Rs.11,949 million in Fiscal 2015, as compared to a gain of Rs.25,244 million in Fiscal 2014. We incurred a net exchange loss on senior notes of Rs.15,387 million in Fiscal 2015, as compared to a gain of Rs.8,367 million in Fiscal 2014, mainly due to appreciation of U.S. dollars as compared to GBP as at March 31, 2015. Further, there was a loss of Rs.11,536 million in Fiscal 2015 as compared to a gain of Rs.16,253 million in Fiscal 2014, due to fluctuations in foreign currency exchange rates on derivatives contracts, mainly reflecting a weaker Chinese RMB, which includes a gain of Rs.4,338 million on cash flow hedges in Fiscal 2015 as compared to Rs.10,771 million in Fiscal 2014. The above loss is offset by revaluation of other assets and liabilities by gain of Rs.11,195 million as compared to Rs.4,979 million.

ii. For India operations, due to depreciation of the Indian rupee mainly against the U.S. dollar, we incurred exchange losses. There was a net exchange loss of Rs.1,777 million in Fiscal 2015 as compared to Rs.4,841 million in Fiscal 2014, attributable to foreign currency denominated borrowings.

Impairment in respect of equity-accounted investees

In Fiscal 2014, impairment loss in respect of equity-accounted investees was Rs.8,034 million in respect of our investment in an associate, Tata Hitachi Construction Machinery Co. Pvt Ltd.

Income Taxes

Our income tax expense increased by 43.4% to Rs.69,150 million in Fiscal 2015 from Rs.48,227 million in Fiscal 2014, resulting in consolidated effective tax rates of 34.9% and 26.9%, for Fiscal 2015 and 2014, respectively.

Reasons for significant differences in the company s recorded income tax expense of Rs.69,150 million as compared to Rs.38,245 million income tax expense computed at the domestic statutory tax rate of respective jurisdictions where entities are domiciled for Fiscal 2015 are as follows:

i. During Fiscal 2015, for Tata Motors Limited, on a standalone basis, we have not recognized a deferred tax asset, amounting to Rs.13,844 million, with respect to tax losses, due to the uncertainty of future taxable profit against which tax losses can be utilized.

ii.

Furthermore, during Fiscal 2015, deferred tax assets totaling Rs.7,089 million were not recognized in certain subsidiaries due to uncertainty of realization.

iii. During Fiscal 2015, TML Holdings Pte Ltd, a wholly-owned subsidiary, repurchased 35,000,000 equity shares, par value US$1 each, at a price of US$7.99 each. The resultant gain was subject to capital gains tax in India for Tata Motors Limited, on a standalone basis, resulting in utilization of business losses having a tax effect of Rs.4,469 million.

iv. Income tax expense on undistributed earnings of subsidiaries was Rs.7,805 million in Fiscal 2015.

v. The relevant Indian tax regulations mandate that companies pay tax on book profits, known as the Minimum Alternate Tax, or MAT. MAT may be carried forward and set off against future income tax liabilities computed under normal tax provisions within a period of ten years. We had recognized deferred tax assets in respect of MAT paid in prior years for Tata Motors Limited on a standalone basis.

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In Fiscal 2015, the Government of India amended Indian income tax laws extending the concessional tax rate of 15% on dividends received from foreign subsidiaries indefinitely. This amendment will result in lower utilization of deferred tax assets in respect of MAT paid, due to which we have written off previously recognized deferred tax assets in respect of MAT paid of Rs.7,772 million.

vi. The above differences were offset by the change in withholding tax rate in China resulting in credit of Rs.6,269 million in Fiscal 2015, attributable to dividends in China being subject to a reduced withholding tax rate of 5% (rather than 10%), as set out in the new United Kingdom-China tax treaty.

Reasons for significant differences in the company s recorded income tax expense of Rs.48,227 million as compared to Rs.35,741 million income tax expense computed at the domestic statutory tax rate of respective jurisdictions where entities are domiciled for Fiscal 2014 are as follows:

i. Income tax expense on undistributed earnings of subsidiaries was Rs.12,994 million in Fiscal 2014.

ii. Furthermore, in Fiscal 2014, we recognized Rs.4,676 million tax expenses on dividends from Jaguar Land Rover due to income taxes applicable to Tata Motors Limited on a standalone basis.

iii. In Fiscal 2014, we have recognized net credit of Rs.5,300 million, representing a reduction in statutory tax rates applicable to a subsidiary in the UK.

iv. In Fiscal 2014, we had written off previously recognized deferred tax assets in respect of MAT paid of Rs.7,318 million in light of lower taxable profit, considering the economic slowdown in India.

As explained above in the reconciliation from our statutory tax rates to effective tax rates for Fiscal 2015 and Fiscal 2014, our income tax expense in fiscal 2015 increased by Rs.20,923 million mainly due to:

i. Non-recognition of deferred tax assets amounting to Rs.20,933 million in Tata Motors Limited and certain subsidiaries due to uncertainty of future taxable profits; and

ii. Tax effect on shares purchased by a wholly owned subsidiary of Rs.4,469 million;

which were offset by:

i. a lower charge on undistributed earnings and dividend of subsidiaries, joint operations and equity accounted investees of Rs.9,845 million; and

ii. a reduction, due to a change in statutory tax rate, by Rs.2,700 million to Rs.8,000 million in Fiscal 2015, as compared to Rs.5,300 million in Fiscal 2014.

For further details see Note 17 to our consolidated financial statements included elsewhere in this annual report on Form 20-F.

Share of profit of equity-accounted investees and non-controlling interests in consolidated subsidiaries, net of tax

In Fiscal 2015, our share of profit of equity-accounted investees reflected a loss of Rs.1,748 million, as compared to Rs.1,878 million in Fiscal 2014, a decrease of 6.9%.

Our share of loss (including other adjustments) in Chery Jaguar Land Rover Automotive Company Limited in Fiscal 2015 was Rs.1,213 million as compared to Rs.807 million in Fiscal 2014.

Our share of loss in Tata Hitachi Construction Machinery Co Private Ltd was Rs.768 million in Fiscal 2015 as compared to Rs.1,354 million in Fiscal 2014.

The share of non-controlling interests in consolidated subsidiaries increased by 71.2% to Rs.791 million in Fiscal 2015 from Rs.462 million in Fiscal 2014, primarily due to increased profitability of one of our subsidiaries, TTL.

Net income

Our consolidated net income in Fiscal 2015, excluding shares of non-controlling interests, decreased marginally by 1.9% to Rs.128,291 million from Rs.130,717 million in Fiscal 2014. Net income as a percentage of total revenues also decreased from 5.6% in Fiscal 2014 to 4.9% in Fiscal 2015. This decrease was mainly the result of the following factors:

There was a decrease in revenue from our vehicle financing operations by 24.3% to Rs.22,631 million in Fiscal 2015 from Rs.29,876 million in Fiscal 2014.

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Negative earnings before other income, interest and tax for Tata and other brand vehicles (including financing thereof) of Rs.29,831 million in Fiscal 2015 from Rs.20,631 million in Fiscal 2014. The losses were mainly attributable to reduction in sales volumes of small commercial vehicles and competitive pressure on pricing, as well as a decrease in vehicle financing activity. Furthermore, there was an increase in depreciation expenses as a result of additions to plants and facilities in recent years, and in amortization expenses for product development costs due to new products launched. While we have implemented cost-reduction program, in the short-term, we expect that the level of fixed costs are expected to continue to have a negative impact o earnings.

These were primarily offset by the following factors:

Earnings before other income, interest and tax for Jaguar Land Rover increased by 20.3% to Rs.274,382 million in Fiscal 2015 from Rs.228,027 million in Fiscal 2014 which amounted to 12.7% in Fiscal 2015 of sales as compared to 12.0% in Fiscal 2014. The decrease in net income for Fiscal 2015 was also offset by a favorable foreign currency translation of Rs.698 million from GBP to Indian rupees. The improvement in profitability was mainly attributable to increases in volumes across all markets, introduction of the Jaguar F-TYPE and smaller powertrain derivative of XF and XJ and XF Sportbrake, the new Range Rover, the new Range Rover Sport and Range Rover Evoque. Furthermore, the performance was also supported by the positive impact of the continuing strength of the U.S. dollar against the GBP and the Euro, improving its revenues against the backdrop of a largely GBP and Euro cost base.

Impairment loss of Rs.8,034 million in respect of investment in an associate in Fiscal 2014.

Recent Accounting Pronouncements

Please refer to Note 2(v) to our consolidated financial statements included elsewhere in this annual report on Form 20-F for adopted and yet to be adopted accounting pronouncements as at March 31, 2016.

Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities as of the date of this annual report on Form 20-F and the reported amounts of revenues and expenses for the years presented. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and at each balance sheet date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Impairment of Goodwill

Cash-generating units to which goodwill is allocated are tested for impairment annually at each balance sheet date, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that unit and then to the other assets of the unit *pro rata* on the basis of carrying amount of each asset in the unit. Goodwill impairment loss recognized is not reversed in subsequent period. Please refer to Note 14 to our consolidated financial statements included elsewhere in this annual report on Form 20-F for assumptions used for goodwill impairment.

Impairment

Property, plant and equipment and intangible assets

At each balance sheet date, we assess whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement.

Finance receivables

We provide allowances for credit losses in finance receivables based on historical loss experience, current economic conditions and events and the estimated collateral values for repossessed vehicles. This requires estimates, including the amounts and timing of future cash flows expected to be received, which reflect changes in related observable data from period to period that may be susceptible to changes.

Impairment of equity-accounted investees

In Fiscal 2014, we recognized an impairment loss of Rs.8,034 million in respect of its investment in an associate, Tata Hitachi Construction Machinery Company Ltd, on account of economic slowdown and increased competition from new entrants. The associate is engaged in the business of manufacture and sale of construction equipment. The recoverable amount of the investment is determined based on value in use.

Product Warranty

Vehicle warranties are provided for a specified period of time. Our vehicle warranty obligations vary depending upon the type of the product, geographical location of its sale and other factors.

The estimated liability for vehicle warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and our estimates regarding possible future incidence based on actions on product failures.

Changes in warranty liability as a result of changes in estimated future warranty costs and any additional costs in excess of estimated costs, can materially affect our net income. Determination of warranty liability is based on the estimated frequency and amount of future claims, which are inherently uncertain. Our policy is to continuously monitor warranty liabilities to determine the adequacy of our estimate of such liabilities. Actual claims incurred in the future may differ from our original estimates, which may materially affect warranty expense.

Employee Benefits

Employee benefit costs and obligations are dependent on assumptions used in calculating such amounts. These assumptions include salary increase, discount rates, health care cost trend rates, benefits earned, interest cost, expected return on plan assets, mortality rates and other factors.

While we believe that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our employee benefit costs and obligations.

Recoverability/recognition of deferred tax assets

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

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B. Liquidity and Capital Resources

We finance our capital expenditures and research and development investments through cash generated from operations, cash and cash equivalents, debt and equity funding. We also raise funds through the sale of investments, including divestments in stakes of subsidiaries on a selective basis.

The key element of the financing strategy is maintaining a strong financial position that allows us to fund our capital expenditures and research and development investments efficiently even if earnings are subject to short-term fluctuations. Our treasury policies for liquidity and capital resources are appropriate for the automotive operations and are set through business specific sensitive analysis and by benchmarking our competitors. These are reviewed periodically by our board of directors.

Our business segments are (i) automotive operations and (ii) all other operations. We provide financing for vehicles sold by dealers in India. Our automotive operations segment is further divided into Tata and other brand vehicles (including financing thereof) and Jaguar Land Rover. Furthermore, given the nature of our industry and competition, we are required to make significant investments in product development on an ongoing basis.

Principal Sources of Funding Liquidity

Our funding requirements are met through a mixture of equity, convertible or non-convertible debt securities and other long-term and short-term borrowings. We access funds from debt markets through commercial paper programs, convertible and non-convertible debentures, and other debt instruments. We continually monitor funding options available in the debt and equity capital markets with a view to maintaining financial flexibility.

See Note 35 to our audited consolidated financial statements included elsewhere in this annual report on Form 20-F for additional disclosures on financial instruments related to liquidity, foreign exchange and interest rate exposures and use of derivatives for risk management purposes.

The following table sets forth our short-term and long-term debt position:

	Year ended March 31,	
	2016	**2015**
	(Rs. in millions)	
Total short-term debt (excluding current portion of long-term debt)	114,508	131,547
Total current portion of long-term debt	73,349	48,919
Long-term debt net of current portion	504,511	544,862
Total Debt	**692,368**	**725,328**

During Fiscal 2016 and 2015, the effective weighted average interest rate on our long-term debt was 7.2% and 7.6% per annum, respectively.

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The following table sets forth a summary of long-term debt outstanding as at March 31, 2016.

Details of Long-term debt	Currency	Initial Principal amounts (millions)	Redeemable on	Interest Rate	Amount of Repayment (Rs. millions)	Outstanding (Rs. millions)	
						31-Mar-16	31-Mar-15
Non Convertible Debentures	INR			Various	38,655	111,317	127,728
Collateralized debt obligations	INR			Various	5,767	401	6,168
Buyers credit from bank	Various			Various	1,188	15,106	16,425