MANAGEMENT DISCUSSION AND ANALYSIS

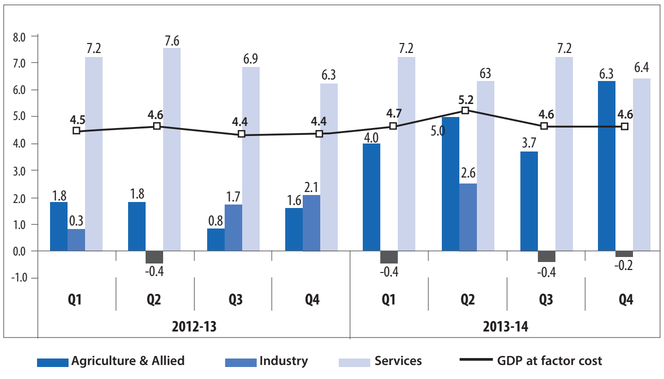
BUSINESS OVERVIEW

India's GDP growth continues to remain weak, at 4.7% in FY 2013-14 (advance estimates) after growing at 4.5% in FY 2012-13. Industrial activity continues to remain weak. Index of Industrial production (IIP) was negative at 0.1% during FY 2013-14. The stagnation in the industrial activity was broad-based. While mining output registered a negative of 1.1%, manufacturing output registered a negative of 0.7% during the same period. FY 2013-14 witnessed a decline in investments in new projects in line with slowdown in overall growth.

Growth rate in GDP

	FY 2012-13	FY 2013-14
Q1	4.5	4.7
Q2	4.6	5.2
Q3	4.4	4.6
Q4	4.4	4.6
	4.5	**4.7**

Source: Ministry of Statistics and Programme implementation



On the back of tight monetary policy, limited Fiscal spending, rising Inflation and slowing investments, over the previous year, FY 2013-14 saw many of the same challenges continuing into the year.

FY 2013-14 was marked by the challenge to the Government to contain the fiscal deficit, and the Government expenditure on infrastructure and other key sectors suffered. Current account deficit was brought in control .

As a result, the domestic auto industry saw decline after a long time. With the continued high interest rates and inflation, households were forced to spend more on essentials and discretionary spend reduced, leading to deferring of purchase decisions. The consistent stagnation of the industrial growth mainly in the areas of mining and quarrying, manufacturing and infrastructure adversely impacted the domestic auto industry.

On the global economy front, it was still a struggle, with the Euro zone in recession for much of 2013. However, in the developed world which had started as an uneven and patchy, recovery began to strengthen. The US economy, despite having to cope with feuding over its budget, seems to have sped up. It has been creating jobs and its housing market and stock indicator have moved up sharply. By the end of the year 2013, the UK had become, on some counts the fastest growing large developed economy. UK labour market conditions improved as employment increased. Rising consumer and business confidence helped to underpin stronger retail sales and investment spending, while the recovery in house prices helped shore up household wealth. This was led by higher consumption, in turn leading to fears of overheating in the housing market.

Germany had a solid year, reducing unemployment and boosting living standards. However, across the Mediterranean the pattern was more disappointing, with Italy, Spain, Portugal and Greece all enduring a year of rising unemployment. Europe and the euro are not out of trouble, but the acute phase of their difficulties may be past. However, there is still a long way to go: deflation risks remain, the sovereign and banking crisis is not fully resolved, and there is a considerable gulf in performance between the core and the periphery.

The structural shift from the developed world towards the emerging world continued but at a slightly slower pace than before. Industrial activity picked up pace throughout the year, supporting continued employment growth. With asset prices buoyant and confidence returning, the pillars of support for consumer spending fell back into place during 2013. In the emerging markets due to announcement by the US Federal Reserve in May, that it would soon begin reducing its monthly asset purchases (so-called "tapering"), caused currencies to depreciate, stock markets to fall and borrowing costs to rise. Countries with large current account and fiscal deficits were worst affected.

Growth in China was at 7.5% and Africa, encouragingly, grew by more than 5%.

Tata Motors Business:

Consequent to the macro economic factors as explained above, the Indian automobile industry posted a decline of 9.3% in FY 2013-14, as compared to 1.1% growth in the last fiscal. The commercial vehicles declined by 22.4% (last year growth of 1.7%) and passenger vehicles declined by 4.7% (last year growth of 0.9%).

The industry performance in the domestic market during FY 2013-14 and the Company's market share are given below:-

Category	Industry Sales			Company Sales			Market Share	
	FY 2013-14	FY 2012-13	Growth	FY 2013-14	FY 2012-13	Growth	FY 2013-14	FY 2012-13
	Units	Units		Units	Units			
Commercial vehicles	698,907	900,433	-22.4%	377,909	536,232	-29.5%	54.1%	59.6%
Passenger vehicles	2,438,502	2,557,566	-4.7%	141,846	229,325	-38.1%	5.8%	9.0%
Total	**3,137,409**	**3,457,999**	**-9.3%**	**519,755**	**765,557**	**-32.1%**	**16.6%**	**22.1%**

Source: Society of Indian Automobile Manufacturers report and Company Analysis
Commercial vehicles include V2 Van sales.
Passenger vehicles include Fiat and Jaguar Land Rover branded cars

INDUSTRY STRUCTURE AND DEVELOPMENTS

Commercial Vehicles:

The demand for Commercial vehicles remained depressed throughout the year. For FY 2013-14 the Commercial vehicle industry volumes at 698,907 reflect a decline of 22.4% over FY 2012-13. The Medium and Heavy Commercial Vehicles (M&HCV) segment recorded a further negative of 25.2% on the back of 23.3% decline in the last fiscal. The ban on mining, fleet underutilization, fall in resale value and low economic activities contributed to the fall. However, over the last few months, the decline has slowed down and volumes have stabilized through efforts taken by the Government to revive the sector by 4% reduction in excise duty, partial lifting of mining bans and increase in freight rates, indicating that the economy may be nearing the end of the down-cycle. While the M&HCV segment had declined in the last fiscal, the contraction of the Light Commercial Vehicles (LCV) segment by 21.2% is more significant because it was the growth driver in the past, growing by 17.9% in the last fiscal. The fall in this segment has been led by the drop in the Small Commercial Vehicle (SCV) volumes where fund availability is the most critical element. The high default rates in loans coupled with early delinquencies prompted the financiers to tighten lending norms, reduce the Loan-to-value (LTV) ratio and go into a collection mode impacting the SCV segment quite sharply.

The Company registered a decline of 29.5% to 377,909 units, primarily due to fall in LCV volumes coupled with the falling demand in M&HCV. The domestic industry performance during FY 2013-14 and the Company's market share are given below:-

Category	Industry Sales			Company Sales			Market Share	
	FY 2013-14	FY 2012-13	Growth	FY 2013-14	FY 2012-13	Growth	FY 2013-14	FY 2012-13
	Units	Units		Units	Units			
M&HCV	200,424	267,983	-25.2%	109,984	142,764	-23.0%	54.9%	53.3%
LCV	498,483	632,450	-21.2%	267,925	393,468	-31.9%	53.7%	62.2%
Total	**698,907**	**900,433**	**-22.4%**	**377,909**	**536,232**	**-29.5%**	**54.1%**	**59.6%**

Source: Society of Indian Automobile Manufacturers report and Company Analysis
LCVs include V2 Van sales

The Company's commercial vehicle sales in the domestic and international markets at 420,992 units were 27.5% lower than the previous year.

Even under these difficult conditions, the Company has been able to gain market share in the critical M&HCV segment. The Company has been focusing intensely on market and customer activities to stimulate the buying sentiments. Activities included the Prima Truck Racing Championship event in March, 2014 the first of its kind initiative in the Indian trucking history. The Prima LX series of trucks – a combination of economy &technology - were launched in FY2013-14 which included – 2523T, 3123T, 4028S (Single reduction and Hub reduction) and 4928S (Single reduction and Hub reduction), 4923.S LX, Prima 4938 Tractor, 3138K Tipper, LPT 3723 - India's first 5 axle truck and LPK 3118, and Prima LX series of Tippers – 2523K, 3123K, 2528K & 3128K. One of the successful marketing initiatives was the Power of Five campaign for M&HCV trucks which was conducted across various locations across the country to counter competition. The campaign focuses on five advantages of the Company's vehicles – 1) Better KMPL, 2) Best Vehicle Uptime 3) Highest Resale Value, 4) Best in class four year warranty, 5) Lowest maintenance cost and five powerful offerings – i) Triple benefit insurance, ii) Increased Oil change interval, iii) 4 Year AMC, iv) Tata Alert, v) Fleetman. The bus segment also witnessed growthin market share for the Company, due to intensive sales efforts coupled with launch of buses with mechanical FIP, introduction of Starbus Ultra in Stage carriage, marketing initiatives such as 'Humare Bus Ki Baat Hain' and 'Dream it to win it' program. The warranty for M&HCV buses and trucks were increased to three years and four years respectively symbolizing improvement in quality. The Tata Alert service, to return a vehicle back on road within 48 hours, has been expanded across all national highways.

The Company registered a decline in the market share of LCV segment due to the sharp fall in volumes of the high share SCV segment. The newly launched Ultra trucks have started to receive good response from the market. There have been various other initiatives such as the Freedom campaign and Triumph through trials campaign of back-to-back and standalone fuel trials to establish the superior fuel efficiency of vehicles. The Company tied up with various PCGs (Public sector, Co-operative & Gramin banks) and has brought out several lucrative financing schemes to ease the financing situation. The Companyalso launched a major initiative called, 'Saathi', a Parts retailers' customer referral program for entire SCV range, to leverage their customer base. Some of launches this year were the Ace, Magic DICOR and facelifts.

Passenger Vehicles:

The Passenger Vehicle Industry contracted for the first time in the last five years, in FY 2013-14 with decline of 4.7%. The last such instance was during the economic slowdown of FY 2008-09 when it remained close to flat at negative 0.5%. The decline in sales volumes is seen across segments, but sedans bore the biggest brunt. Hatchbacks and UV's continue to be the volume segments. The high growth in UV segment last year, with the onset of Soft Roaders could not be repeated this year. The premium and luxury vehicles segment however has seen a growth even in an otherwise declining year.

The domestic performance in passenger vehicle segment is given below:

Category	Industry Sales			Company Sales			Market Share	
	FY 2013-14	FY 2012-13	Growth	FY 2013-14	FY 2012-13	Growth	FY 2013-14	FY 2012-13
	Units	Units		Units	Units			
Micro	21,130	53,847	-60.8%	21,130	53,847	-60.8%	100.0%	100.0%
Compact	786,888	794,284	-0.9%	84,141	117,377	-28.3%	10.7%	14.8%
Midsize	154,981	200,013	-22.5%	2,414	7,410	-67.4%	1.6%	3.7%
Executive	18,272	23,537	-22.4%	164	1,061	-84.5%	0.9%	4.5%
Premium & Luxury	3,973	5,214	-23.8%	1,430	825	73.3%	36.0%	15.8%
Utility Vehicles	532,963	560,892	-5.0%	29,409	45,841	-35.8%	5.5%	8.2%
Vans	118,618	123,254	-3.8%	3,158	2,964	6.5%	2.7%	2.4%
Total	**2,438,502**	**2,557,566**	**-4.7%**	**141,846**	**229,325**	**-38.1%**	**5.8%**	**9.0%**

Source: Society of Indian Automobile Manufacturers report and Company Analysis
Note (a): excludes V2 Van sales
Note (b): Total industry nos. includes sale in other segments

During the year, the Company recorded sales of 141,846 vehicles (including Jaguar Land Rover) in the domestic market; a decline of 38.1%. The domestic market share was 5.8% as compared to 9.0% last year.

The Company introduced a host of new products including the E-max range of CNG vehicles, Vista tech, the refreshed and improved Sumo Gold.

Nano Awesome Campaign was launched during the year, along with the launch of Nano Twist with electronic power steering, thereby continuing to take the Nano Brand closer to the youth.

During the Delhi Auto Expo 2014, Tata Motors Flagship products, the Bolt hatchback and the Zest Sedan were unveiled, to much appreciation. The Company's Horizonext strategy was unveiled, showcasing the direction of Design, Performance & Connectivity that are going to be the brand pillars going ahead. The Expo also saw the Nexon Compact SUV concept and the connectivity concept for the Company's future cars being unveiled.

The drive to improve sales experience for customer with a focus on décor and ambience in showrooms across country continues. The dealership network is also being augmented to cater to the demand for Bolt and Zest launch.

The Company sold 2,805 Jaguar and Land Rover vehicles through its exclusive dealerships in India registering an impressive growth of 12.5%. The globally popular Range Rover Sport and Jaguar XF 3.0D was launched during the year. New brand touch points were created in social media for both Jaguar and Land Rover in a short span. Besides Land Rover Experience events were launched through which over 600 Dynamic Drive Off-road Experiences were delivered. 1st ever Land Rover Expedition was also launched in India that received a stupendous response. A new after-sales customer engagement initiative was introduced through Service Clinics in various dealer cities. Used Car program was introduced through 11 Outlets and achieved a 48% penetration in March 2014.

Tata Motors Sales, Distribution and Support: The sales and distribution network in India as of March 31, 2014, comprised 2,420 sales contact points for the Passenger and Commercial Vehicle businesses. The Company has deployed a Customer Relations Management (CRM) system at all its dealerships and offices across the country, largest such deployment in the automotive market. The combined online CRM / DMS system supports users both within the Company and among the distributors in India and abroad.

The Company's 100% subsidiary, TML Distribution Company Ltd (TDCL), acts as a dedicated distribution and logistics management company to support the sales and distribution operations of vehicles in India. TDCL provides distribution and logistics support for vehicles manufactured at the Company's facilities. TDCL helps us improve planning, inventory management, transport management and timely delivery.

The Company provides financing support through its wholly-owned subsidiary, Tata Motors Finance Ltd (TMFL). (Refer discussion on TMFL).

In addition to dealer service workshops, the Company uses 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. The Company believes that the reach of the sales, service and maintenance network, provides us with a significant advantage over the competitors.

Tata Motors Exports: The Company markets its commercial and passenger vehicles in several countries in Europe, Africa, the Middle East, South East Asia and South Asia. However, the Company's exports of vehicles manufactured in India decreased marginally by 2% in FY 2013-14 to 49,922 units from 50,938 units in FY 2012-13. Commercial vehicles export sales of the Company shrunk by 2.3% to 43,083 units impacted by the external environment influencers in Europe, the Middle East, and South Asia and passenger vehicle sales remained flat 6,839 units.

For FY 2013-14, the Company's top five export destinations accounted for approximately 73% and 88% of the exports of commercial vehicles and passenger vehicle units, respectively. The Company continues to strengthen its position in the geographic areas it is currently operating in and exploring possibilities of entering new markets with market characteristics similar to the Indian market.

The Company has set up a network of distributors in almost all countries where the vehicles are exported. The distribution network includes local dealers for sales and servicing products in the respective regions. The Company has also deputed its representatives overseas to support sales and services and to identify opportunities.

Jaguar Land Rover business: JLR has significantly consolidated its position in the premium car segment. The strengths of JLR include iconic globally positioned brands, strong product portfolio of award-winning luxury and high performance cars and premium all-terrain vehicles, global distribution network, strong product development and engineering capabilities, and a strong management team. The brand-wise wholesale sales of JLR are set forth in the table below:-

	FY 2013-14		FY 2012-13		Growth
	Units	%	Units	%	
Jaguar	79,307	18.5%	57,812	15.5%	37.2%
Land Rover	350,554	81.5%	314,250	84.5%	11.6%
Total	**429,861**	**100.0%**	**372,062**	**100.0%**	**15.5%**

During FY 2013-14, total sales increased to 429,861 units from 372,062 units in FY 2012-13; an increase of 15.5%. Jaguar volumes increased by 37.2% mainly contributed by the introduction of the Jaguar F-TYPE and the smaller powertrain derivative of XF and XJ and XF Sportbrake. Land Rover volumes increased by 11.6%, mainly contributed by the New Range Rover, New Range Rover Sport, and Range Rover Evoque sales. JLR exported 354,005 units in FY 2013-14 compared to 304,034 units in FY 2012-13; an increase of 16.4% .JLR had a successful year of continued growth in all markets led by China up 34% from last year to record retail sales of 103,077. North America and Asia Pacific regions also performed strongly, up 20.2% and 27.7% to 75,671 and 22,795 respectively. The UK and Europe, partly reflecting the economic headwinds, showed more modest growth, up 6.2% and 2.3% to 76,721 and 82,854 units respectively.

Jaguar designs, develops and manufactures a range of premium cars and sports cars recognised for their design, performance and quality. Jaguar's range of products comprises the XF and XJ saloons, the F-TYPE two seater sports car and the XK coupé and convertible.

- The XF, launched in 2008, is a premium executive car that merges sports car styling with the sophistication of a luxury saloon. The 2013 Model Year XF range also included for the first time an all-wheel drive version of the new V6 petrol engine for the US and European markets and a 2.0 litre petrol version for the US and Chinese markets which helped to grow the volumes for Jaguar in FY 2013-14.
- The XJ is Jaguar's largest luxury saloon vehicle, powered by a range of supercharged and naturally aspirated 5.0-litre V8 petrol engine and a 3.0-litre diesel engine. Using Jaguar's aerospace inspired aluminium body architecture, the new XJ's lightweight aluminium body provides improved agility, and fuel and CO_2 efficiency. The 2013 Model Year also included an all-wheel drive version and a 3.0 litre V6 petrol version for the US and European markets excluding the United Kingdom and a 2.0 litre petrol version for the Chinese market.
- The F-TYPE, a two seat sports car, inspired by the 2001 C-X16 concept cars, with an all-aluminium structure and enhanced technology with the power of Jaguar's latest 3.0 litre V6 and 5.0 litre V8 engines, was available for retail customers from April 2013 onwards and since then, has received numerous awards and appreciation by the auto media. In November 2013, Jaguar unveiled the F-TYPE Coupé which went on sale in April 2014.
- In March 2013, Jaguar unveiled two new additions to its R performance range, the XJR sedan and the XKR-S GT. The 550PS XJR - Jaguar's new flagship sports saloon - combines a supercar performance and assertive looks with the high level of luxury already associated with the XJ range. The XKR-S GT is the ultimate road-going but track-ready version of the XK coupe.
- At the Frankfurt Motor Show in September 2013, Jaguar revealed its first ever crossover concept vehicle, the Jaguar C X17, based on a new modular scalable advanced aluminum architecture. JLR has also announced the new Jaguar XE, a mid-sized sedan which will be built on this new modular architecture. This will allow Jaguar to grow its product portfolio and target high growth areas of the premium market.

Land Rover designs, develops and manufactures premium all-terrain vehicles that aim to differentiate themselves from the competition by their capability, design, durability, versatility and refinement.

Land Rover's range of products comprises the Defender, Discovery, Freelander, Range Rover (including the new Range Rover), Range Rover Evoque and Range Rover Sport (including the new Range Rover Sport).

- The Defender is one of Land Rover's most capable SUVs, and is recognised as an iconic vehicle in the segment targeting extreme all-terrain capabilities and payload/towing capability.
- The Freelander 2 is a versatile vehicle for active lifestyles, matching style with sophisticated technology and off-road capability. The Freelander 2, offering was significantly enhanced for the 2013 Model Year with the introduction of a turbocharged 2.0-litre petrol engine, giving superior performance as compared to the 3.2-litre engine it replaces, while also reducing CO_2 emissions.
- The Discovery 4 is a mid-size SUV that features genuine all-terrain capability and versatility, including full seven-seat capacity. Recent power train innovations have delivered an improvement in CO_2 for the 3.0-litre LR-TDV6 engine.
- The Range Rover Evoque is the smallest, lightest and most fuel-efficient Range Rover to date, available in 5-door and coupe body styles and in both front-wheel drive and all-wheel drive derivatives. Since its launch in September 2011, consumer interest and demand have been consistent across the globe and the car has been a major success for JLR.
- The Range Rover Sport combines the performance of a sports tourer with the versatility of a Land Rover. At the 2013 New York International Auto Show, Land Rover debuted the All New 2014 MY Range Rover Sport built on a weight saving aluminium architecture, to save upto 420kgs. The All New Range Rover Sport is the fastest, most agile and most responsive Land Rover ever, and has been a tremendous success since launch.
- The Range Rover is the flagship product under the Land Rover brand with a unique blend of British luxury, classic design, high-quality interiors and outstanding all-terrain ability. The new all-aluminium version, was launched in the third quarter of FY 2012-13. The new Range Rover was declared the world's top SUV by The Sunday Times, won Top Gear magazine's "Luxury Car of the Year" and was recently awarded the maximum 5-star safety rating by Euro NCAP.

New Product Launches: The new "Discovery Vision" Concept car was unveiled at New York International Auto Show in April 2014 to an enthusiastic response amongst auto media and journalists. Land Rover Discovery Sport (Freelander replacement) was announced as the first new member of Discovery family. It is expected to be available for retail sales in 2015.

Jaguar Land Rover's performance in key geographical markets on retail basis

United Kingdom: Against the backdrop of improved labour market conditions, rising consumer and business confidence and buoyed by cash compensation from the mis-selling of payment protection insurance, total vehicle sales jumped 12.5% compared to the previous year. Jaguar Land Rover sales climbed 6.2% on the year, supported by a strong performance from Jaguar (10.7% growth) and the launch of JLR F-TYPE convertible. 5% annual growth in Land Rover sales reflects JLR dominant market position in the UK for SUVs.

United States and North America: In FY 2013-14, total passenger car sales expanded by 6.2%. The launch of the Jaguar F-TYPE and new Range Rover Sport helped Jaguar Land Rover beat the US market three times, growing sales by 19.2%. Alongside a strong expansion of business in Canada, total Jaguar Land Rover sales in North America grew 20.2%.

Europe: In Germany, Jaguar Land Rover sales grew 6.5%, against a meagre 0.2% for total passenger cars. In Italy, Jaguar Land Rover sales edged up 1.1%, driven by Land Rover, against a total market contraction of 1.3%. Although in France sales fell across the board, the most surprising performance came from Spain where, after three years of double-digit contraction, the market rebounded by 11.7% and Jaguar Land Rover sales rose 14.7%.

China: Passenger car sales reached a new peak of almost 18.4 million units in the year to March, growing faster than either of the previous two years. Total JLR sales in the China Region reached 103,077 up from 77,075 in FY 2012-13. Jaguar volumes more than doubled to 19,891, while Land Rover sales reached 83,186.

Although it is already the largest car market in the world, unlike the UK or US, China's car market remains immature, with low vehicle ownership rates and huge growth potential. A rapidly expanding middle class, fast rising incomes, and a strong preference for premium vehicles mean considerable opportunities exist for JLR to increase sales further.

Emerging markets: In Brazil, rising interest rates and falling consumer confidence left total new vehicle registrations down 4.5% year-on-year. Despite this backdrop, JLR expanded its sales by 21.1% to over 11,000 vehicles. Meanwhile, in India and Russia the total vehicle markets also contracted (by 6.2% and 6.0% respectively), but JLR grew its sales by 8.6% and 14.7%. Only in South Africa did the economic situation overcome JLR sales momentum. The 25% depreciation in the Rand against Sterling forced JLR to raise prices to prevent losses being made on several models. JLR sales contracted by 9.9% on the previous year.

Asia Pacific: Total JLR sales increased by 27.7% year-on-year to 22,795. Of the three NSCs in the region, South Korea experienced the fastest expansion. On the back of a rebound in economic growth following the slowdown in 2012, JLR sales jumped 51.8%. In Japan, advanced purchases of vehicles to beat the increase in the consumption tax in April 2014 more than offset the deterioration in consumer sentiment. Total JLR sales increased by 33.2% against growth in the total passenger car market of 9.0% in FY 2013-14. Finally, in Australia, the unwinding of the mining boom and growing slack in the economy were compounded by dwindling consumer confidence and rising unemployment. Total new car sales growth was a meager 1.3% after over 8% the year before. JLR sales were buoyant though, and grew by 15.3%.

Jaguar Land Rover's Sales & Distribution: JLR markets products in over 170 countries, through a global network of 18 national sales companies (NSCs), 84 importers, 53 export partners and 2,518 franchise sales dealers, of which 784 are joint Jaguar and Land Rover dealers. JLR has established robust business processes and systems to ensure that its production plans meet anticipated retail sales demand and to enable the active management of its inventory of finished vehicles and dealer inventory throughout its network. JLR has robust arrangements in place with: Black Horse (part of the Lloyds Bank Group) in the UK, FGA Capital (a joint venture between Fiat Auto and Credit Agricole) in Europe and Chase Auto Finance in the USA for the provision of dealer and consumer Financial Services products. Jaguar Land Rover has similar arrangements with local Auto Financial Services providers in other key markets. JLR's financing partners offer its customers a full range of consumer financing options

Tata Daewoo Commercial Vehicles (TDCV): FY 2013-14 was a very encouraging as well as challenging year for the TDCV. On one hand Domestic volumes increased by 21.9% resulting in strong performance of the TDCV as compared to its competitors coupled with gradual recovery in the Korean economy. On the other hand Export volumes (including KD) decreased by 14.6% as compared to the previous year mainly due to adverse economic conditions in global markets. TDCV's total sales volume increased by 5% in FY 2013-14 compared to FY 2012-13.

Total market for Heavy Commercial Vehicles (HCV) in Korea was almost stagnant during FY 2013-14 as compared to the previous year; however the TDCV achieved growth rate of 25.7% with sales of 2,995 units of HCV in FY 2013-14 as compared to 2,383 units in the previous year. Medium Duty Trucks segment Industry witnessed 6% growth in FY2013-14 mainly driven by gradual recovery of Korean economy. In this segment also Company outperformed Industry by achieving 19% volume growth with sales of 3,589 units in FY 2013-14 as compared to 3,017 units in the previous year. TDCV was able to improve its market share in both, HCV as well as MCV segment.

TDCV exported 4,016 units in FY 2013-14, a reduction of 14.6% as compared to 4,700 units sold in the previous year. TDCV's sales decreased significantly in some of its traditional export markets like Russia, Laos, South Africa, Vietnam etc. Sales in previous year were high due to few specific tenders (eg. Kuwait, Iraq) which are not yearly requirement.

Tata Motors Finance Ltd (TMFL): Due to severely strained market conditions, total disbursements (including refinance) by TMFL declined by 22% at ₹8,767.56 crores as compared to ₹11,180.03 crores. TMFL financed a total of 157,886 vehicles reflecting decline of 38% over the 254,086 vehicles financed in the previous year. Disbursements for commercial vehicles were at ₹7,504.35 crores (123,989 units) as compared to ₹8,814.90 crores (183,514 units) of the previous year. Disbursements of passenger vehicles declined by 49% to ₹1,213.46 crores (32,637 units) as compared to ₹2,363.53

crores (70,563 units) in previous year.

Due to weak operating and economic environment in India, movement of commercial vehicles has slowed down in all segments and large and small fleet operators have large waiting period and reduced trips. Delay in receipt of payments by large fleet operators from companies is further delaying payments to attached vehicles of smaller operators. This has resulted in low income and increased levels of provisioning, due to loss of contracts by small fleet operators / First time users in M&HCV / LCV segment since last few months. The performance of HCV loans was the weakest due to slow economic growth, overcapacity and rising input costs.

Various monetary and fiscal measures were unable to stimulate growth across segments resulting sluggish growth and consequent lower demand of all commercial and passenger vehicles. However, with a highly motivated employee workforce, significantly greater customer orientation and an increased branch network / field infrastructure, TMFL is poised for significant, sustainable growth and is confident that it would deliver on its vision for the future.

With a view to de-risk the portfolio and explore additional sources of revenue, the used vehicle finance business was re-launched by seeding the business in select geographies during the year. Disbursements achieved under refinance were at ₹49.74 crores (1,260 vehicles) during FY 2013-14 as against ₹1.60 crores (9 vehicles) in the previous year.

TMFL increased its reach by opening a number of limited services branches (called Spoke branches) exclusively in Tier 2 & 3 towns. This has also helped in reducing the turn-around-times to improve customer satisfaction.

TMFL's new initiative of Channel Finance and fee based Insurance support business has also helped improve its profitability. TMFL is confident of significantly adding to its revenues and profitability through these new businesses in the coming period. TMFL has also tied up with the Company's used vehicle business for working together to improve realizationvalue from the sale of repossessed stocks by refurbishing them and selling them through the Company's dealers.

TMFL has further enhanced its "Office of the Customer initiative" as well as its spokes branch network & infrastructure and is confident that these investments will pay rich dividends through significantly increased interactions/relations with its customers and dealers.

Tata Technologies Ltd (TTL): TTL is a key strategic partner in several of the information technology initiatives for the Tata Motors Group. The broad scope of TTL activities are as follows:

1. Engineering Automation Group [EAG]: EAG addresses the engineering and design needs of manufacturers through services for all stages of the product development and manufacturing process.

2. Enterprise Solutions Group [ESG]: ESG addresses the Information Technology needs of manufacturers including business solutions, strategic consulting, ERP implementation, systems integration, IT networking and infrastructure solutions and program management.

3. Product Lifecycle Management [PLM]: PLM addresses the product development technology solution requirements of manufacturers including end-to-end implementation of PLM technology, best practices and PLM consulting. PLM also includes the TTL's proprietary applications iGETIT® and iCHECKIT®.

During FY 2013-14, the capabilities in the industrial machinery domain, was significantly expanded through the acquisition of Cambric, now comprises an additional 325 engineering experts with extensive knowledge in systems, mechanical and electrical engineering, product design, electronics and embedded design and development. TTL innovative and frugal engineering approach helps organizations create products – at a faster pace with a lower cost – delivering more value to the end-user.

The consolidated revenue in FY 2013-14 was ₹2,394.73 crores, an increase of 17.1% against ₹2,045.42 crores in the previous year. The Services/Products business mix was a 77:23 split as compared to 76:24 mix for FY 2012-13. The Americas revenue was ₹743.69 crores with Asia Pacific recording ₹972.88 crores and Europe generating ₹960.38 crores.

FINANCIAL PERFORMANCE ON A CONSOLIDATED BASIS

The financial information discussed in this section is derived from the Company's Audited Consolidated Financial Statements.

Tata Motors Group primarily operates in the automotive segment. The acquisition of JLR enabled the Company to enter the premium car market. The Company continues to focus on profitable growth opportunities in global automotive business, through new products and market expansion. The Company and JLR, continue to focus on integration, and synergy through sharing of resources, platforms, facilities for product development and manufacturing, sourcing strategy, mutual sharing of best practices.

The business segments are (i) automotive operations and (ii) all other operations. The 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. The Company provides financing for vehicles sold by the dealers in India. The vehicle financing is intended to drive sale of vehicles by providing financing to the dealers' customers and as such, is an integral part of automotive business. Automotive operations segment accounted for 98.9% and 98.8% of total revenues in FY 2013-14 and FY 2012-13, respectively. For FY 2013-14, revenue from automotive operations before inter-segment eliminations was ₹231,601.80 crores compared to ₹187,623.91crores for FY 2012-13.

The automotive operations segment is further divided into Tata Motors and other brand vehicles (including spares and vehicle financing) and Jaguar Land Rover. (A reference may be made to review of performance of TML and Jaguar Land Rover business as discussed above). For FY 2013-14, Jaguar Land Rover contributed 82.2% (72.9% for FY 2012-13) of the total automotive revenue (before intra segment elimination) and the remaining 17.8% (27.1% for FY 2012-13) was contributed by Tata and other brand vehicles. Revenue and segment results for automotive operations are given below:

Total Revenues

(₹ in crores)

	FY 2014-13	FY 2012-13
Tata vehicles / spares and financing thereof	41,299.44	50,895.05
Jaguar and Land Rover	190,378.50	136,822.17
Intra-segment eliminations	(76.14)	(93.31)
Total	**231,601.80**	**187,623.91**
Segment results before other income, finance cost, tax and exceptional items		
Tata vehicles / spares and financing thereof	(966.93)	1,753.59
Jaguar and Land Rover	24,561.20	14,975.61
Intra-segment eliminations	-	-
Total	**23,594.27**	**16,729.20**

The other operations business segment includes information technology, machine tools and factory automation solutions, and investment business. For FY 2013-14, revenue from other operations before inter-segment eliminations was ₹2,518.99 crores compared to ₹2,265.92 crores for FY 2012-13. Segment results before other income, finance cost, tax and exceptional items (before inter-segment eliminations) were ₹282.66 crores as compared to ₹375.68 crores for FY 2012-13.

The revenue from operations net of excise duty on a consolidated basis has grown by 23.3% in FY 2013-14 to ₹232,833.66 crores. The increase is mainly attributable to growth in automotive revenue mainly at Jaguar Land Rover business. The analysis of performance on consolidated basis is given below:-

Percentage to Revenue from operations

	FY 2013-14	FY 2012-13
Revenue from operations net of excise duty	100	100
Expenditure:		
Cost of material consumed (including change in stock)	61.7	63.6
Employee Cost	9.3	8.8
Manufacturing and other expenses (net)	18.8	18.9
Amount Capitalised	(5.8)	(5.4)
Total Expenditure	84.0	85.9
Other Income	0.4	0.4

Profit before Exceptional Items, Depreciation, Interest and Tax	16.4	14.5
Depreciation and Amortisation (including product development / engineering expenses written off)	5.9	5.1
Finance costs	2.0	1.9
Exceptional Item – Loss	0.4	0.3
Profit before Tax	8.1	7.2

Cost of materials consumed (including change in stock)

(₹ in crores)

	FY 2013-14	FY 2012-13
Consumption of raw materials and components	135,550.04	113,851.34
Purchase of product for sale	10,876.95	9,266.00
Change in finished goods and Work-in-progress	(2,840.58)	(3,029.29)
Total	**143,586.41**	**120,088.05**

Cost of material consumed decreased from 64.6% to 62.4% of total revenue (excluding income from vehicle financing). At TML RM cost was 75.6% of net revenue as compared to 73.6%, representing an increase of 200 basis points, mainly attributable to product mix (reduction in M&HCV sales). For JLR the RM cost was 60.9% of revenue (FY 2012-13 62.5%), representing a reduction of 160 basis points. The reduction is mainly attributable to product mix, cost reduction programmes and reduction in input price of major metals consumed. On a consolidated basis, JLR operations have significantly contributed to reduction in material cost in terms of % to revenue.

Employee Cost was ₹21,556.42 crores in FY 2013-14 as compared to ₹16,632.19 crores in FY 2012-13; an increase of ₹4,924.23 crores. Of the increase ₹1,823.07 crores (approximately) relates to translation impact of JLR from UK Pounds to Indian Rupee. At JLR the increase in employee cost is attributable to increases in the permanent and contractual head count to support the volume increases/new launches and product development projects. At TML the employee cost marginally increased to ₹2,877.69 crores as compared to ₹2,837.00 crores in FY 2012-13.

Manufacturing and Other Expenses include all works operation, indirect manufacturing expenses, freight cost, fixed marketing costs and other administrative costs. These expenses have increased to ₹43,825.77 crores from ₹35,648.33 crores in FY 2012-13. As explained above, each line item includes the element of translation impact of JLR (approximately ₹3,704 crores).

The breakup is given below-

(₹ in crores)

	FY 2013-14	FY 2012-13
Processing charges	1,093.53	1,450.56
Stores, spare parts and tools consumed	1,682.34	1,424.12
Freight, transportation, port charges, etc.	6,879.75	4,803.67
Repairs to buildings	93.58	120.84
Repairs to plant, machinery, etc.	261.45	202.24
Power and fuel	1,128.69	1,077.77
Rent	465.86	317.55
Rates and taxes	265.51	203.07
Insurance	278.75	225.91
Publicity	8,064.10	6,607.14
Works operation and other expenses	23,660.54	19,098.97
Excise Duty on change in Stock-in-trade	(48.33)	116.49
Manufacturing and Other Expenses	**43,825.77**	**35,648.33**

The increases are mainly driven by volumes, size of operations and also include inflation impact however this has remained same at 18.8% as compared to 18.9% in FY 2012-13, in terms of % to revenue.

i. Processing charges were mainly incurred by TML, where mainly due to volume contraction, the expenditure was lower.

ii. Freight, transportation, port charges etc. have increased, mainly at JLR, in view of increase in volumes in the overseas markets.

iii. The publicity expenses increase, mainly related to new product launches (Range Rover Sport and the F-Type launch) and ongoing product / brand campaigns.

iv. The works operation and other expenses have increased to

10.2% from 10.1% of net revenue. While a part of revenue relates to volumes, the major increases were in IT costs, warranty and engineering expenses at JLR, partly offset by exchange gain on trading activities at JLR.

Amount capitalised represents expenditure transferred to capital and other accounts allocated out of employee cost and other expenses, incurred in connection with product development projects and other capital items. The expenditure transferred to capital and other accounts has increased to ₹13,537.85 crores from ₹10,193.45 crores of FY 2012-13, mainly on account of various product development projects undertaken by the Company and JLR, for introduction of new products, development of engine and products variants.

Other Income was ₹828.59 crores from ₹815.59 crores in FY 2012-13 and mainly includes interest income of ₹675.45 crores (FY 2012-13 ₹694.06 crores) and profit on sale of investment of ₹114.58 crores (FY 2012-13 ₹80.09 crores). The increase is due to profit on sale of mutual funds, mainly at TML.

Profit before Interest, Depreciation, Exceptional Items and Tax has increased from ₹27,433.16crores in FY 2012-13 to ₹38,231.50 crores in FY 2013-14, and represented 16.4% of revenue.

Depreciation and Amortization (including product development / engineering expenses written off): During FY 2013-14, expenditure increased to ₹13,643.37 crores from ₹9,622.87 crores in FY 2012-13. The increase in depreciation of ₹1,496.84 crores is on account of plant and equipment and tooling (mainly towards capacity and new products) installed in last year, the full effect of which is reflected in the current year. The amortization expenses have gone up from ₹3,593.90 crores in FY 2012-13 to ₹5,573.94 crores in FY 2013-14, attributable to new product introduced during the last year. The expenditure on product development / engineering cost written off has increased by ₹543.62 crores. As explained above, there was an element of increase representing translation impact.

Finance Cost increased by 33.0% to ₹4,733.78 crores from ₹3,560.25 crores in FY 2012-13. The increase mainly represented borrowings for the short term and long term needs of the Group. The increase is partly attributable to prepayment of 2011 Senior notes by JLR.

Exceptional Items

(₹ in crores)

	FY 2013-14	FY 2012-13	Change
Exchange loss (net) including on revaluation of foreign currency borrowings, deposits and loans	707.72	515.09	192.63
Impairment of intangibles and other costs	224.16	87.62	136.54
Employee separation cost	53.50	-	53.50
Total	**985.38**	**602.71**	**382.67**

i. Foreign exchange loss (net) represents impact on account of revaluation of foreign currency borrowings, deposits and loans, and amortisation of loss / gain, on such foreign currency monetary items which was deferred in previous years.

ii. Impairment of intangibles and other costs are in respect of subsidiary companies, triggered by continuous under performance, mainly attributed by challenging market conditions in which the subsidiaries operate.

iii. Employee separation cost -To address the challenges, business downturn, the Company had rolled out organization wide cost optimization programme, which included employee cost as an important pillar, Accordingly, based on requests from employees for early retirement, the Company has given early retirement with a lump sum amount of ₹53.50 crores to various employees.

Consolidated Profit Before Tax (PBT) increased to ₹18,868.97 crores in FY 2013-14, compared to ₹13,647.33 crores in FY 2012-13, representing an increase of ₹5,221.64 crores. Due to severe contraction in domestic volumes, TML's contribution to PBT was negative. JLR by virtue of its strong performance, contributed to PBT. The increase also includes translation impact.

Tax Expense represents a net charge of ₹4,764.79 crores in FY 2013-14, as compared to net charge of ₹3,776.66 crores in FY 2012-13. The tax expense is not comparable with the profit before tax, since it is consolidated on a line-by-line addition for each subsidiary company and no tax effect is recorded in respect of consolidation adjustments. Effective tax rate in FY 2013-14 is 25.3% as compared to 27.7% in FY 2012-13.

Consolidated Profit for the year increased to ₹13,991.02 crores from₹9,892.61 crores in FY 2012-13, after considering the profit from associate companies and share of minority. The increase in profit as compared to last year is attributable to higher volume in JLR.

Consolidated Balance Sheet

Shareholders' fund was ₹65,603.45 crores and ₹37,637.30 crores as at March 31, 2014 and 2013, respectively.

Reserves increased from ₹36,999.23 crores as at March 31, 2013 to ₹64,959.67 crores as of March 31, 2014. The increase represents strong performance on a consolidated basis as explained above.

- An amount of ₹5,399.55 crores (as at March 31, 2013 ₹1,578.07 crores), balance in hedging reserves account, representing marked to market impact on the derivative financial instruments.
- Balance in Profit & Loss Account and General Reserve has gone up by ₹13,303.73 crores, representing results from operations for the year, net of distribution of dividend and transfer to other reserves.
- These were offset by debit in the pension reserve of JLR, which increased by ₹1,343.67 crores (net), due to changes of actuarial assumptions (discount rate and inflation rate).

Borrowings:

(₹ in crores)

	As at March 31, 2014	As at March 31, 2013
Long term borrowings	45,258.61	32,155.29
Short term borrowings	9,695.86	11,620.21
Current maturities of long term borrowings	5,687.81	9,940.21
Total	**60,642.28**	**53,715.71**

i. Current maturities of Long term borrowings represents amount of loan repayable within one year.

ii. Long term borrowings including the current portion increased by ₹8,850.92 crores to ₹50,946.42 crores.

- During FY 2013-14, TML Holdings Pte Singapore issued SG$ 350 million 4.25% Senior Notes, due 2018 and raised equivalent US$ 600 million (US$ 460 million and SG$ 176.8 million) syndicated loan facility with equivalent US$ 300 million (US$ 250 million and SG$ 62.8 million) maturing in November 2017 and equivalent US$ 300 million (US$ 210 million and SG$ 114 million) in November 2019.
- In FY 2013-14, the Company issued rated, listed, unsecured non-convertible debentures of ₹1,100 crores with maturities of 2-4 years as a step to raise long term resources and optimize the loan maturity profile.

iii. The reduction of ₹1,924.35 crores in the Short term borrowings were primarily due to reduction of loans from banks.

Other Long term liabilities were ₹2,596.86 crores as at March 31, 2014, as compared to ₹3,284.06 crores as at March 31, 2013. These included ₹548.36 crores of derivative financial instruments, mainly JLR as at March 31, 2014 (₹1,733.50 crores as at March 31, 2013), reflecting decreased notional liability consequent to valuation of derivative contracts.

Trade payables were ₹57,315.73 crores as at March 31, 2014, as compared to ₹44,912.35 crores as at March 31, 2013. The increase is attributable to increase in volumes, mainly at JLR.

Provisions (current and non-current) were towards warranty, employee benefit schemes and proposed dividend. Short term provisions are those which are expected to be settled during next financial year. The details are as follows:

(₹ in crores)

	As at March 31, 2014	As at March 31, 2013
Long term provisions (Non-current)	12,190.29	8,337.24
Short term provisions (Current)	7,970.68	7,788.16
Total	**20,160.97**	**16,125.40**

i. Provision for warranty and product liability increased by ₹2,763.12 crores mainly on account of volumes at JLR.

ii. The provision for employee benefits schemes increased by ₹1,303.28 crores on account of change in actuarial factors at JLR.

Other current liabilities were ₹17,373.86 crores as at March 31, 2014 as compared to ₹22,224.94 crores as at March 31, 2013. This mainly includes liability towards vehicles sold under repurchase arrangements, liability for capital expenditure, statutory dues, and current liability of long term debt and advance / progress payment from customers. The decrease was mainly due to decrease in current maturities of long term debt (explained above), increase in liability for capital expenditure and derivative financial instruments.

Fixed Assets:

(₹ in crores)

	As at March 31, 2014	As at March 31, 2013	Change
Tangible assets (including capital work-in-progress)	50,831.59	37,074.06	13,757.53
Intangible assets (including assets under development)	46,543.81	32,788.85	13,754.96
Total	**97,375.40**	**69,862.91**	**27,512.49**

The increase (net of depreciation) in the tangible assets mainly represented additions towards capacity / new product plans of the Company. The increase (net of amortization) in the intangible assets was ₹13,754.96 crores, mainly attributable to new product developments projects at TML and JLR.

Investments (Current + Non-current) were ₹10,686.67 crores as at March 31, 2014, as compared to ₹8,764.73 crores as at March 31, 2013. The break-up is as follows:

(₹ in crores)

	As at March 31, 2014	As at March 31, 2013
Mutual Funds	9,494.06	7,509.50
Investments in equity accounted investees (associate companies)	382.98	451.74
Quoted Equity shares	318.71	299.11
Unquoted Equity shares	386.38	383.03
Others	112.63	129.85
Provision for diminution in value of investments (net)	(8.09)	(8.50)
Total	**10,686.67**	**8,764.73**

Deferred tax assets / liability:

(₹ in crores)

	As at March 31, 2014	As at March 31, 2013
Deferred tax assets	2,347.08	4,428.93
Deferred tax liability	(1,572.33)	(2,048.21)

Deferred tax assets, represents timing differences for which there will be future current tax benefits by way of unabsorbed tax losses and expenses allowable on payment basis in future years.

Deferred tax liabilities represent timing differences where current benefit in tax will be off-set by debit in the Statement of Profit and Loss.

Loans and Advances

(₹ in crores)

	As at March 31, 2014	As at March 31, 2013
Long term loans and advances	13,268.84	15,584.12
Short term loans and advances	14,055.24	12,667.05
Total	**27,324.08**	**28,251.17**

Loans and advances include

i. Credit entitlement of Minimum Alternate Tax (MAT) of ₹787.59 crores as at March 31, 2014 (₹1,516.40 crores as at March 31, 2013), relating to Tata Motors. The credit / refund will be against tax paid at normal rate, within time limit as per the Income Tax Act.

ii. Receivables towards vehicle financing by Tata Motors Finance Ltd was almost same at ₹18,294.32 crores as at March 31, 2014, as compared to ₹18,226.78 crores as at March 31, 2013; and

iii. VAT, other taxes recoverable, statutory deposits and dues of ₹4,274.57 crores as at March 31, 2014, as compared to ₹5,015.31 crores as at March 31, 2013.

Inventories as of March 31, 2014, stood at ₹27,270.89 crores as compared to ₹21,036.82 crores as at March 31, 2013. Inventory at TML was ₹3,862.53 crores as compared to ₹4,455.03 crores as at March 31, 2013. Inventory at JLR was ₹21,634.06 crores as compared to ₹14,726.76 crores as at March 31, 2013. The increase at JLR is consistent with the volume growth. (In terms of number of days of sales, finished goods represented 30 inventory days in FY 2013-14 as compared to 29 days in FY 2012-13).

Trade Receivables (net of allowance for doubtful debts) were ₹10,574.23 crores as at March 31, 2014, representing a decrease of ₹385.37 crores. Trade Receivables have decreased in TML by ₹601.34 crores. The allowances for doubtful debts were ₹621.70 crores as at March 31, 2014 against ₹321.71 crores as at March 31, 2013.

Cash and bank balances were ₹29,711.79 crores, as at March 31, 2014 compared to ₹21,114.82 crores as at March 31, 2013. The Company holds cash and bank balances in Indian Rupees, GB£, and Chinese Renminbi etc. The cash balances include bank deposits maturing within one year of ₹21,628.97 crores; compared to ₹12,763.93 crores as at March 31, 2013. It included ₹3,354 crores as at March 31, 2014 (₹4,320 crores as at March 31, 2013) held by a subsidiary that operates in a country where exchange control restrictions potentially restrict the balances being available for general use by Tata Motors Limited and other subsidiaries.

Consolidated Cash Flow

The following table sets forth selected items from consolidated cash flow statement:

(₹ in crores)

	FY 2013-14	FY 2012-13	Change
Cash from Operating Activities	**36,151.16**	**22,162.61**	**13,988.55**
Profit for the year	13,991.02	9,892.61	
Adjustments for cash flow from operations	20,694.06	14,512.93	
Changes in working capital	5,774.41	(2.86)	
Direct taxes paid	(4,308.33)	(2,240.07)	
Cash used in Investing Activities	**(29,893.02)**	**(23,491.37)**	**(6,401.65)**
Payment for Assets	(26,925.20)	(18,825.88)	
Net investments, short term deposit, margin money and loans given	(3,661.09)	(5,473.03)	
Dividend and interest received	693.27	807.54	
Net Cash used in Financing Activities	**(3,883.24)**	**(1,692.08)**	**(2,191.16)**
Proceeds from issue of share to minority shareholders	-	0.56	
Dividend Paid (including paid to minority shareholders	(721.97)	(1,550.57)	
Interest paid	(6,170.56)	(4,665.57)	
Net Borrowings (net of issue expenses)	3,009.29	4,523.50	
Net increase / (decrease) in cash and cash equivalent	**2,374.90**	**(3,020.84)**	
Cash and cash equivalent, begining of the year	12,350.97	14,849.89	
Effect of exchange fluctuation on cash flows	1,861.60	521.92	
Cash and cash equivalent on acquisition of subsidiary	40.51	-	
Cash and cash equivalent, end of the year	**16,627.98**	**12,350.97**	

Analysis:

a. Cash generated from operations before working capital changes was ₹34,685.08 crores as compared to ₹24,405.53 crores in the previous year, representing an increase in cash generated through consolidated operations, consistent with the growth in revenue on a consolidated basis. After considering the impact of working capital changes and net movement of vehicle financing portfolio, the net cash generated from operations was ₹40,459.59 crores as compared to ₹24,402.66 crores in the previous year. The following factors contributed to net increase in working capital for the year:-

- Increase in trade and other assets amounting ₹3,254.09 crores mainly due to increase in sales to importers at JLR.
- The above increases were offset by increase in trade and other payables by ₹4,552.24 crores (due to revenue growth) and net increase in provisions of ₹888.18 crores.
- Decrease in inventories amounting to ₹2,852.55 crores (mainly in finished goods) due to higher volumes / activity at JLR.

b. The net cash outflow from investing activity increased during the current year to ₹29,893.02 crores from ₹23,491.38 crores for the last year.

- Capital expenditure was at ₹26,925.20 crores during the year as against ₹18,825.88 crores for the last year, related mainly to capacity / expansion of facilities, quality and reliability projects and product development projects.
- The change in net investments mainly represents fixed/restricted deposits (net) ₹4,389.07 crores against ₹6,135.57 crores in the last year.

c. The net change in financing activity was an outflow of ₹3,883.24 crores as compared to ₹1,692.09 crores for last year.

- During FY 2013-14, ₹5,925.53 crores were raised from long term borrowings (net) as compared to ₹5,525.25 crores. (Refer discussion below).

- Net decrease in short term borrowings of ₹2,466.25 crores as compared to increase of ₹1,846.66 crores.

As of March 31, 2014, Tata Motors Group borrowings (including short term debt) were ₹60,642.28 crores compared with ₹50,715.71 crores as of March 31, 2013.

The Company believes that it has sufficient resources available to meet planned capital requirements. However, the sources of funding could be adversely affected by an economic slowdown as was witnessed in FY 2008-09 or other macroeconomic factors in India and abroad such as Europe and markets where the Company is present such as China. A decrease in the demand for the Company products and services could lead to an inability to obtain funds from external sources on acceptable terms or in a timely manner. In order to refinance the Company acquisition related borrowings and for supporting long term fund needs, the Company continued to raise funds in FY 2012-13 and FY 2013-14, through issue of various debt securities described below.

In FY 2012-13, the Company issued rated, listed, unsecured non-convertible debentures of ₹2,100 crores with maturities of 2-7 years as a step to raise long term resources and optimize the loan maturity profile.

In January 2013, JLR issued US$ 500 million Senior Notes due 2023, at a coupon of 5.625% per annum. The proceeds will be used for general corporate purposes, including, to support ongoing growth and capital spending plans. The notes are callable at a premium for the present value of future interest rates, if called before a specified date and thereafter are callable at fixed premiums.

During FY 2012-13, TMFL raised ₹90.40 crores by issue of Subordinated Unsecured, Non-convertible debentures towards Tier 2 Capital and ₹100 crores was raised by issue of Subordinated Unsecured Non-convertible Perpetual debentures towards Tier I Capital to meet its growth strategy and improve its capital adequacy ratio.

During FY 2013-14, the Company issued rated, listed, unsecured, non-convertible debentures of ₹1,100 crores,

During FY 2013-14, JLR issued US$ 700 million 4.125% Senior Notes, due 2018 and GBP 400 million 5.0% Senior Notes, due 2022. The net proceeds from these issues have been utilised to refinance existing debt of GBP 750 million equivalent Senior Notes issued in May 2011.

During FY 2013-14, TML Holdings Pte Singapore issued SGD 350 million 4.25% Senior Notes, due 2018. The net proceeds from these issues have been utilised for redemption of preference shares issued to the Company and for general corporate purposes. TML Holdings Pte Singapore further raised equivalent US$ 600 million (US$ 460 million and SG$ 176.8 million) syndicated loan facility with equivalent US$ 300 million (US $ 250 million and SG$ 62.8 million) maturing in November 2017 and equivalent US$ 300 million (US$ 210 million and SG$ 114 million) in November 2019. The net proceeds from these have been utilised for acquiring certain offshore manufacturing subsidiaries/joint ventures from the Company at fair value and for general corporate purposes.

The Tata Motors Group fund its short-term working capital requirements with cash generated from operations, overdraft facilities with banks, short and medium term borrowings from lending institutions, banks and commercial paper. The maturities of these short and medium term borrowings and debentures are generally matched to particular cash flow requirements. The working capital limits are ₹14,000 crores from banks in India as at March 31, 2014. The working capital limits are secured by hypothecation of certain existing current assets of the Company. The working capital limits are renewed annually.

JLR established 3-5 year committed Revolving Credit Facility from a syndicate of more than 20 banks. The outstanding balance under the facility which is completely undrawn, is GB£1,290 million as of March 31, 2014.

The Tata Motors Group cash and bank balances were ₹29,711.79 crores as at March 31, 2014, as compared to ₹21,114.82 crores as at March 31, 2013. These enable the Group to cater to business needs in the event of changes in market conditions.

Some of the Company's financing agreements and debt arrangements set limits on and / or require prior lender consents for, among other things, undertaking new projects, issuing new securities, changes in management, mergers, sale of undertakings and investment in subsidiaries. In addition, certain financial covenants may limit the Company's ability to borrow additional funds or to incur additional liens. Certain of the Company financing arrangements also include various covenants to maintain certain debt-to-equity ratios, debt-to-earnings ratios, liquidity ratios, capital expenditure ratios and debt coverage ratios all of which, except one, have been met by the Company. The breach of the single covenant has also been waived by the lenders and has not resulted in any 'Default' or penalties.

The cash and liquidity is located at various locations in its subsidiaries along with balances in India. Jaguar Land Rover's subsidiary in China is subject to foreign exchange controls and thereby has some restrictions on transferring cash to other companies of the group outside of China.

There may also be legal or economic restrictions on the ability of subsidiaries to transfer funds to the Company in the form of cash dividends, loans, or advances, however such restrictions have not had and are not estimated to have significant impact on the ability of the Company to meet its cash obligations.

FINANCIAL PERFORMANCE ON A STANDALONE BASIS

The financial information discussed in this section is derived from the Company's Audited Standalone Financial Statements.

As explained in the business section, the domestic economic environment deteriorated further, in the current fiscal. As a result, the automotive industry shrunk significantly.

Revenues (net of excise duty) were ₹34,288.11 crores in FY2013-14, as compared to ₹44,765.72 crores, representing a decrease of 23.4%. As explained above, the total number of vehicles sold during the year decreased by 30.2%. The domestic volumes decreased significantly by 32.1% to 519,755 vehicles from 765,557 vehicles in FY 2013-14 and export volumes decreased marginally by 2% to 49,922 vehicles from 50,938 vehicles in FY 2013-14. The sale of spare parts / aggregates has also decreased by 8.2% to ₹3,006.31 crores from ₹3,273.80 crores in FY 2012-13.

Significant volumes reduction, adverse product mix, more particularly in the commercial vehicles, and intense competition amongst all product segments, impacted the operating margin, recording a negative margin of 1.4% of sales (positive 4.8% for FY 2012-13). As a result the Loss before tax was ₹1,025.80 crores, as compared to Profit before tax of ₹174.93 crores in FY 2012-13. There was a tax credit of ₹1,360.32 crores in FY 2013-14 due to significant loss from operations. The Profit after tax was ₹334.52 crores as compared to ₹301.81 crores in FY 2012-13.

The analysis of performance is given below:-

Percentage to revenue from operations

	FY 2013-14	FY 2012-13
Revenue from operations net of excise duty	100	100
Expenditure:		
Cost of material consumed (including change in stock)	75.6	73.6
Employee Cost	8.4	6.3
Manufacturing and other expenses (net)	20.3	17.4
Amount Capitalised	(2.9)	(2.1)
Total Expenditure	101.4	95.2
Other Income	11.2	4.7
Profit before Exceptional Item, Depreciation, Interest and Tax	9.8	9.5
Depreciation and Amortisation (including product development/ engineering expenses written off)	7.3	5.0
Finance costs	3.9	3.1
Exceptional Item – Loss	1.6	1.0
Profit / (Loss) before Tax	(3.0)	0.4

Cost of materials consumed (including change in stock):

(₹ in crores)

	FY 2013-14	FY 2012-13
Consumption of raw materials and components	20,492.87	27,244.28
Purchase of product for sale	5,049.82	5,864.45
Change in Stock-in-trade, finished goods and Work-in-progress	371.72	(143.60)
Total	**25,914.41**	**32,965.13**
% of revenue	**75.6%**	**73.6%**

The increase in terms of % to revenue was mainly due to adverse product mix and higher Variable Marketing Expenses (netted off in revenue)

Employee Cost: There was marginal increase to ₹2,877.69 crores from ₹2,837.00 crores in FY 2012-13 (1.4% over last year). The increase was mainly attributable to normal yearly increases, promotions, and wage agreements. The Company has taken steps to contain the manpower cost, by reduction in head count both permanent and temporary. However, due to lower volumes, the employee cost to revenue has increased from 6.3% to 8.4%.

Manufacturing and Other Expenses: These expenses relate to manufacturing, operations and incidental expenses other than raw materials and employee cost. This expenditure mainly included job work charges, advertisement & publicity and other selling and administrative costs. The expenses were ₹6,987.53 crores during current fiscal, as compared to ₹7,783.32 crores for FY 2012-13, representing 20.3% of revenue for FY 2013-14 (17.4% for FY 2012-13).

There been decrease in expenses in terms of absolute terms on account of lower volumes and cost reduction initiative taken by the Company. However, due to lower volumes, these costs were under absorbed.

Amount capitalised represents expenditure transferred to capital and other accounts allocated out of employee cost and other expenses incurred in connection with product development projects and other capital items. The expenditure transferred to capital and other accounts increased to ₹1,009.11 crores from ₹953.80 crores of FY 2012-13, and mainly related to ongoing product development for new products and variants.

Other Income was ₹3,833.03 crores (₹2,088.20 crores for FY 2012-13). For FY 2013-14, it includes dividends from subsidiary companies of ₹1,573.98 crores (including dividend from JLR), as compared to ₹1,583.58 crores for FY 2012-13. During the year, the Company has divested its investments in certain foreign subsidiaries to TML Holdings Pte Ltd, Singapore, a wholly owned subsidiary resulting in a profit of ₹1,966.12 crores. Other income also includes interest income of ₹178.02 crores as compared to ₹383.64 crores for FY 2012-13. (The dividend from subsidiary companies and profit on divestment are eliminated in the consolidated income statement, being income from subsidiaries).

Profit before Exceptional Item, Depreciation, Interest and Tax (PBDIT) was ₹3,350.62 crores in FY 2013-14, compared to ₹4,222.27 crores in FY 2012-13. Lower volumes and adverse product mix, resulted in negative operating profit. This was offset by dividend from subsidiaries and profit from divestment of investments in certain foreign subsidiaries.

Depreciation and Amortization (including product development / engineering expenses written off) increased by ₹255.66crores (11.4% increase over last year) to ₹2,499.04crores from ₹2,243.38 crores in FY 2012-13.

a) Depreciation increased by ₹36.25 crores, reflecting impact of additions to fixed assets towards plant and facilities for expansion and new products introduction.

b) Amortization increased by ₹216.43 crores related to product development projects capitalized for products launched in recent years.

Finance Costs decreased marginally to ₹1,337.52 crores from ₹1,387.76 crores in FY 2012-13.

Exceptional Items

a) During FY 2013-14, the Company further provided ₹202 crores for the cost associated with the closure of operations of subsidiary company, Hispano Carrocera SA.

b) As per the accounting policy followed by the Company the exchange gain / loss on foreign currency long term monetary items, is amortised over the tenor of such monetary item. The net exchange loss including on revaluation of foreign currency borrowings, deposits and loans and amortisation, was ₹273.06 crores for the year (last year ₹263.12 crores).

c) Employee separation cost – To address the challenges, business downturn, the Company had rolled out organization wide cost optimization programme, which included employee cost as important pillar, Accordingly, based on requests from employees for early retirement, the Company has given early retirement with a lump sum amount of ₹47.28 crores to various employees.

d) During FY 2013-14, the Company has provided ₹17.52 crores as diminution in value of investment for a subsidiary Company, Tata Motors (Thailand) Ltd based on valuation received while divesting the investments to TML Holdings, Singapore.

Loss before Tax of ₹1,025.80 crores represented a steep reduction of ₹1,200.73 crores from Profit before tax of ₹174.93 crores in FY 2012-13. The loss was mainly attributable to lower M&HCV and SCV volumes and severe contraction of passenger car volumes, increase in variable marketing expenses, resulting in lower operating margin, under absorption of fixed costs. The loss from operation was partially offset by dividend form subsidiary companies and profit on divestment of foreign subsidiaries.

Tax expenses -There was tax credit of ₹1,360.32 crores as compared to ₹126.88 for FY 2012-13. The tax expenses was after considering the tax benefit on R&D expenditure, provision of disallowances and tax treatment of foreign exchange differences.

Profit After Tax (PAT) increased to ₹334.52 crores from ₹301.81 crores in FY 2012-13. Consequently, basic Earnings Per Share (EPS) increased to ₹1.03 as compared to ₹0.93 for the previous year for Ordinary Shares and to ₹1.13 as compared to ₹1.03 for 'A' Ordinary Shares for the previous year.

Standalone Balance Sheet

Shareholders' funds were ₹19,176.65 crores and ₹19,134.84 crores as at March 31, 2014 and 2013, respectively.

Reserves increased to ₹18,532.87crores as at March 31, 2014 from ₹18,496.77 crores as at March 31, 2013, reflecting an increase of ₹36.10 crores

- The PAT for the current year of ₹334.52 crores added to the Profit & Loss account and ₹354.52 crores (net) were added to the Securities Premium account mainly by way of premium on shares issued on conversion of Foreign Currency Convertible Notes (FCCN).
- The above was offset by proposed dividend (including tax thereon) of ₹741.96 crores.

Borrowings:

(₹ in crores)

	As at March 31, 2014	As at March 31, 2013
Long term borrowings	9,746.45	8,051.78
Short term borrowings	4,769.08	6,216.91
Current maturities of long term borrowings	537.27	2,530.26
Total	**15,052.80**	**16,798.95**

During FY 2013-14, the Company repaid 2% Non-Convertible Debenture (2014) of ₹2,458.05 crores (including premium) and fixed deposits from public and shareholders of ₹362.19 crores. Foreign Currency Convertible Notes (FCCN) was fully converted to Ordinary shares. This was partly offset by Non-Convertible debentures taken during year of ₹1,100 crores. Reduction in short term borrowings comprises of reduction in commercial paper by₹1,193.12 crores, Loans and advances from subsidiaries and associates by ₹319.60 crores, net decrease in loan, cash credit, overdraft accounts by ₹436.08 crores, Foreign Currency Non Repatriable Borrowings (FCNR(B)) by ₹689.42 crores. These were offset by increase in the loan from banks by ₹1,600 crores and Buyer's line of credit by ₹187.63 crores The debt/equity ratio after considering cash / investment in mutual fund was 0.77 as compared to 0.85 as at March 31, 2013.

Due to significant reduction in volumes, the Company had to deploy short term funds to support critical long term finance needs, The Company is in the process of taking appropriate steps to increase the long term funds.

Trade payables were ₹9,672.36 crores as at March 31, 2014 as compared to ₹8,455.02 crores as at March 31, 2013. There has been increase in acceptances due to increase in the term.

Provisions (current and non-current) as at March 31, 2014 and 2013 were ₹2,708.11crores and ₹2,200.77 crores, respectively. The provisions are mainly towards warranty, employee retirement benefits, delinquency and proposed dividends. The increase is mainly in the provision for delinquency by ₹680.37 crores.

Fixed Assets: The tangible assets (net of depreciation and including capital work in progress) increased marginally from ₹13,795.55 crores as at March 31, 2013 to ₹13,850.35 crores. The intangible assets (net of amortisation, including the projects under development), increased from ₹6,412.99 crores as at March 31, 2013 to ₹7,745.29 crores. The intangible assets under development were ₹4,638.22 crores as at March 31, 2014, which relate to new products planned in the future.

Investments (Current + Non-current) decreased to ₹18,458.42 crores as at March 31, 2014 as compared to ₹19,934.39 crores as at March 31, 2013.

- There was redemption of 6.25% Cumulative Redeemable Preference Shares of US$ 100 each at par of TML Holdings Pte Ltd, Singapore, of ₹1,403.26crores and sale of Mutual funds of ₹359.42 crores. The Company has also divested Equity shares of certain foreign subsidiary companies to TML Holdings Pte Ltd, Singapore of ₹463.11 crores.

- This was partly offset by increase in investments in subsidiaries and associates of ₹706.72 crores (Tata Motors Finance Ltd ₹300 crores, Tata Motors European Technical Centre Plc ₹13.07 crores, PT Tata Motors, Indonesia of ₹53.65 crores, Fiat India Automobiles Ltd ₹325 crores and Concorde Motors (India) Ltd. ₹15 crores).

Inventories stood at ₹3,862.53 crores as compared to ₹4,455.03 crores as at March 31, 2013. Though the Company achieved reduction in inventory of ₹592.50 crores, the total inventory has increased to 44 days of sales as compared to 37 days in last year.

Trade Receivables (net of allowance for doubtful debts) were ₹1,216.70 crores as at March 31, 2014, as compared to ₹1,818.04 crores as at March 31, 2013. The reduction reflects lower volumes and steps taken by the Company to control the credit. The receivable represented 16 days as at March 31, 2014, compared to 18 days as at March 31, 2013. However, the amount outstanding for more than six months (gross) has gone up to ₹786.21 crores as at March 31, 2014 from ₹682.82 crores as at March 31, 2013. These represented dues from Government owned transport companies and some of the dealers. The overdues are monitored and the Company has taken steps to recover these dues. However, based on the Company's assessment on non-recoverability of these overdues, these have been provided and accordingly the allowances for doubtful debts were ₹511.36 crores as at March 31, 2014 against ₹240.59 crores as at March 31, 2013.

Cash and bank balances were ₹226.15 crores as at March 31, 2014 compared to ₹462.86 crores as at March 31, 2013. The decrease was due to lower volumes.

Standalone Cash Flow

(₹ in crores)

	FY 2013-14	FY 2012-13	Change
Net Cash from Operating Activities	**2,463.46**	**2,258.44**	**205.02**
Profit for the year	334.52	301.81	
Adjustment for cash flow from operations	(1,273.34)	1,346.51	
Change in working capital	3,458.34	502.79	
Direct taxes paid / (credit)(net)	(56.06)	107.33	
Net Cash from Investing Activities	**2,552.91**	**991.50**	**1,561.41**
Payments for fixed assets (net)	(3,094.05)	(2,588.44)	
Proceeds from sale of a division	-	110.00	
Net investments, short term deposit, margin money and loans given	635.88	403.42	
Sale / redemption of investments in subsidiary / associate companies	3,978.48	1,399.95	

Investments / loans in subsidiary / associates / JV (net)	(751.78)	(398.15)	
Dividend and Interest received	1,784.38	2,064.72	
Net Cash from Financing Activities	**(5,033.81)**	**(4,045.69)**	**(988.12)**
Dividend and interest paid	(2,398.71)	(3,269.83)	
Net borrowings (net of issue expenses)	(2,635.10)	(775.86)	
Net decrease in cash and cash equivalent	**(17.44)**	**(795.75)**	
Cash and cash equivalent, begining of the year	205.57	919.64	
Effect of exchange fluctuation on cash flows	10.55	81.68	
Cash and cash equivalent, end of the year	**198.68**	**205.57**	

a. Reduction in net cash generated from operations reflects impact of reduction in sales and profitability. The cash used in operations before working capital changes was ₹938.82 crores as compared to net cash generated from operations ₹1,648.32 crores in the previous year. There was a net inflow of ₹3,458.34 towards working capital changes mainly attributable to decrease in trade receivables, Inventories and increase in the Trade payable and other current liabilities.

b. The net cash inflow from investing activity was ₹2,552.91 crores as compared to ₹991.50 crores for the previous year and was mainly attributable to:

- Inflow by way of divestments in foreign subsidiary companies to TML Holdings Pte Ltd, Singapore and Redemption of preference shares by TML Holdings Singapore, resulting in cash inflow of ₹3,978.48 crores as compared to ₹1,378.95 crores in FY 2012-13.
- Inflow by way of dividend and interest was ₹1,784.38 crores (₹2,064.72 crores for FY 2012-13).
- The cash used for payments for fixed assets was ₹3,094.05 crores (net) (₹2,588.44 crores for FY 2012-13),
- There was an outflow (net) of ₹ 706.72 crores (₹203.00 crores for FY 2012-13) towards investments in subsidiary and associates companies.

c. The net change in financing activity was an outflow of (₹5,033.81 crores) against (₹4,045.69 crores) for last year. The outflow is attributable to the following:

i. The Company repaid fixed deposits - ₹362.19 crores (₹1,868.38 crores for FY 2012-13).

ii. The long term borrowings (net) repayment of ₹579.84 crores (Last year was ₹814.63 crores).

iii. Short term borrowings – net outflow of ₹1,605.27 crores (last year there was inflow of ₹2,983.74 crores).

FINANCIAL PERFORMANCE OF JLR (AS PER IFRS)

The financial statement of JLR is prepared as per International Financial Reporting Standards (IFRS) applicable in the UK. This information is given to enable the readers to understand the performance of JLR

Revenue: During the year, JLR generated record revenue and profits. This was primarily driven by increased demand for both brands as well as a strong product and market mix. Consolidated revenues for FY 2013-14 were GB£19,386 million, an increase of 22.8% compared to FY 2012-13.

EBITDA: Consolidated EBITDA for FY 2013-14 was a record GB£3,393 million, an increase of 45% compared to FY 2012-13. The EBITDA improvement comprises increased sales volumes and revenues, as well as favourable product and market mix, as higher margin products were sold in higher margin destinations, notably China. Also JLR has been able to keep costs in check, through cost discipline, and various efficiencies and improvement initiatives.

Material cost of sales for the year was GB£11,904 million, equivalent to 61.4% of revenue. This represents an improvement of 1.3% from FY 2012-13 in part due to decreases in raw material prices

Employee costs for FY 2013-14 were up GB£320 million (24%) to GB£1,654 million as JLR has increased permanent and agency headcount, particularly in product development and manufacturing, to support the JLR's growth agenda..

Other expense including those relating to manufacturing, launch, freight and distribution, warranty, product development expense, selling and fixed marketing, were GB£3,717 million in the year, an increase of GB£642 million (21%) versus FY 2012-13. From FY 2013-14 onwards EBITDA now includes mark to market of current assets and liabilities and realised gains on matured FX and commodity hedges for the full year in line with policy under IFRs accounting.

Development costs of GB£1,266 million represent an increase of GB£208 million (20%). This reflected the increased spend on future model development for both brands. Of the total spending, GB£1,030 million was capitalised (last year GB£ 860 million).

Profit before tax (PBT) for FY 2013-14 was GB£2,501 million, an increase of GB£827 million (49%) compared to FY 2012-13. PBT performance reflects higher EBITDA plus gains of GB£137 million arising from mark to market of unrealised FX options and commodity hedges and revaluation of foreign currency loans. This compares to a GB£47 million loss in FY 2012-13. PBT also captures depreciation and amortization charges, up GB£253 million to GB£875 million for FY 2013-14 given increased product development and facilities investment. Higher net finance expense of GB£154 million includes GB£62 million of one off costs incurred in the redemption of the higher coupon GB£500 million and US$410 million 2018 notes (at 8.125% and 7.75% coupon respectively) and a GB£47 million reversal of gain on related bond call options. The bond redemption was pre-financed by the successful issuances of US$700 million 4.125% 2018 notes and GB£400 million 5% 2022 notes. This served to reduce JLR's overall cost of debt in line with the improving credit and market conditions.

Profit after tax, at an effective rate of 25%, was GB£1,879 million.

Cash Flow

Net cash from operating activities was GB£3,422 million in FY 2013-14, in line with profits plus positive working capital of GB£393 million versus GB£382 million in prior period, less tax paid of GB£402 million (GB£248 million in FY 2012-13). This compares to operating cash flow of GB£2,429 million in FY 2012-13. JLR invested significantly in the year, up GB£527 million to GB£2,444 million for the year. This demonstrates JLR's commitment to product development and also capacity increases, including facilities in China and the UK. Net cash used in financing activities was GB£498 million in FY 2013-14 compared to GB£178 million in FY 2012-13. In FY 2013-14 financing activities included early redemption of GB£750 million equivalent of higher coupon long term bonds through tender/exercise of call option in Q4 pre-financed by the issuance of US$700 million bond in December 2013 and GB£400 million bond in January 2014. Financing activities also included a dividend paid to parent company of GB£150 million, GB£79 million of debt repayments, and interest and fees of GB£269 million.

Financial performance of TMFL

During FY 2013-14, TMFL earned a total income of ₹3,026.47 crores, against an income of ₹2,825.64 crores earned during the previous year, reflecting an increase of 7.1%. The Profit Before Tax declined by 65% to ₹155.33 crores (Previous year: ₹449.49 crores). The Profit After Tax at ₹100.88 crores was 67% lower than that in the previous year (₹309.30 crores).The results for FY 2013-14 have been impacted due to tightness in the financial market, stress in the business environment and the consequent higher provision on account of Non-Performing Assets.

Financial performance of TDCV (as per Korean GAAP)

During FY 2013-14, TDCV's total revenue was KRW 884.08 billion (₹4,906.46 crores) higher by 7.3% compared to KRW 823.92 billion (₹4,024 crores) in FY 2012-13. TDCV reported Profit before Tax of KRW 30.52 billion (₹169.39 crores) as compared to Loss before tax of KRW 10.44 billion (₹51.00 crores) in FY 2012-13. After providing for tax, the Profit for the year stood at KRW 23.49 billion (₹130.37 crores), against loss of KRW 9.21 billion (₹44.96 crores) in FY 2012-13. In FY 2012-13 provision of KRW 18.9 Billion (₹92.27 crores) was made on account of court verdict in the Ordinary Wage Lawsuit filed by the Union Employees of TDCV.

Financial performance of TTL

The consolidated revenue in FY 2013-14 was ₹2,394.73 crores, an increase of 17.08% against ₹2,045.42 crores in the previous year. The profit before tax was ₹337.57 crore as against ₹392.43 crore in the previous year, recording a reduction of 14%. The profit after tax stood at ₹273.22 crore as against ₹300.73 crore recording a reduction of 9.2%.

Opportunities and Risks – JLR and Tata Motors businesses constitute a significant portion of Revenue, Income and assets / liabilities. Accordingly, we have given below key opportunities and risks.

OPPORTUNITIES:

The new Government at the centre has expressed a mandate of infrastructure oriented spending for national development. The resultant fiscal spending will give a boost to transport & mining sectors. Lifting of mining bans is also expected to ramp up through the year. Demand for trucks, tippers as well as last mile transport solutions will go up as economic activity revives. The changes are however expected towards the later part of the financial year, given the time taken to form and execute policies.

FDI is also likely to be opened up, albeit cautiously, including in sectors like Defence. The Company is focusing on increasing their offerings in defence sector from providing only pure logistics solutions to tactical and combat solutions. This provides the opportunity for capturing a larger share in a growing market.

Growing wealth in rural markets in India also provides an added opportunity to expand sales reach and volumes. The sales reported out of areas earlier considered rural is growing year on year. The overall gap of automobile purchase between rural and urban areas is narrowing in India. The Company is focusing on reaching rural target market to address the latent need, in cost effective ways

With increasing awareness and education of the Indian customer, a range of non-vehicular products and services like spares, after sales, annual maintenance contracts etc are also gaining popularity in demand. The Company is poised to address this growing need, thereby providing additional sources of revenue, which are non-cyclical in nature, to hedge for otherwise cyclical demand in the auto industry.

The growing demands and sensibilities of customers in the ILCV segment is also something Tata Motors is poised to address with its new range of vehicles. The evolving infrastructure in India will change the way transportation industry matures, with demand for better quality and more comfortable vehicles. The company has already invested in new platforms to cater to such evolving demands.

India has emerged as a major hub for global manufacturing with its advantage of lower input costs, availability of local supplier base and high domestic demand. As an established domestic manufacturer, the Company is ideally placed to take advantage for targeting lucrative international markets, either through the fully built export or CKD route.

In addition to the above, the Company also has the advantage of a strong in-house design and development facility and professionals. Thus the Company's R &D group is capable of developing solutions for different regulatory and emission norms as per market specifications in minimal time.

The Company is focusing on increasing its global presence, as an effective hedge against domestic downturn as well as a growth opportunity. While the company is already present in Africa and some parts of ASEAN, it is focusing on increasing presence in more key markets in ASEAN and LATAM. The Company is also actively considering expanding its global manufacturing footprint in key international markets to take advantage of import duty differentials and local sourcing benefits.

Jaguar Land Rover Opportunities through products and markets: JLR offers products in the premium performance car and all-terrain vehicle segments, and intends to grow the business by diversifying the product range within these segments. For instance, the Range Rover Evoque defined the market segment for smaller, lighter and more"urban" off road vehicles, complementing the more mature Range Rover, Freelander and Discovery markets. Similarly for Jaguar, the 2.2L Diesel XF caters well for a wide customer base, notably including the corporate market segment, and theXF Sportbrake adds a premium estate model to the portfolio, and of course the Jaguar F TYPE, available in both soft top and now coupé, provides a vivid representation of the confidence and ambition of thebrand. As well as the core product family, various options, such as long wheel base, smaller engine and all-wheel drive derivatives, help to strengthen overall product offering.

JLR also has ambitious but robust plans to continue to develop the product range. Including the Jaguar XE, the eagerly anticipated mid-sized sedan, and Jaguar crossover based on the C X17 concept and for Land Rover, the announcement of the Discovery Sport, available for sale in 2015 andto be the first in a new family of Discovery's. As well as hybrid and long wheel base derivatives of existing models.

Complementing the new products, JLR intends to also expand its global footprint, particularly into those emerging, affluent countries with growing sales potential and appetite for the Company's distinctive, premium products. There are three specific aspects to JLR's strategy of geographic expansion:

- Increase marketing and dealernetwork in emerging markets. For example, in China, JLR established an NSC in 2010 to expand our presence in this key market and have increased network of sales dealerships to 170 dealerships as at March 31, 2014. Similarly, JLR expect to continue to grow its presence in the Indian market by opening additional dealerships across the country.
- Establish new manufacturing facilities, assembly points and suppliers in selected markets. This includes a manufacturing and assembly joint venture in China with Chery Automobile Company Ltd.; an assembly facility in India operated by Tata Motors; and amanufacturing facility in Brazil. JLR also continues to explore further broadening our manufacturing base, including opportunities in Saudi Arabia.
- Leverage relationship with Tata Motors and the synergies we can achieve in the areas of research and product development, supply sourcing, manufacturing and assembly and other operations.

RISKS:

Deterioration in global economic conditions: The automotive industry, and the demand for automobiles, is influenced by general economic conditions, including among other things, rates of economic growth, availability of credit, 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 the Company operates could materially and adversely affect our business, results of operations and financial condition.

The Indian automotive industry is affected materially by the general economic conditions in India and around the world. Muted industrial growth in India during FY 2013-14 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 including the automotive and related industries in India. Persistence of negative economic trends or further deterioration in key economic factors such as growth rate, interest rates and inflation as well as reduced availability of financing for vehicles at competitive rates could materially and adversely affect the Company automotive sales in India and results of operations.

Jaguar Land Rover business has significant operations in the United Kingdom, North America, continental Europe and China, as well as sales operations in many major countries across the globe. The global economic downturn significantly impacted the global automotive markets, particularly in the United States and Europe, including the United Kingdom, where Jaguar Land Rover operations have significant sales exposure. During Fiscal 2014, the automotive market in the United Kingdom and Europe continued to experience challenges. Confidence in financial markets and general consumer confidence have been further eroded by recent political tensions in North Africa, the Middle East and Ukraine, and concerns of an economic slowdown in China. Strategy with respect to Jaguar Land Rover operations, which includes new product launches and expansion in growing markets such as China, India, Russia and Brazil, may not be sufficient to mitigate the decrease in demand for our products in established markets and this could have a significant adverse impact on our financial performance. If industry demand softens because of lower or negative economic growth in key markets, including China, or other factors, results of operations and financial condition could be materially and adversely affected.

Economic outlook in India: The Indian automotive industry is affected substantially by the general economic conditions in India and around the world. The demand for automobiles in the Indian market is influenced by factors including the growth rate of the Indian economy, easy availability of credit, and increase in disposable income among Indian consumers, interest rates, freight rates and fuel prices. Demand for automobiles, particularly passenger vehicles and commercial vehicles were adversely impacted during FY 2013-14 due to lower GDP growth, high interest rates and high fuel prices. During FY 2013-14, RBI increased the key policy rates by 75 basis points to control inflation. Interest rates remained firm thus making it difficult to purchase consumer durable items on finance. High costs of borrowing and elevated consumer price inflation adversely affected household consumer sentiment and spending. On the other hand, slowdown in GDP growth has been due to decline in both consumption and investment growth. Investments were stalled because of high interest rates, poor demand conditions, and regulatory issues. While mining output declined on a year-on-year basis owing to policy, clearance and legal obstructions, the decline in capital goods production was due to a downturn in the investment cycle. Consumer durables sector performance was affected adversely by low income growth, elevated interest rates, and subdued consumer sentiment. From 4.8% of GDP in FY 2012-13, current account deficit during the first three quarters of FY 2013-14 (April-December) remained around 2.3% of GDP. This has led to hardening of rupee and fuel prices remained firm. The automotive industry in general is cyclical and economic slowdowns in the past have affected the manufacturing sector including the automotive and related industries.

Input Costs / Supplies: Prices of commodity items used in manufacturing automobiles, including steel, aluminium, 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 the Company continues to pursue cost reduction initiatives, an increase in price of input materials could severely impact the Company's profitability to the extent such increase cannot be absorbed by the market through price increases and / or could have a negative impact on the demand. In addition, because of intense price competition high level of fixed costs, the Company 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 to automobile manufacturers worldwide including the Company, especially in the commercial and premium vehicle segments where increased fuel prices have an impact on demand.

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

In the event that the Company breach these covenants, the outstanding amounts under such financing agreements could become due and payable immediately and/or resulting 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 financing agreements could have a material adverse effect on the Company's results of operations and financial condition.

Environmental Regulations: The automotive industry is subject to extensive Governmental regulations regarding vehicle emission levels, noise, safety and levels of pollutants generated by the production facilities. These regulations are likely to become more stringent and compliance costs may significantly impact the future results of operations. In particular, the US and Europe have stringent regulations relating to vehicular emissions. The proposed tightening of vehicle emissions regulations by the European Union will require significant costs for compliance. While the Company is pursuing various technologies in order to meet the required standards in the various countries in which the Company sell its vehicles, the costs for compliance with these required standards can be significant to the operations and may adversely impact the results of operations.

To comply with current and future environmental norms, the Company may have to incur additional capital expenditure and R&D expenditure to upgrade products and manufacturing facilities, which would have an impact on the Company's cost of production and the results of operations and may be difficult to pass through to its customers. If the Company is unable to develop commercially viable technologies within the time frames set by the new standards, the Company could face significant civil penalties or be forced to restrict product offerings drastically to remain in compliance. Moreover, meeting Government mandated safety standards is difficult and costly because crash worthiness standards tend to conflict with the need to reduce vehicle weight in order to meet emissions and fuel economy standards.

Intensifying Competition: The global automotive industry is highly competitive and competition is intense in view of the continuing globalization and consolidation in the worldwide automotive industry. 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 developing a presence in emerging markets, such as China, India, Russia, Brazil and parts of Asia. The factors affecting competition include product quality and features, innovation and time to introduce new product, ability to control costs, pricing, reliability, safety, fuel economy, environmental impact and perception thereof, customer service and financing terms.

The Company faces strong competition in the Indian market from domestic as well as foreign automobile manufacturers. Improving infrastructure and robust growth prospects compared to other mature markets, have 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.

Exchange and interest rate fluctuations: The Company's operations are subject to risk arising from fluctuations in exchange rates with reference to countries in which it operates.

The Company imports capital equipment, raw materials and components from, manufactures vehicles in, and sells vehicles into, various countries, and therefore its revenues and cost have significant exposure to the relative movements of the GBP, the US dollar, the Euro, the Chinese Renminbi, the Russian Ruble, the Japanese Yen and the Indian Rupee.

In particular the Indian Rupee decline significantly relative to the US dollar during FY 2013-14. Moreover, the Company has outstanding foreign currency denominated debt and is sensitive to fluctuations in foreign currency exchange rates. The Company has experienced and expects to continue to experience foreign exchange losses and gains on obligations denominated in foreign currencies in respect of its borrowings and foreign currency assets and liabilities due to currency fluctuations. JLR has outstanding USD denominated debt and is sensitive to fluctuations in foreign currency exchange rates.

The Company also has interest-bearing assets (including cash balances) and interest bearing liabilities, which bear interest at variable rates. The Company is therefore exposed to changes in interest rates in the various markets in which it borrows.

Although the Tata Motors group engage in managing our interest and foreign exchange exposure through use of financial hedging instruments such as forward contracts, swap agreements and option contracts, adverse interest rates and a weakening of the Indian rupee against major foreign currencies may have an adverse effect on cost of borrowing, which could have a significant adverse impact on the Company's results of operations.

New products, emissions and technology: The competitors can gain significant advantages if they are able to offer products satisfying customer needs earlier than the Company is able to and this could adversely impact the Company's sales and results of operations. Unanticipated delays or cost overruns in implementing new product launches, expansion plans or capacity enhancements could adversely impact the Company's results of operations.

Customer preferences especially in many of the developed markets seem to be moving in favour of more fuel efficient and environmentally friendly vehicles. Further, in many countries there has been significant pressure on the automotive industry to reduce carbon dioxide emissions. In many markets these preferences are driven by increased Government regulation and rising fuel prices and customers environmental considerations. The Company's operations may be significantly impacted if the Company experience delays in developing fuel efficient products that reflect changing customer preferences, especially in the premium automotive category. Further a deterioration in the quality of the Company's vehicle could force it to incur substantial cost and damage its reputation.

Underperformance of distribution channels and supply chains: The Company products are sold and serviced through a network of authorized dealers and service centers across the domestic market, and a network of distributors and local dealers in international markets. The Company monitors the performance of its dealers and distributors and provides them with support to enable them to perform to the expectations. Any under-performance by the dealers or distributors could adversely affect the Company's sales and results of operations.

The Company relies on third parties to supply raw materials, parts and components used in the manufacture of products. Furthermore, for some of these parts and components, the Company is dependent on a single source. The Company's ability to procure supplies in a cost effective and timely manner is subject to various factors, some of which are not within its control. While the Company manages its supply chain as part of the vendor management process, any significant problems with supply chain in the future could affect the results of operations. Natural disasters and man-made accidents, adverse economic conditions, decline in automobile demand, lack of access to sufficient financing arrangements among others could have a negative financial impact on the Company's suppliers and distributors, in turn impairing timely availability of components, or increases in costs of components Similarly, impairments to the financial condition of our distributors may adversely impact our performance in some markets. In addition, if one or more of the other global automotive manufacturers were to become insolvent, this would have an adverse effect on the supply chains and may further affect the Company's results of operations in an adverse manner.

With respect to JLR operations, as part of a separation agreement from Ford, the Company has entered into supply agreements with Ford and certain other third parties for critical components. Any disruption of such transitional services could have a material adverse impact on the operations and financial condition.

Changes in tax, tariff or fiscal policies and regulations: Imposition of any additional taxes and levies designed to limit the use of automobiles could adversely affect the demand for the Company's vehicles and the results of operations. Changes in corporate and other taxation policies as well as changes in export and other incentives given by the various Governments could also adversely affect the results of operations. For example, the Company benefits from excise duty exemptions for manufacturing facilities in the State of Uttarakhand and other incentives in certain states of India either through subsidies or loans from such states where it has manufacturing operations. The Government of India had proposed a comprehensive national goods and services tax, or GST, regime that will combine taxes and levies by the central and state Governments into one unified rate structure. 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 the Company is unable to provide any assurance as to this and any of the aspect of tax regime following implementation of the GST. The implementation of this rationalized tax structure might be affected by any disagreement between certain state Governments, which could create uncertainty. The timelines of the proposed transition is uncertain at this point of time.

The Direct Tax Code Bill 2010, or DTC, proposes to replace the existing Income Tax Act, 1961 and other direct tax laws, with a view to simplify and rationalize the tax provisions into one unified code. The various proposals included in DTC bill are subject to review by Indian parliament and as such impact if any, is not quantifiable at this stage.

Political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages / prices, epidemics, labour strikes: The Company's products are exported to a number of geographical markets and the Company plans to expand international operations further in the future. Consequently, the Company is subject to various risks associated with conducting the business outside the domestic market and the operations may be subject to political instability in those markets, wars, terrorism, regional and / or multinational conflicts, natural disasters, fuel shortages, epidemics and labour strikes. In addition, conducting business internationally, especially in emerging markets, exposes the Company to additional risks, including adverse changes in economic and Government policies, unpredictable shifts in regulation, inconsistent application of existing laws and regulations, unclear regulatory and taxation systems and divergent commercial and employment practices and procedures. Any significant or prolonged delay in the Company's operations related to these risks could impact its results of operations.

Product liability, warranty and recall: The Company is subject to risks and costs associated with product liability, warranties and recalls, should the Company supply defective products, parts, or related after-sales services, including by generating negative publicity, which may adversely affect the Company's business, results of operations and financial conditions. Such events also require the Company, to expend considerable resources in correcting these problems and could adversely affect the demand for the products. The Company may also be subject to class actions or other large scale product liability or other lawsuits in various jurisdictions where it has a significant presence.

Jaguar Land Rover Pension obligations: The Company provides post-retirement and pension benefits to its employees, some of which are defined benefit plans. The pension liabilities are generally funded and the pension plan assets are particularly significant in respect the JLR Pension plan. All new employees in the operations from April 19, 2010, have joined a new defined contribution pension plan.

Lower return on pension fund assets, changes in market conditions, changes in interest rates, changes in inflation rates and adverse changes in other critical actuarial assumptions, may impact its pension liabilities and consequently increase funding requirements, which will adversely affect the Company's financial condition and results of operations.

Automobile financing business and selling arrangements: In India the Company is subject to risks associated with its automobile financing business carried out by its subsidiary Tata Motor Finance Ltd. In order to support the sale of its vehicle. Any defaults by the customers or inability to repay installments as due, could adversely affect the Company's business, results of operations and cash flows. In addition, any downgrades in the Company's credit ratings may increase the borrowing costs and restrict the access to the debt markets. Over time, and particularly in the event of any credit rating downgrades, market volatility, market disruption, regulatory changes or otherwise, the Company may need to reduce the amount of financing receivables it originates, which could adversely affect the ability to support the sale of vehicles.

Jaguar Land Rover has consumer finance arrangements in place with local providers in a number of key markets. Any reduction in the supply of available consumer financing for purchase of new vehicles could create additional pressures to increase marketing incentives in order to maintain demand for its vehicles, which could materially and adversely affect the Company's sales and results of operations. Further, Jaguar Land Rover also offers residual value guarantees on the leases of certain vehicles in some markets. Any adverse movement in used car valuation could impact our result of operations.

Labour unrest: The Company's permanent employees, other than officers and managers, in India and most of the permanent employees in South Korea and the United Kingdom, including certain officers and managers, in relation to automotive business, are members of labour unions and are covered by wage agreements, where applicable with those labour unions.

In general, the Company considers labour relations with all of employees to be good. However, in the future the Company may be subject to labour unrest, which may delay or disrupt the 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 the Company's facilities or at the facilities of the major vendors occur or continue for a long period of time, the business, financial condition and results of operations may be adversely affected.

JLR operations in key mature market: JLR, which contributes large portion of the Company's consolidated revenues, generate a significant portion of its sales in the United Kingdom, North American, continental European markets where the automotive industry was severely impacted during the global economic downturn in FY 2008-09. Even though sales of passenger cars in certain of these markets were aided by Government-sponsored car-scrap incentives, these incentives primarily benefited the compact and micro-compact car segments and had virtually no slowing effect on the sales declines in the premium car or all-terrain vehicle segments, in which JLR operates. Although demand in these markets has recovered strongly, any decline in demand for the Company's vehicles in these major markets may in the future significantly impair the Company's business, financial position and results of operations. In addition the Company's strategy, which includes new product launches and further expansion into growing markets, such as China, India, Russia and Brazil, may not be sufficient to mitigate a decrease in demand for the Company's products in mature markets in the future which could have a significant effect on the Company's financial performances.

Growing business through mergers and acquisitions: The Company believes that its acquisitions provide opportunities to grow significantly in the global automobile markets by offering premium brands and products. The acquisitions have provided access to technology and additional capabilities while also offering potential synergies. However, the scale, scope and nature of the integration required in connection with acquisitions, present significant challenges, and the Company may be unable to integrate the relevant subsidiaries, divisions and facilities effectively within the expected schedule. An acquisition may not meet the Company's 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 the Company's control.

The Company 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 will be seamless integration and effective management of the merged/acquired entity, retention of key personnel, and generating cash flow from synergies in engineering and sourcing, joint sales and marketing efforts, and management of a larger business.

Business is seasonal in nature: The sales volumes and prices for the Company's vehicles are influenced by the cyclicality and seasonality of demand for these products. The automotive industry has been cyclical in the past and the Company expects this cyclicality to continue. In the Indian market, demand for 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.

JLR business is impacted by the bi-annual registration of vehicles in the UK where the vehicle registration number changes every six months, which in turn has an impact on the resale value of vehicles. This leads to an increase in sales during the period when the aforementioned change occurs. Most other markets such as the United States are driven by introduction of new model year products which typically occurs in the autumn of each year. Furthermore, western European markets tend to be impacted by the summer and winter holidays. Markets in China tend to show higher demand for vehicles around the Chinese New Year. The summer and winter shutdowns of manufacturing plants also have a significant seasonal impact on the Company's cash flows. The resulting sales profile influences operating results on a quarter-to-quarter basis.

Inability to protect or preserve intellectual property: With respect to JLR, the Company owns or otherwise has rights to a number of patents relating to the products the Company manufacture, which have been obtained over a period of years. In connection with the design and engineering of new vehicles and the enhancement of existing models, the Company seeks to regularly develop new technical designs for use in its vehicles. The Company also uses 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 the business and may continue to be of value in the future. Although the Company does not regard any of its 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 the Company's operations, business and / or financial condition. The Company may also be affected by restrictions on the use of intellectual property rights held by third parties and it may be held legally liable for the infringement of the intellectual property rights of others in its products.

Inability to manage growing international business: The Company's growth strategy relies on the expansion of its operations by introducing certain automotive products in other parts of the world, including Europe, China, Russia, Brazil, the US, Africa, and other parts of Asia. The costs associated with entering and establishing in new markets, and expanding such operations, may be higher than expected, and the Company may face significant competition in those regions. In addition, the Company's 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 and regulations.

Insurance coverage may not be adequate to protect us against all potential losses: While the Company believes that the insurance coverage that it maintain is reasonably adequate to cover all normal risks associated with the operation of its business, there can be no assurance that insurance will be sufficient, that any claim under insurance policies will be honored fully or timely or that the insurance premium will not increase substantially. To the extent that the Company, suffer loss or damage that is not covered by insurance or which exceeds the insurance coverage or are required to pay higher insurance premium the Company's financial condition may be affected.

Disruption in the manufacturing, design and engineering facilities: The Company has manufacturing facilities and design and engineering centres, located in India, the UK, South Korea, Thailand, and South Africa and have established a presence in Indonesia. The Company could experience disruption to its 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 risks. Any significant disruptions could adversely affect the Company's ability to design, manufacture and sell the Company's products and, if any of those events were to occur, the Company cannot be certain that the Company would be able to shift its design, engineering and manufacturing operations to alternative sites in a timely manner or at all. Any such disruption could therefore materially affect the Company's business, financial condition or results of operations.

Regulation of production facilities: The Company's 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, storage, treatment, transportation and disposal of wastes and hazardous materials, investigation and cleanup of contamination, process safety and maintenance of safe conditions in the workplace. Many of the Company's operations require permits and controls to monitor or prevent pollution. The Company has incurred, and will continue to incur, substantial on-going capital and operating expenditures to ensure compliance with current and future environmental, health and safety laws and regulations or their more stringent enforcement. Other environmental, health and safety laws and regulations could impose restrictions or onerous conditions on the availability or the use of raw materials the Company need for the Company's manufacturing process.

For JLR operations, the EU Emissions Trading Scheme, an EU-wide system in which allowances to emit greenhouse gases are issued and traded, is anticipated to cover more industrial facilities and become progressively more stringent over time, including by reducing the number of allowances that will be allocated free of cost to manufacturing facilities. In addition, a number of further legislative and regulatory measures to address greenhouse gas emissions, including national laws and the Kyoto Protocol, are in various phases of discussion or implementation. These measures could result in increased costs to: (i) operate and maintain the Company's production facilities; (ii) install new emissions controls or reduction technologies; (iii) purchase or otherwise obtain allowances to emit greenhouse gases; and (iv) administer and manage the Company's greenhouse gas emissions programmes.

Inability to attract and retain skills: The Company believes that the Company's growth and future success depend largely on the skills of the Company's workforce, including executives and officers, as well as the designers and engineers and the attraction of critical skills. The loss of the services of one or more of these employees could impair the Company's ability to continue to implement its business strategy. The Company's success also depends, in part, on its continued ability to attract and retain experienced and qualified employees, particularly qualified engineers with expertise in automotive design and production. In view of intense competition and the Company's inability to continue to attract, retain and motivate employees could adversely affect its business and plans to invest in the development of new designs and products.

Operational risks, including risks in the connection with the use of information technology: Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes, among other things, losses that are caused by lack of controls within internal procedures, violation of internal policies by employees, disruption or malfunction of IT systems, computer networks and telecommunication systems, mechanical or equipment failures, human error, natural disasters or malicious acts by third parties. Any unauthorized access to or misuse of data processed on our IT systems, human errors associated with therewith or technological failures of any kind could disrupt the Company's operations, including the manufacturing, design and engineering processes and, consequently the Company's financial conditions.

Deterioration in the performance of any of our subsidiaries, joint ventures and affiliates: The Company has made and may continue to make capital commitments to subsidiaries, joint ventures and affiliates, and if the business or operations of any of these subsidiaries, joint ventures and affiliates deteriorates, the value of the Company's investments may be adversely affected.

OUTLOOK

While the start of the new fiscal has continued from the moderate performance of last year, there is a cautious optimism that FY 2014-15 would see the start of the revival in the global and domestic economies. The Indian economy is also expected to look up marginally from growth in GDP of 5% in the last year.

Growth in first half of FY 2014-15 is unlikely to be much different than in FY 2013-14 as industrial and services sector growth is still weak. It is expected to be in the range 5% to 5.5%.

A new stable Government will take steps to improve investor confidence and thereby leading to revival of economy in the second half of FY 2014-15. M&HCV truck sales, which are reflective of the economic sentiment, have seen an arrest in the declining trend in the start of the new fiscal. Infrastructure spending as well as regulation in areas like mining is expected to receive a positive shot in the arm

While current account deficit is under control, fiscal deficit will continue to be priority for the Government and striking a balance between controlling expenditure and encouraging growth will be key for this year.

On the background of pressure on volumes in India and limited headroom in pricing due to the intensely competitive market dynamics, the focus will be on effective cost management- both direct and indirect to maintain margins. Even in this challenging environment, as envisioned in its Mission statement, the Company is looking to 'passionately anticipate' and provide vehicles and solutions that 'excite customers globally'. The objective remains to be the 'most admired' Company by all our stakeholders.

One of the key elements of this strategy would be to improve the relationship with the customer – the experience the customer has with the Company at each touch point from sale to service and replacement sales experiences. This would include improving the physical look of the setup, setting up right processes and forums for speedy resolution of customer issues.

The Company will also actively pursue growth in the right International markets and look to consolidate its position in markets where it is already present.

While Europe remains uncertain in the short term, JLR will continue to focus on growth from other markets, in particular the emerging markets. With entry been established in China last year, growing and consolidating presence in this market would be key to JLR's strategy for the coming year. Investment in new products and technologies along with enhancing capacity as required in the right geographies would continue for both Jaguar and Land Rover.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an adequate system of internal controls in place. It has documented policies and procedures covering all financial and operating functions. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorized use or losses, compliances with regulations. The Company has continued its efforts to align all its processes and controls with global best practices.

Some significant features of the internal control of systems are:

- Audit Committee of the Board of Directors, comprising independent directors, which is functional since August 1988, regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with Accounting Standards as well as reasons for changes in accounting policies and practices, if any;

- Documenting of major business processes and testing thereof including financial closing, computer controls and entity level controls. as part of compliance programme towards Sarbanes-Oxley Act, as required by the listing requirements at New York Stock Exchange;
- An on-going program for reinforcement of the Tata Code of Conduct. The Code covers integrity of financial reporting, ethical conduct, regulatory compliance, conflict of interests review and reporting of concerns.
- State-of-the-art ERP, Supplier Relations Management and Customer Relations Management, connect its different locations, dealers and vendors for efficient and seamless information exchange. A comprehensive information security policy and continuous upgrades to IT system;
- Detailed business plans for each segment, investment strategies, year-on-year reviews, annual financial and operating plans and monthly monitoring are part of the established practices for all operating and service functions;
- A well-established, independent, multi-disciplinary Internal Audit team operates in line with governance best practices. It reviews and reports to management and the Audit Committee about the compliance with internal controls and the efficiency and effectiveness of operations and the key process risks. The scope and authority of the Internal Audit division is derived from the Audit Charter, duly approved by the Audit Committee;
- Anti-fraud programmes including Whistle Blower mechanism is operative across the Company.

The Board takes responsibility for the overall process of risk management in the organisation. Through an Enterprise Risk Management programme, each Business Unit addresses opportunities and the attendant risks through an institutionalized approach aligned to the Company's objectives. This is also facilitated by internal audit. The business risk is managed through cross functional involvement and communication across businesses. The results of the risk assessment and residual risks are presented to the senior management. The Audit Committee reviews business risk areas covering operational and financial risks.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Tata Motor's Group considers its human capital as a critical factor to its success. Under the aegis of Tata Sons and the Tata Sons promoted entities, the Company has drawn up a comprehensive human resource strategy (the "Human Resource" strategy) which addresses key aspects of human resource development such as:

- Code of conduct and fair business practices.
- A fair and objective performance management system linked to the performance of the businesses which identifies and differentiates high performers while offering separation avenues for non-performers.
- Creation of a common pool of talented managers across Tata Sons and the Tata Sons promoted entities with a view to increasing their mobility through inter-Company job rotation.
- Evolution of performance based compensation packages to attract and retain talent within Tata Sons and the Tata Sons promoted entities.
- Development of comprehensive training programs to impart and continuously upgrade the industry/function specific skills.

In line with the Human Resource strategy, the Company, in turn, has implemented various initiatives in order to build organizational capability that will enable the Company to sustain competitiveness in the global market place. The focus is to attract talent, retain the better and advance the best. Some of the initiatives to meet this objective include:

- Extensive process mapping exercise to benchmark and align the human resource processes with global best practices.
- Introduction of a globally benchmarked employee engagement programme.
- Succession planning through identification of second level of managers for all units, locations, functions.
- Implementation of a "Fast Track Selection Scheme", which is a system for identifying potential talent in the areas of general, commercial and operations management and offering them opportunities for growth within the organization.

The Company's human resources team has been invited to replicate this system in other Tata Companies.

- The Company "Talent Management Scheme" which includes the identification of high performers and high potentials through various routes such as our Performance Management System and Development Centers. Subsequent to the identification process, we provide them with challenging assignments for faster development.
- Introduction of performance rating based salary review and quality linked variable payment for supervisory category of employees.
- Restructuring the top level organization and creation of new verticals for greater functional focus and moving towards creating a matrix organization.
- Implementation of a powerful employer brand to attract talent - "Lead the Future" has become the Company's Employee Value Proposition statement.
- Driving cultural transformation - The Company has reframed the mission, vision, values and culture of the organization and introduced the concept of ACES - Accountability, Customer & Product focus, Excellence and Speed.
- Extensive brand building initiatives at university campuses to increase recruiting from premium universities.

  To focus on skill and capability building of our blue collar workforce; common curriculum, infrastructure and training methods have been developed. Pilot infrastructure has been developed at Pune and Sanand and the same will be introduced at all other manufacturing plants
- JLR launched a new "Team Talk Online" portal to its production workers, which provides them with business updates alongside information on employee benefits, training and development.

We employed approximately 66,593 and 62,716 (includes Tata Motor Group) permanent employees as of March 31, 2014 and 2013 respectively. The average number of temporary employees for the FY 2013-14, was approximately 33,422.

The following table set forth a breakdown of persons employed by our business segments and by geographic location as of March 31, 2014.

Segment	No. of Employees
Automotive	59,535
Other	7,058
Total	**66,593**

Location	No. of Employees
India	41,376
Abroad	25,217
Total	**66,593**

(Late) Mr Karl Slym, Managing Director of the Company had an untimely and tragic demise in Bangkok in January 2014, which has created a void in the management. As an interim measure, oversight on Company's operations which was provided by the Executive Committee of the Company (ExCom), chaired by the Managing Director, is now undertaken by a Corporate Steering Committee (CSC) chaired by Mr Cyrus P Mistry, who devotes greater focus and attention to the management of operations of the Company.

Training and Development:

Tata Motors is committed to the training & development of its employees. There is a focused approach to address all capability gaps and prepare employees for changes in the external environment, such that it enables meeting the organization's strategic objectives.

The training & development system addresses development needs of various segments of workforce through the Tata Motors Academy (TMA). Well defined Centres of Excellence (CoE) like Manufacturing Excellence & Innovation, Commercial, Corporate, Management Development and Global Leadership are a part of TMA. These CoEs address the diverse needs of different categories of employees and functions through mediums like classroom interventions, external programs as well as an in-house learning management system (LMS) based online platform. TMA offers learning interventions at each level of an employee's transition in the organization beginning with his/her joining. High potential employees at senior levels are also selected for the Fulbright fellowships for leadership in management.

As a means of ensuring business relevance and value of learning offered, efforts are taken to closely align learning & development with business needs and priorities through a learning governance body called as Learning Advisory Council (LAC). The Company has a multi-tiered LAC structure which involves senior leaders in different parts of the organization as its members. LACs play a threefold role namely – designing, implementing and reviewing the learning agenda.

Within the Technical Training set up an innovative Fundamental Skills Training intervention has been launched across the organization. This aims at addressing through training of the front line team members on the correct skill required to perform the job. The Company is now migrating from a trade based training approach to a process based training approach wherein it's more important for the team member to know skills related to his actual work in addition to the general trade based skills which he learns at the Training institutes (ITI's). These skills are very specific and not currently taught at the ITI's.

Union Wage Settlements: All employees in India belonging to the operative grades are members of labour unions except at Sanand & Dharwad plants. The Company has generally enjoyed cordial relations with its employees at its factories and offices.

Employee wages are paid in accordance with wage agreements that have varying terms (typically three years) at different locations. The expiration dates of the wage agreements with respect to various locations/subsidiaries are as follows:

Location/subsidiaries	Wage Agreement valid until
Pune CVBU	August 31, 2015
Pune PCBU	March 31, 2016
Jamshedpur	March 31, 2016
Mumbai	December 31, 2015
Lucknow	March 31, 2014*
Pantnagar	March 31, 2015
Jaguar Land Rover	October 31, 2014

*Under negotiation

A cordial industrial relations environment has been maintained in all the Company's manufacturing units.

The variability in wage settlements was built in by introducing vehicles and profit linked payment scheme based on the index of various parameters such as quality, productivity, operating profit and individual's performance and attendance.

Operatives and Union support in implementation of programmes towards quality, cost and productivity improvements across all locations is commendable.

RESEARCH AND DEVELOPMENT:

Over the years, the Company has devoted significant resources towards our research and development activities. The Company's research and development activities focus on product development, environmental technologies and vehicle safety. The Company's Engineering Research Centre, or ERC, established in 1966, is one of the few in-house automotive research and development centers in India recognized by the Government. ERC is integrated with all of the Tata Motors Global Automotive Product Design and Development Centers in South Korea, Italy and the United Kingdom. In addition to this, the Company leverages key competencies through various engineering service suppliers and design teams of its suppliers.

The Company has a state of the art crash test facility for passive safety development towards meeting regulatory and consumer group test requirements and evaluating occupant safety. The Company has a full vehicle level crash test facility, sled test facility for simulating the crash environment on subsystems, a pedestrian safety testing facility, a pendulum impact test facility for goods carrier vehicles and other equipment & facilities to develop products that comply with various safety norms. This facility is also supported with CAE Infrastructure to simulate tests in digital environment. The Company has Transient Dynamometer test beds, Mileage Accumulation chassis dynamometer and Emission labs are available for futuristic engine development, State of the art Engine Noise Test Cell facility & Transmission Control Units are being installed for better Powertrain deployment. The Companyalso has a hemi-anechoic chamber testing facility for developing vehicles with lower noise and vibration levels and an engine emission and performance development facilities, to develop products meeting international standards. The Company also has an eight poster road load simulator for vehicle structural durability validation of M&HCV. Other key facilities include a full vehicle environmental testing facility, heavy duty dynamometers and aggregate endurance test rigs.

The Company's product design and development centers are equipped with sophisticated hardware, software and other information technology infrastructure, designed to create a digital product development and virtual testing and validation environment, resulting in reduced of product development cycle-time, improved quality and provide ability to create multiple design options. These centers are growing with increased vehicle development programs in breadth and depth of technology. Rapid prototype development systems, testing cycle simulators, advanced emission test laboratories and styling studios are also a part of our product development infrastructure. The Company has aligned our end-to-end digital product development objectives and infrastructure, with its business goals and have made significant investments to enhance the capabilities especially in the areas of product development through Computer Aided Design / Computer Aided Manufacturing / Computer Aided Engineering / Knowledge Based Engineering / Product Lifecycle Management and specific engineering review processes like Digital Mockup (DMU). The Company's product lifecycle management system provides vital processes, including manufacturing feasibility studies, for product development In order to track various issues arising in vehicle design and development processes, the Company has institutionalized 'issue tracking' work flow based systems in various domains to manage them effectively.

The Company's research and development activities also focus on developing vehicles running on alternative fuels, including CNG, liquefied petroleum gas, bio-diesel and compressed air and electric cars. The Company is continuing to develop green vehicles. The Company is pursuing alternative fuel options such as ethanol blending for development of vehicles fuelled by hydrogen.

The Company is also pursuing various initiatives, such as the introduction of Premium Lightweight Architecture (PLA), to enable its business to comply with the existing and evolving emissions legislations in the developed world, which it believes will be a key enabler of both reduction in CO_2 and further efficiencies in manufacturing and engineering.

Initiatives in the area of vehicle electronics for meeting ever increasing regulatory requirement in the area of engine management systems, in-vehicle network architecture and Multiplexed Wiring were successfully deployed on the Company range of vehicle whereas certain technologies Electronic Stability programs, Automated and Automatic transmission systems, telematics for communication and tracking, anti-lock braking system intelligent transportation system are in the process of various phases of deployment on future range of vehicles. Likewise this could possibly be deployed on our future range of vehicles.Likewise, various new technologies and systems that would improve safety, performance and emissions of product range are being implemented in our passenger cars and commercial vehicles

The Company is developing and enterprise level vehicle diagnostics system for achieving faster diagnostics of complex electronics in vehicles in order to provide prompt service to customers. Furthermore the initiative in telematics has spanned into a fleet management, driver information and navigation systems, and vehicle tracking system using GNSS (Global NavigationSatellite Systems).

The Company established a wholly owned subsidiary, TMETC, in 2006, to augment the abilities of its Engineering Research Centre with an objective to obtain access to leading-edge technologies to support the product development activities. In October 2010, the Company also acquired a design house in Italy, Trilix Srl, that has been working with the Company on many of its projects and are now a part of Tata Motors Design organization.

The Company endeavors to absorb the best of technologies for its product range to meet the requirements of a globally competitive market. All of its vehicles and engines are compliant with the prevalent regulatory norms in the respective countries in which they are sold. The Company's strategy to invest and develop its development capabilities have helped the Company in attaining significant achievements such as the design and development of India's first indigenously developed compact car, the segment creating mini- truck – the 'Tata Ace' and the world's most affordable family car — the Tata Nano. In collaboration with its subsidiary TDCV, the Company developed the "World Truck", now referred to as 'Prima', a sophisticated and contemporary M&HCV range with performance standards similar to those in developed markets.

The Jaguar Land Rover research and development operations currently consist of a single engineering team, operating within co-managed engineering facilities, sharing premium technologies, power train designs and vehicle architecture. The 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.

JLR's vehicles are designed and developed by award-winning design teams, and it is committed to a programme of regular enhancements in product design. JLR's two design and development centres are equipped with computer-aided design, manufacturing and engineering tools, and are configured for competitive product development cycle time and efficient data management. In recent years, JLR has refreshed the entire Jaguar range under a unified concept and design language and continued to enhance the design of Land Rover's range of all-terrain vehicles. JLR's R&D operations look for synergies through sharing premium technologies, powertrain designs and vehicle architecture. All of JLR's products are designed and engineered primarily in the United Kingdom. JLR endeavours to implement the best technologies into its product range to meet the requirements of a globally competitive market. JLR is currently developing vehicles which will run on alternative fuels and hybrids and is also investing in other programmes for the development of technologies to improve the environmental performance of its vehicles including the reduction of CO_2 emissions.

INTELLECTUAL PROPERTY

The Company creates, owns, and maintains a wide array of intellectual property assets that are among its most valuable assets throughout the world. The Company's intellectual property assets include patents, trademarks, copyrights designs, trade secrets and other intellectual property rights. Patents relate to innovations and products; trademarks secured relate to brands and products; copyrights are secured for creative content; and designs are secured for aesthetic features of products/components. The Company proactively and aggressively seeks to protect its intellectual property in India and other countries.

The Company owns a number of patents and has applied for new patents which are pending for grant in India as well as in other countries. It has also filed a number of patent applications outside India under the Patent Cooperation Treaty, which will be effective in different countries going forward. The Company obtains new patents as part of its ongoing research and development activities.

The Company own registrations for number of trade-marks and have pending applications for registration of these in India as well as other countries. The registrations mainly include trademarks for its vehicle models and other promotional initiatives. The Company uses the "Tata" brand, which has been licensed to the Company by Tata Sons Limited. The Company's believes that establishment of the "Tata" word mark and logo mark in India and world over, is material to its operations. As part of acquisition of TDCV, the Company has the rights to the perpetual and exclusive use of the "Daewoo" brand and trademarks in Korea and overseas markets for the product range of TDCV.

As part of the acquisition of Jaguar Land Rover business, ownership (or co-ownership, as applicable) of core intellectual property associated with JLR were transferred to the Company. Additionally, perpetual royalty free licenses to use other essential intellectual properties have been granted to the Company for use in Jaguar and Land Rover vehicles. Jaguar and Land Rover own registered designs, to protect the design of their vehicles in several countries.

In varying degrees, all its intellectual property is important to the Company. In particular, the Tata brand is integral to the conduct of the Company's business, a loss of which could lead to dilution of our brand image and have a material adverse effect on the business.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand /supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.