

# DIRECTORS' REPORT

## TO THE MEMBERS OF TATA MOTORS LIMITED

The Directors present their Seventieth Annual Report and the Audited Statement of Accounts for Fiscal 2015.

### FINANCIAL PERFORMANCE SUMMARY

(₹ in crores)

	Company (Standalone)		Tata Motors Group (Consolidated)	
	Fiscal 2015	Fiscal 2014	Fiscal 2015	Fiscal 2014
<b>FINANCIAL RESULTS</b>				
Gross revenue	<b>39,524.34</b>	37,758.00	<b>266,345.25</b>	236,626.43
Net revenue (excluding excise duty)	<b>36,294.74</b>	34,288.11	<b>262,796.33</b>	232,833.66
Total expenditure	<b>37,094.75</b>	34,754.86	<b>220,682.51</b>	195,415.09
Operating profit / (loss)	<b>(800.01)</b>	(466.75)	<b>42,113.82</b>	37,418.57
Other income	<b>1,881.41</b>	3,833.03	<b>898.74</b>	828.59
Profit before interest, depreciation, amortization, exceptional item and tax	<b>1,081.40</b>	3,366.28	<b>43,012.56</b>	38,247.16
Finance cost	<b>1,611.68</b>	1,353.18	<b>4,861.49</b>	4,749.44
Cash profit	<b>(530.28)</b>	2,013.10	<b>38,151.07</b>	33,497.72
Depreciation, amortization and product development / engineering expenses	<b>3,040.69</b>	2,499.04	<b>16,263.80</b>	13,643.37
Profit / (loss) for year before exceptional items and tax	<b>(3,570.97)</b>	(485.94)	<b>21,887.27</b>	19,854.35
Exceptional items - loss (net)	<b>403.75</b>	539.86	<b>184.71</b>	985.38
Profit / (loss) before tax	<b>(3,974.72)</b>	(1,025.80)	<b>21,702.56</b>	18,868.97
Tax expenses / (credit)	<b>764.23</b>	(1,360.32)	<b>7,642.91</b>	4,764.79
Profit / (loss) after tax	<b>(4,738.95)</b>	334.52	<b>14,059.65</b>	14,104.18
Share of minority interest and share of profit of associates (net)	-	-	<b>(73.36)</b>	(113.16)
Profit / (loss) for the year	<b>(4,738.95)</b>	334.52	<b>13,986.29</b>	13,991.02
<b>APPROPRIATIONS</b>				
Profit / (loss) for the year	<b>(4,738.95)</b>	334.52	<b>13,986.29</b>	13,991.02
Balance brought forward from previous year	<b>977.59</b>	1,342.79	<b>40,530.48</b>	27,305.87
Amount available for appropriations	<b>(3,761.36)</b>	1,677.31	<b>54,516.77</b>	41,296.89
Less: appropriations / (transfer from)				
General Reserve	-	33.45	<b>21.00</b>	54.45
Other Reserves	-	-	<b>39.52</b>	21.88
Dividend (including dividend distribution tax)	<b>(93.40)</b>	666.27	<b>(30.92)</b>	690.08
Balance carried to Balance Sheet	<b>(3,667.96)</b>	977.59	<b>54,487.17</b>	40,530.48

## DIVIDEND

Considering the continued weak operating environment in the standalone business and in view of the losses for the year, no dividend is permitted to be paid to the Members for Fiscal 2015, as per the Companies (Declaration and Payment of Dividend) Rules, 2014.

## TRANSFER TO RESERVES

The loss for the Fiscal Year is ₹4,738.95 crores. After the appropriation, the balance of ₹3,667.96 crores deficit is debited to the Profit and Loss account.

## OPERATING RESULTS AND PROFITS

The Global growth remained moderate in Fiscal 2015 with uneven prospects across the major economies. The outlook for advanced economies is improving while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil & raw material exporting economies. The US economy has been creating jobs resulting in decline in unemployment rate and its housing market as well as stock indicator have moved up demonstrating the continued recovery in the US. Euro zone was in recession for much of 2014, but showed signs of pickup in the fourth quarter and in early 2015. Eurozone is expected to benefit from QE supported by lower oil prices, lower interest rates and weaker Euro. UK grew by 2.6% in 2014, backed by consumer spending on account of lower inflation and higher wage growth. In China the growth rate declined, reflecting a slowdown in the broader economic parameters including in the real estate sector. But government continued to support the economy with several measures including the easing of monetary policy. India's economic growth rate in Fiscal 2015 came at 7.3% (Previous Year 6.9%. (4.7% as per earlier methodology). India's economy was in the midst of a recovery with lower fiscal and current account deficit, slowing inflation, lowering interest rate and weak commodity prices coupled with steep decline in oil price over the previous year. All these led to revival and growth in some sector of the economy. As a result, the domestic auto industry witnessed growth during the fiscal year 2015, after witnessing de-growth in the previous fiscal year. Expectation of higher capital formation, revival in the areas of mining, and quarrying as well as manufacturing initiated the replacement of old vehicles and thus supported the growth for the domestic auto industry.

The **Tata Motors Group** recorded a 12.6% growth in gross turnover to ₹266,345 crores in Fiscal 2015 from ₹236,626 crores in the previous year. This is the highest turnover recorded by the Group. The consolidated revenue (net of excise) for Fiscal 2015 of ₹262,796 crores grew by 12.9% over last year on the back of strong growth in wholesale volumes across products and richer product mix markets at Jaguar Land Rover and strong M&HCV sales in India (during second half of the year). The consolidated EBITDA margins for Fiscal 2015 stood at 16.0%. Consequently, Profit Before Tax and Profit After Tax were ₹21,703 crores and ₹13,986 crores respectively.

**Tata Motors Limited** recorded a gross turnover of ₹39,524 crores, 4.7% higher from ₹37,758 crores in the previous year. Improved freight availability and improved profitability of truck operators, fleet replacement demand mainly in the high tonnage segment, supported the Company sales growth. However, the need to increase marketing expenses on account of severe competitive intensity and depressed market scenario has impacted EBITDA margins decreasing it from negative 1.4% to negative 2.2% for Fiscal 2015. Loss Before Tax and After Tax for the Fiscal 2015 were lower at ₹3,975 crores and ₹4,739 crores respectively, as compared to Loss Before Tax of ₹1,026 crores and Profit After Tax of ₹335 crores, respectively for the corresponding period last year.

The Company is focused on growth and achieving profitability through a superior new product pipeline along with a renewed commitment to enhance quality and customer service and reduce costs. During the year, the Company had launched Zest, Bolt, and Ultra Truck which has received an encouraging response from the customers. As a part of the *Horizonext* strategy, the Company is committed to introduce new, modified and refreshed products which will improve the Company's revenue. Investment in right products and vehicle platform are being made to ensure a competitive pipeline for the future. Together with forward looking product strategy, the Company is also focusing extensively in right sizing the business and operational improvement through various strategic projects for operational excellence and cost cutting initiatives.

**Jaguar Land Rover (JLR)** recorded revenue of GB£21,866 million for Fiscal 2015, up by 12.8% from GB£19,386 million compared to the previous year. JLR had a successful year of continued growth in the majority of markets with wholesale volumes for the full year up by 9.5%, reflecting the continued success of the Range Rover, Range Rover Sport and the Jaguar F-TYPE. More established models have

also been performing well, such as the Land Rover Discovery and the Range Rover Evoque. Consolidated EBITDA for Fiscal 2015 was a record GB£4,132 million, up by 21.8% as compared to Fiscal 2014. The EBITDA improvement comprises increased wholesale volumes and revenues, as well as a favourable product and market mix. Profit Before Tax (PBT) for Fiscal 2015 was GB£2,614 million, an increase of GB£113 million (4.5%) compared to the previous year.

JLR also incurred one off costs of GB£77 million for the successful partial redemption of the higher coupon GB£500 million 2020 Notes and the US\$410 million 2021 Notes (with respective 8.250% and 8.125% coupons). The bond redemptions were pre-financed by the successful issuances of GB£400 million 3.875% 2023 Notes and US\$500 million 3.500% 2020 Notes, to reduce the Company's overall cost of debt in line with a stronger credit status. In Fiscal 2014, JLR incurred this one off cost of GB£56 million for prepayment of higher coupon GB£500 million and US\$ 410 million Notes (at 8.125% and 7.75% coupon, respectively) (Jaguar Land Rover's figures as per IFRS)

**Tata Motors Finance Limited (TMFL)** (consolidated) the Company's captive financing subsidiary, registered a decline in revenues by 9.6% to ₹2,743 crores (previous year: ₹3,034 crores) and reported a Loss After Tax of ₹611 crores in Fiscal 2015, as compared to Profit after Tax of ₹101 crores in Fiscal 2014. TMFL's inclusive strategy for channel financing customer and insurance support in conjunction with the Company has led to improved market share and deeper connect with customers whilst benefiting the customers through reduced turnaround time and higher satisfaction levels.

**Tata Daewoo Commercial Vehicle Company Limited (TDCV)**, South Korea registered revenues of KRW 988 billion (₹5,563 crores), a growth of 11.8% over the previous year. The positive impact of higher volume, various cost control initiative, productivity improvement initiatives and reversal of provisions pertaining to ordinary wage lawsuit (KRW 24 billion) in view of favourable judgment by the High court helped TDCV to achieve profit after tax of KRW 54 billion (₹304 crores) in Fiscal 2015 as against profit of KRW 24 billion (₹132 crores) of previous year. (TDCV figures as per Korean GAAP)

## VEHICLE SALES AND MARKET SHARES

The **Tata Motors Group** sales for the year stood at 997,550 vehicles, lower by 2.3% as compared to Fiscal 2014. Global sales of all Commercial Vehicles were 377,193 vehicles, while sales of Passenger Vehicles were at 620,357 vehicles.

## TATA MOTORS

**Tata Motors** recorded sales of 504,369 vehicles, a decline of 11.5% over Fiscal 2014. Industry grew during the year by 2.4%. However, the Company's market share decreased to 14.1% in the Indian automotive industry from 16.5% in the previous year. The Company exported 49,936 vehicles.

### Commercial Vehicles

Within the domestic market, the Company sold 317,780 Commercial Vehicles (CV), a decline of 15.9% from Fiscal 2014 primarily due to the decline in the LCV segment. However the critical M&HCV truck segment has grown by 27% and the Company has been able to retain a strong Market share of 58% in this category. Even under these difficult conditions, the Company has been able to sustain market share in the critical M&HCV segment.

Some of the highlights for the year were:

- ▶ Launched the new Intermediate and Light Commercial Vehicle (ILCV) range of trucks christened 'ULTRA', which offers superior technology and design that ensures lowest total cost of ownership through higher uptime because of increased driver comfort, superior aggregates and customized requirements. The **PRIMA LX** range of trucks were extended with the launch of the Multi-axle truck variants – 2523.T & 3123.T. The Company launched a new pickup – **Super Ace Mint** with 1.4 L DiCOR engine. With its unmatched combination of performance, ruggedness, comfort, superior ride & handling, style and best-in-class cost of ownership, the Tata Super ACE Mint will maximise revenues for its owners and will meet requirements of intra and intercity transport.
- ▶ Launched a new trucking concept of '**TRUCK WORLD**': Advanced Trucking Expo' showcasing the Company's extensive offering from its' medium and heavy commercial vehicles business, all under one roof along with the Company's own service related brands like Tata Genuine Parts, Tata Delight and Tata FleetMan.
- ▶ Announced partnership with UK based Microlise for advanced Telematics and Fleet management services ushering in the latest technology in this segment.
- ▶ Conducted the **Prima Truck Racing Championship Season 2** witnessed by over 45,000 spectators at India's F1 track, the Buddh International Circuit.

- ◀ Celebrated 60 years of truck manufacturing at its first manufacturing and engineering facility in Jamshedpur.
- ◀ Participated strongly in the JnNURM Phase II bagging over 3500 orders and have developed new Bus models for JnNURM including the Articulated and Hybrid buses.
- ◀ The flagship program of the Company '**Humare Bus Ki Baat Hain**' won several accolades this year and over 15,000 school bus staffs were trained on school bus safety under the program.
- ◀ Launched the '**Tata SKOOLMAN**', a telematics based tracking solution, aimed at addressing pressing concerns over student safety as a standard fitment on the **Tata Ultra range** of school buses.
- ◀ Celebrated the roll-out of 100,000<sup>th</sup> **Tata ACE ZIP** at the Dharwad facility in Karnataka.
- ◀ The all-new **1.2 ltr Revotron engine** was well received in the market and helped the Company penetrating the lucrative petrol segment.
- ◀ **Bolt** premium hatchback was launched in January 2015.
- ◀ **Nano Twist** launched last year with electronic power steering, continued to take the Nano Brand closer to the youth. GenX-Nano range was launched in May 2015, with latest technological advancements and design engineering.
- ◀ **Tata Hexa** SUV Concept was unveiled at the Geneva Motor Show.
- ◀ The above new / refreshed product launches were in-line with the Company's objective of taking the brand to a higher level, while making it relevant for the younger buyer. The Company continued to focus on building brand strengths, refreshing products and enhancing sales and service experience. The Company expanded its new look, stylish, tech savvy best in class flagship Passenger Vehicle showrooms, for superior customer experience.

## Passenger Vehicles

The domestic passenger vehicle industry grew by 5.5% during Fiscal 2015. Correction in fuel prices and easing financing cost has resulted in lower operating cost, which should further aid domestic PV growth in near to medium term. During the year, the Company's Passenger Vehicles sales were lower by 3.7% at 136,653 vehicles, registering a 5.3% market share. However, the premium and luxury segment of the Company grew by 11.5% compared to last year. The Company sold 111,094 cars (growth of 1.7%) and 25,559 utility vehicles and vans, (lower by 21.5%), the Company's sales in the Utility Vehicle segment suffered as competitive activity intensified with multiple new launches mainly in the soft-roader category in this segment. The Company has taken various initiatives to improve its performances such as product refreshes/launch programs, operational efficiency, dealer effectiveness, working capital management and restructuring customer facing functions.

The Company sold 2,827 vehicles of Jaguar Land Rover brands during Fiscal 2015, a growth of 0.8%. Jaguar sales grew by 11.5% in Fiscal 2015. The market share remained unchanged at 9.5% in Fiscal 2015.

Some of the highlights of this year's performance were:

- ◀ Product Launches / Refreshes continued under the **Horizonext Strategy**.
- ◀ **Zest**, Compact Sedan was launched in the growing entry sedan segment, which helped the Company in recovering market share in the passenger car segment.

## Exports

The Company exported 49,936 vehicles (Fiscal 2014: 49,922 vehicles, comprising 46,416 units of Commercial Vehicles and 3,520 units of Passenger Vehicles during Fiscal 2015).

Export of Commercial Vehicles grew by 7.7% over Fiscal 2014. South Asia, our traditional market showed a strong growth of 18% over previous year with all the countries – Bangladesh, Nepal, Sri Lanka, Myanmar contributing to this growth. Middle East has grown by 41% on the back of a strong growth in volumes in Saudi Arabia and other markets like UAE and Qatar. In Africa, the new Auto policy of Nigeria coupled with the adverse impact of oil prices, commodity industry political and civil unrest in many countries impacted the CV industry which recorded around 40% lower volumes over last year. Continued political strife and economic slowdown in some of the other countries such as Ukraine, Russia, Thailand, has impacted the industry and Company's volumes. The Company was able to grow its market share in key markets and segments of focus, including Bangladesh, Kenya, Middle East (Buses), Tanzania, Congo, Indonesia, Sri Lanka. The Company successfully bagged and executed an order for 520 Defence vehicles aggregating US\$ 35 million for the UN Mission in Africa as also a repeat order for 400 Xenon troop carriers for the Myanmar Army.

Export of Passenger Vehicles at 3,520 were 48.5% lower than Fiscal 2014, mainly due to lower sales in the units in the South African

and Algerian markets. Aggressive efforts made through a flanking strategy, with the Indigo, Xeta and the Nano Twist led to 40% and 232% growth in exports to Bangladesh and Sri Lanka, respectively. Indigo, Nano and Sumo have found favorable acceptance in these export markets. Launch of the Zest in Nepal has been received very well with promising sales and is likely to be launched this year in our traditional markets.

## JAGUAR LAND ROVER

JLR had another successful year of continued growth in the majority of markets with retail sales in China, its largest market, of 115,969 units up 12.5% compared to last year. Retail volumes in Fiscal 2015 also increased in the UK (13.1%), North America (3.6%), Europe (6.0%) and Asia Pacific (16.8%) to 86,750, 78,372, 87,863 and 26,619 respectively, compared to the same period last year. Volumes in Overseas markets were down by 9% to 66,636 units as economic sanctions and low energy prices continued to impact Russia and slowing growth in Brazil affected consumer spending.

Wholesale volumes for Fiscal 2015 were 470,523 units (including the volume of the Chery JLR joint venture in China), an increase of 9.5% compared to Fiscal 2014. At a brand level, Jaguar wholesale volumes were 76,496 units (down 3.5%) and Land Rover wholesale volumes were 394,027 (up 12.4%).

Some of the highlights of this year were:

- ▶ The opening of Jaguar Land Rover's new Engine Manufacturing Centre (EMC) in the UK in October 2014, which produces the new family of Ingenium engines.
- ▶ The opening of Jaguar Land Rover's inaugural overseas manufacturing facility in China with its joint venture partner, Chery Automobile Company Ltd. In October 2014.
- ▶ The start of construction of Jaguar Land Rover's R\$750m (Brazilian Real) manufacturing facility in the state of Rio de Janeiro in December 2014.
- ▶ Significant investment in UK manufacturing facilities to support the launch of new products such as the all new Land Rover Discovery Sport in Halewood, the **Jaguar XF** in Castle Bromwich and the **Jaguar XE** and F-Pace in Solihull.
- ▶ The beginning of Jaguar Land Rover's Special Operations division in June 2014, comprising Special Vehicle Operations, Heritage, Personalisation and Branded Goods divisions.
- ▶ The beginning of sales of the **F-TYPE coupe** in April 2014 as well as all-wheel drive variants that were launched during the year.

- ▶ The launch of the long wheel base diesel hybrid Range Rover at the Beijing Motor Show in April 2014 followed by a **Range Rover Sport Diesel Hybrid** shortly after.
- ▶ The launch of the **Range Rover Sport SVR** (from the new Special Operations division), the fastest, most agile and most responsive Land Rover produced to date.
- ▶ The locally produced **Range Rover Evoque** from JLR's manufacturing joint venture with Chery Automotive Ltd., in China went on retail sale in February 2015.
- ▶ Land Rovers all **new Discovery Sport** went on retail sale in February 2015.
- ▶ Jaguar's all-new sports sedan, the **Jaguar XE**, was revealed to the public in September 2014 and went on retail sale in May 2015. The XE is also the first Jaguar Land Rover product to take the new Ingenium diesel engine built at the EMC.
- ▶ Jaguars all new performance crossover, the **F-PACE**, was introduced at the Detroit Motor Show in January 2015 and goes on sale in 2016.
- ▶ A refreshed 16MY **Range Rover Evoque** and a convertible derivative were announced in the final quarter of Fiscal 2015 and go on sale later in Fiscal 2016.
- ▶ The all new lightweight **Jaguar XF** was revealed to the public in March 2015 and goes on sale in 2016.

## Tata Daewoo Commercial Vehicles Company Limited

Tata Daewoo Commercial Vehicles Company Limited (TDCV) sold 11,710 vehicles, higher by 10.5% over Fiscal 2014. TDCV Domestic sales were at 6,808 vehicles, second highest in its history, registering a growth of 3.4% compared to 6,584 vehicles sold in previous year. In Export market, TDCV achieved its highest ever sales of 4,902 vehicles with a robust growth of 22.1% in spite of adverse economic and business conditions in markets like Russia, South Africa, Laos, Indonesia etc. This strong export performance was possible due to higher sales in countries like Vietnam, Philippines, UAE etc.

## Tata Motors (Thailand) Limited

Tata Motors (Thailand) Limited (TMTL) sold 1,305 units in Fiscal 2015, a drop of 47.4% over Fiscal 2014. The retail sales figure were 1,417 units. The Thai Automobile Industry has witnessed the 2nd year of drop of 27% in Fiscal 2015 due to political instability and poor performance of the economy. Thailand also witnessed a slew of new pickup launches by major OEM's in the year. In spite of the

slow-down, TMTL has increased its market share in "CNG and Bi-Fuel Pickups segment" by 8% (Market Share of 22.1%) to become the third largest player in the segment.

TMTL has taken the opportunity to refresh its Products, Services and Network, as well as, expand the range of offerings to the Thailand Customers. Fiscal 2016 will see the launch of the Xenon 150N Series of Pickup with a host of new features like 4x4, ABS, Airbags and Accessorized Exteriors etc. TMTL will also introduce the Tata Prima, TDCV Novus range of trucks and Super ACE Mint to supplement the existing range it offers to the Thailand consumer. It also exported the 1st batch of Pickups to Malaysia in the month of December 2014 and is exploring similar opportunities in other parts of South East Asia and neighbouring continents.

### Tata Motors (SA) (Pty) Limited

Tata Motors (SA) (Pty) Ltd (TMSA) sold 839 chassis in the South Africa market in Fiscal 2015. This included the sale of 30 chassis of a tractor truck model from TDCV with the objective of expanding the TATA presence in the fastest growing (extra Heavy) segment of Commercial Vehicles in South Africa. TMSA is in the process of homologating and introducing a range of new products including PRIMA and Ultra trucks as well as a couple of bus models for sale in South Africa.

### Tata Motors Finance Limited

The vehicle financing activity under the brand "Tata Motors Finance" of Tata Motors Finance Limited (TMFL) – a wholly owned subsidiary Company.

During the year, TMFL had acquired 100% shareholding of, Rajasthan Leasing Private Limited (RLPL), an NBFC registered with the Reserve Bank of India. Subsequently, the name of RLPL has been changed to Tata Motors Finance Solutions Private Limited (TMFSPL). As a part of business restructuring, manufactured guaranteed business and used vehicles business along with employees was transferred to TMFSL on slump sale basis with effect from March 31, 2015.

Due to sluggish economic environment, total disbursements (including refinance) were declined in Fiscal 2015 by 16.6% at ₹7,316 crores as compared to ₹8,768 crores in previous year. TMFL financed a total of 1,12,788 vehicles reflecting a decline of 28.6% over the 157,886 vehicles financed in the previous year. Disbursements for commercial vehicles declined by 23.5%

and were at ₹5,741 crores (72,853 units) as compared to ₹7,504 crores (123,989 units) of the previous year. Disbursements of passenger vehicles increased by 23.5% to ₹1,498 crores (38,444 units) from a level of ₹1,213 crores (32,637 units). Disbursements achieved under refinance were at ₹77 crores (1,491 vehicles) during the current year as against ₹50 crores (1,260 vehicles) in the previous year.

TMFL has increased its reach by opening limited services branches (called Spoke and collections branches) exclusively in Tier 2 & 3 towns, which has helped in reducing the turn-around-times to improve customer satisfaction. TMFL has also launched business of vendor financing and subscribing to assignment of the Company's receivables during the year amounting to ₹53 crores and ₹145 crores, respectively. TMFL has also tied up with the Company's used vehicle business for working together to improve realization value from the sale of repossessed stocks by refurbishing them and selling them through Company's dealers.

### MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

In March 2015, the Board of Directors approved issue of Ordinary Shares and 'A' Ordinary Shares on a rights basis to the eligible shareholders. The details of Rights Issue is given under the head "Share Capital". The Letter of Offer for the Rights Issue was filed with the Securities Exchange Board of India (SEBI), BSE Limited (the "BSE") and National Stock Exchange of India Limited (the "NSE") on March 30, 2015 by the Company.

Subsequent to the year ended March 31, 2015, the Company successfully completed Rights Issue and on May 13, 2015 allotted shares to the eligible shareholders. The total proceeds received from the Rights Issue aggregated to ₹7,490.48 crores.

Apart from the Rights Issue mentioned above, there are no material changes affecting the financial position of the Company subsequent to the close of Fiscal 2015 till the date of this report.

### SHARE CAPITAL

The Board of Directors of the Company at their meeting held on March 25, 2015 approved the issue of Ordinary Shares [including the rights offering to ADR holders, and facilitated issuance of American Depositary Shares ("ADSs") each of which represents 5 ordinary shares] and 'A' ordinary shares of face value of ₹2/- each on rights basis to the holders of ordinary shares and 'A' ordinary shares

respectively, aggregating upto ₹7,500 crores. The details of the Rights Issue are given hereunder:

Particulars	Ordinary shares	'A' ordinary shares
Rights Entitlement Ratio	109:6	109:6
Issue Price (per share)	₹450/-	₹271/-
Premium amount (per share)	₹ 448/-	₹269/-
No. of Securities issued	15,06,44,759 (including ADRs)	2,65,30,290
Dividend and voting rights	<i>Pari passu</i> with existing ordinary shares	<i>Pari passu</i> with existing 'A' ordinary shares i.e. the 'A' ordinary shares would have differential rights as to voting and dividend i.e. the 'A' Ordinary shareholder shall be entitled to one vote for every ten 'A' ordinary shares held and will be entitled to receive dividend at 5 percentage more than the rate of dividend declared on the ordinary shares. Further, if no dividend is recommended for ordinary shares, 'A' ordinary shares would also not receive any dividend.
No. of Securities allotted on May 13, 2015 (excludes shares held in abeyance)	15,04,90,480	2,65,09,759
Amount Raised	₹6,772.07 crores	₹718.41 crores

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of the Company and its future operation.

However, Members attention is drawn to the Statement on Contingent Liabilities, commitments in the notes forming part of the Financial Statement.

## RISK MANAGEMENT

The Company has in October 2014 constituted a Risk Management Committee (RMC) which has been entrusted with responsibility to assist the Board in (a) Overseeing the Company's risk management process and controls, risk tolerance and capital liquidity and funding (b) Setting strategic plans and objectives for risk management and review of risk assessment of the Company (c) Review the Company's

risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

The Committee has also approved and adopted Risk Committee Charter. The Company has adopted a Risk Management Policy in accordance with the provisions of the Companies Act, 2013 (hereinafter referred to as the Act) and Clause 49 of the Listing Agreement. It establishes various levels of accountability and overview within the Company, while vesting identified managers with responsibility for each significant risk.

The Board takes responsibility for the overall process of risk management in the organisation. Through Enterprise Risk Management programme, Business Units and Corporate functions address opportunities and the attendant risks through an institutionalized approach aligned to the Company's objectives. This is 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. Prior to constituting the RMC, the Audit Committee was reviewing business risk areas covering operational, financial, strategic and regulatory risks.

## INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENT

Details of internal financial control and its adequacy are included in the Management Discussion and Analysis Report, which forms part of this Report.

## HUMAN RESOURCES

The Tata Motors Group employed 73,485 permanent employees (previous year: 68,889 employees) as of the year end. The Company employed 27,997 permanent employees (previous year: 29,566 employees) as of the year end. The Tata Motors Group has generally enjoyed cordial relations with its employees and workers.

A Voluntary Retirement Scheme (VRS) was rolled out for Bargainable employees from February 28, 2015 to April 18, 2015 with the objective of addressing the wage and salary costs.

In keeping with Tata Motors' practices, a generous benefits package was offered to employees who opted for the scheme, including a monthly payout (Basic + DA) that begins at the date of separation till the employee turns 60 years of age, thus ensuring an assured monthly income as opposed to just a one-time payment of a single amount. A

unique feature of the offer is also the provision of a medical insurance cover for a period of 10 years post separation.

A total of 686 employees (TML – 599 and TML Drivelines – 87) opted for the Scheme.

All employees in India belonging to the operative grades are members of labour unions except at Sanand and Dharwad plants. All the wage agreements have been renewed in a timely manner and are all valid and subsisting. Operatives and Unions support in implementation of reforms that impact quality, cost erosion and improvements in productivity across all locations is commendable.

### Safety & Health – Performance & Initiatives

As part of Company's Safety Excellence Journey which aims to achieve ultimate Goal of Zero Injuries to its employees and all stakeholders associated with the Company's operations, Company provides a safe and healthy workplace focussing on creating right Safety Culture across the organization.

Company has identified four drivers which will help keep moving in this journey and attain Zero Injury. The drivers being Engagement at all Levels, Governance, Robust Safety Processes and Improving Safe Behaviours.

The Company's India operation, has achieved improved performance with Lost Time Injury Frequency Rate (LTIFR) being 0.20 for the Fiscal 2015, a reduction in injury rate by 48% over Fiscal 2014. While overall Safety Performance has improved but there were two fatalities during the year, one in Dealers workshop and one involving Driver in Bus parking area of a plant.

All India Manufacturing Plants in India are certified to ISO 14001 - Environment Management Systems. All CV and PV Manufacturing Plants in India are also certified to OHSAS 18001 – Occupational Health & Safety Management System. All CV Manufacturing Plants in India are certified to ISO 50001 - Energy Management System. The Company at all plants level has undertaken several initiatives for resource conservation such as re-cycling of treated effluents back to process, energy and material recovery from hazardous wastes and rainwater harvesting. Plants also generate in-house renewable power and source off-site green power where available.

Senior Leadership is fully committed and engaged in this journey and has set up a very robust Governance and Engagement model at various level right from having Safety Health and Environment Committee at Board, Business, Site, Corporate, Sub-committees and Factory Implementation Committees.

Company continued Campaign **'i-drive safe'** – a Tata Motors initiative on building a safe driving culture amongst its employee and associates and have trained on Defensive Driving Training, in excess of 15,808 employees & associates till date under this campaign initiated few years ago.

In health area Company under the **'Health Plus Because you matter!'** initiative engaged employees on various subject of Health Series of initiatives like awareness sessions, mailers, etc. have been conducted under this initiative.

The **Jaguar Land Rover** business drives its health and safety ambition through its campaign - **Destination Zero – A Journey to Zero Harm**. This is overseen by the statements on the Jaguar Land Rover, **'Blueprint for Lasting Success'** with the overall commitment that states 'Our most valuable asset is our people, nothing is more important than their safety and wellbeing. Our co-workers and families rely on this commitment. There can be no compromise'. The business maintains its accreditation to the external standard of OHSAS18001 with zero major non-compliances being recorded after a series of external assessments during the last year. During Fiscal 2015, Jaguar Land Rover achieved reduction in recorded lost time cases of 47% over the previous year. The activities deployed to deliver this ambition of **Zero Harm** are underpinned with everyone being encouraged to understand and take responsibility for their own and their fellow workers safety and well-being. During the last quarter the business has launched the **Wellbeing Charter** – a framework to deliver excellence in wellbeing activities and strategies. This is a journey Jaguar Land Rover is embarking on, to achieve and sustain excellence in this subject.

**TDCV Korea** achieved an improvement in Safety Index to 1.45 from 2.74 in Fiscal 2015. There has been continued leadership commitment and engagement with focus in areas Safety Communication, Risk Assessment, improving capabilities of employees for Emergency Situations. **TMTL, Thailand** and **TMSA, South Africa** continued good performance in area of Safety and Health during the Fiscal 2015.

### Prevention of Sexual Harassment

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The



Company is committed to providing equal opportunities without regard to their race, caste, sex, religion, colour, nationality, disability, etc. All women associates (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this policy. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological.

During Fiscal 2015, the Company has received three complaints on sexual harassments, which have been substantiated and appropriate actions were taken. 41 workshops or awareness program were carried out against sexual harassment. There were no complaints pending for more than 90 days during the year.

Similar initiatives on Prevention of Sexual Harassment are in place across the Tata Motors Group of Companies.

## BUSINESS RESPONSIBILITY REPORT

Vide its Circular dated August 13, 2012, SEBI mandated the inclusion of Business Responsibility Report (BRR) as a part of Annual Report for top 100 listed entities based on their market capitalisation on BSE Limited and National Stock Exchange of India Limited as on March 31, 2012. The said reporting requirement is in line with the 'National Voluntary Guidelines on social Environmental and Economic Responsibilities of Business (NVGs)' notified by Ministry of Corporate Affairs, Government of India, in July 2011. Pursuant to the above, the Stock Exchanges amended the Listing Agreement by inclusion of Clause 55 providing a suggested framework of a BRR, describing initiatives taken by the Company from an environmental, social and governance prospective in line with the press release and FAQs dated May 10, 2013, issued by SEBI, the Company's BRR is hosted on the Company's website [www.tatamotors.com](http://www.tatamotors.com). Any shareholder interested in obtaining a physical copy of the same may write to the Company Secretary.

## FINANCE

During the year, the free cash flows for Tata Motors Group were ₹3,643 crores, post spend on capex, design and development of ₹31,540 crores. Tata Motors Group's borrowing as on March 31, 2015, stood at ₹73,610 crores (As at March 31, 2014: ₹60,642 crores). Cash and bank balances and investments in mutual funds stood at ₹46,174 crores (As at March 31, 2014: ₹39,206). With healthy profitability and

cash flow generation, the Consolidated Net Automotive Debt to Equity Ratio stood at 0.19 as at March 31, 2015, as compared to 0.07 at March 31, 2014.

The Cash flows from operations were negative at ₹2,563 crores for standalone operations of the Company. Spend on capex, design and development were ₹2,706 crores (net). The borrowings of the Company as on March 31, 2015 stood at ₹21,134 crores (As at March 31, 2014: ₹15,053 crores). Cash and bank balances stood at ₹945 crores (As at March 31, 2014: ₹226 crores).

The Company has issued 4.625% Senior Unsecured Notes of US\$500 million due in 2020 and 5.750% Senior Unsecured Notes of US\$250 million due 2024. The proceeds have been used to refinance existing External Commercial Borrowing (ECB) of the Company aggregating US\$500 million and balance proceeds for being used to incur new additional capital expenditure and other permitted purposes as per RBI ECB guidelines.

The Company issued rated, listed, unsecured, non-convertible debentures of ₹2,600 crores and also raised Rupee loans of ₹506.89 crores to meet its capex requirements.

The Company prepaid Tranche 4 of ₹1,250 crores of Secured, Rated, Credit Enhanced, Listed, 2% Coupon Non-Convertible Debentures (NCDs) inclusive of premium on redemption and prepayment of ₹768.38 crores.

At Jaguar Land Rover, post spend on capex, design and development of GB£2,767 million (₹27,282 crores), the free cash flows were GB£860 million (₹8,479 crores) for Fiscal 2015. The borrowings of the Jaguar Land Rover as on March 31, 2015, stood at GB£2,537 million (₹23,456 crores) [previous year: GB£2,010million (₹19,331 crores)]. Cash and financial deposits stood at GB£4,263 million (₹39,414 crores) [previous year: GB£3,458 million (₹33,257 crores)]. Additionally, JLR has undrawn committed long term bank lines of GB£1,485 million (as per IFRS). Jaguar Land Rover issued 4.250% Senior Notes of USD 500 million due 2019, 3.50% Senior Notes of USD 500 million due 2020 and 3.875% Senior Notes of GBP 400 million due 2023. The proceeds are used for general corporate purposes, including support for the on-going growth and capital spending plan and for prepayment of 8.125% Senior Notes due 2021 (USD 410 million) and 8.25% Senior Notes due 2020 (GBP 500 million).

TML Holdings Pte Ltd, Singapore, a 100% subsidiary of the Company, holding the investment in Jaguar Land Rover and other foreign subsidiaries issued 5.750% Senior Notes of US\$300 million due

2021. Tata Motors Finance Limited raised ₹50.30 crores by an issue of unsecured, subordinated perpetual non-convertible debentures towards Tier 1 and Tier 2 Capital and ₹235 crores by an issue of unsecured, subordinated non-convertible debentures towards Tier 2 Capital in order to meet growth strategy and improve Capital Adequacy ratio.

Tata Motors Group has undertaken and will continue to implement suitable steps for raising long term resources to match fund requirements and to optimise its loan maturity profile.

During the year, the Company's rating for foreign currency borrowings was revised upward to "Ba2" Stable by Moody's and was retained with an improvement in the outlook by Standard & Poors to "BB"/Positive. For borrowings in the local currency, the ratings was retained by Crisil at "AA"/Stable and was revised upwards by ICRA to "AA"/Stable. The Non-Convertible Debentures and Long Term Bank facilities i.e. (Buyers Credit) rating by CARE was retained at "AA+"/Stable. During the year, Jaguar Land Rover's rating was retained with an improvement in the outlook by Moodys to "Ba2"/Positive and by Standard & Poors at "BB"/Positive. For Tata Motors Finance, CRISIL has maintained its rating on long-term debt instruments and bank facilities to 'CRISIL "AA/ A1+"/ Stable.

## FIXED DEPOSITS

The Company has not accepted any public deposits during Fiscal 2015. There were no over dues on account of principal or interest on public deposits other than the unclaimed deposits as at the year end.

## EXTRACT OF ANNUAL RETURN

As provided under Section 92(3) of the Act, the details forming part of the extract of the Annual Return in Form MGT 9 is annexed herewith as **Annexure-1**.

## INFORMATION TECHNOLOGY AND DIGITAL PRODUCT DEVELOPMENT INITIATIVES

### a. Information Technology Initiatives

The Company harnesses the potential of Information Technology for enabling the business functions and strives to create a competitive advantage through its maximum use. The Company leverages its strong partnerships with product and services companies to support

business growth and innovation, which enable the Company to strengthen its core technology capabilities and be the industry pioneers in various technology adoptions.

The major highlights of IT at the Company are:

- commemorated 15 years of the SAP implementation, in strengthening and automating its business processes. The Company has been one of the early adopters of ERP in the country and continues to evolve its ERP capabilities.
- has undertaken a major program to digitize its supplier workflows from design to contracting. It is also a key player in AutoDx, the EDI initiative under the SIAM ACMA umbrella.
- won many awards including the IDC Leadership award, Cloud Icon, Automotive Icon, Industry influencer awards etc.
- implemented demand planning and management systems for vehicles as well as spare parts to improve availability and lower inventories.
- implementing a mobility strategy with mobile security, testing, collaboration apps, analytics apps, sales force apps, telematics apps, and International Business custom apps.

The Tata Motors group Companies are being mapped in order to leverage the economies of scale in procurement extension of TML global contract to its subsidiaries.

### b. Digital Product Development Systems Initiatives

The Company has constantly adopted new technologies and practices in digital product development domain, to drive improvements in productivity and quality, by process optimization to meet product targets.

The Company implemented latest versions of core design software tools and PLM, delivering improved feature sets and reduced design cycle time. Key enhancements in product design domain include modular approach to piping design and wiring harness, introduction of Systems Engineering as a new domain in PLM.

For improving the product quality, the Company focused on realistic product visualization for better decision making, development of new knowledge based engineering (KNEXT) applications such as passenger safety systems and additional 18 new applications, enhanced and efficient high performance computing for quick results through resource optimization and pre-post automations, digitization of existing factories enabling what-if analysis for new product manufacturing.

For improving process control and collaboration, 29 new applications were developed and implemented with home-grown pFirst application framework. As part of this, systems were developed to manage WCQ, CPA, Craftmanship, and Design change request domains.

### Subsidiaries

#### Jaguar Land Rover (JLR):

JLR continues to take business benefits through its Business Transformational Initiative, i-PLM, delivered through a strategic partnership with a leading software technology provider. At the core of i-PLM solution is a 'Single Source of Truth', author once, consume everywhere philosophy. This Vision and the close alignment with the partner's software platform, delivers a simplified Product Creation Landscape that eliminates inefficient integration issues at source. As part of this transformational journey, one vehicle programme was considered for migration from its legacy systems. In this,

- ▶ All solution elements delivered with some elements deployed across all vehicle programmes.
- ▶ All data has been migrated with user adoption nearing completion. Hyper-care is in place to manage the BOM driven cultural change.
- ▶ Training facilities fully functional, with 1,618 unique people trained in the classroom and 3,468 through e-learning.
- ▶ The support processes & team are active with a customer satisfaction running at 97%.

#### Tata Daewoo commercial vehicles (TDCV):

Legacy computing infrastructure for PLM was migrated to the latest, highly available virtualized platform. Existing Engineering Release System (ERS) migrated to the new platform with enhanced data synergy in PLM.

#### Tata Motors European Technical Centre (TMETC):

Legacy computing infrastructure for PLM was migrated to the latest, highly available virtualized platform with centralized storage. Virtual validation capability was augmented and TMETC worked on robustness analysis of the product.

#### Tata Technologies Limited (TTL):

TTL invested in strategic technologies aligned with its business goals and customer needs, resulting in prudent investment in state-of-the-art software and hardware technology while delivering solution and service to all internal and external stakeholders. TTL deployed a new

powerful and scalable high performance computing cluster in both UK and Hinjewadi with best in class technology.

### TECHNOLOGY AND ENVIRONMENT FRIENDLY INITIATIVES

- ▶ Fuel efficiency improvement by implementing On-Off strategies for auxiliaries in different drive modes of vehicle operation.
- ▶ Development of API CI4+ 15W40 engine oil enhancing oil drain interval leading to customer delight. Improvement in engine oil to enhance oil drain interval helps customer to reduce cost of ownership. It helps in reducing downtime and less oil is discarded reducing environmental impact.
- ▶ Continuation of fuel efficiency improvement initiatives on Passenger & Commercial engines through software features in engine management system & vehicle level parameter optimisation (e.g. Economy mode feature in Zest).
- ▶ Producer Gas Engine development using producer gas from bio-mass available in rural area.
- ▶ Emission-free public mobility – Trolley Bus / fast charging bus concept is being developed. These buses will offer better efficiency and operational freedom compared to Battery Electric Buses.
- ▶ Tata Magic and Tata Iris electric vehicles were demonstrated in Auto Expo 2014. A fleet of small number of electric vehicles is under homologation.
- ▶ Collaborative initiative to investigate sustainable synthetic fuels for India and developing nations.
- ▶ Designed, developed and demonstrated Hydrogen fuelled, zero emission fuel cell bus for urban transportation. Further testing is in progress at Sanand, Gujarat and further 3 buses are being built.

### CONSOLIDATED FINANCIAL STATEMENTS

Tata Motors announces consolidated financial results on a quarterly basis. As required under the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with Accounting Standard 21 issued by the Institute of Chartered Accountants of India, form part of the Annual Report and are reflected in the Consolidated Financial Statements of the Company. Pursuant to Section 129(3) of the Act, a statement containing the salient features of the financial statements of the subsidiary companies is attached to the Financial Statements in **Form AOC-1**. The Company will make available the said financial statements and related detailed information of the subsidiary

companies upon the request by any member of the Company or its subsidiary companies. These financial statement will also be kept open for inspection by any Member at the Registered Office of the Company and the subsidiary companies.

Pursuant to the provisions of section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company.

## SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

Tata Motors had 76 (direct and indirect) subsidiaries (11 in India and 65 abroad) as on March 31, 2015, as disclosed in the accounts.

During the year, the following changes have taken place in subsidiary companies:

### Subsidiary companies formed/acquired:

- ◀ Shanghai Jaguar Land Rover Automotive Services Company Limited was incorporated with effect from March 10, 2014.
- ◀ Jaguar Land Rover Limited acquired JDHT Limited with effect from February 2, 2015.
- ◀ Cambric Corporation merged into Cambric Holdings Inc with effect from December 31, 2014.
- ◀ Cambric Holdings Inc. merged into Tata Technologies Inc with effect from December 31, 2014.
- ◀ Tata Motors Finance Limited acquired Rajasthan Leasing Private Limited with effect from January 19, 2015 and renamed it as Tata Motors Finance Solutions Private Limited on March 18, 2015.

### Companies ceasing to be subsidiary companies / ceased operations:

- ◀ Land Rover Group Limited liquidated with effect from June 30, 2014.
- ◀ Cambric Managed Services Inc. dissolved with effect from September 9, 2014.

### Name changes

- ◀ Cambric Consulting SRL was renamed as Tata Technologies SRL with effect from February 4, 2015.

### Capital Re-structuring

- ◀ Shareholding in PT Tata Motors Indonesia alongwith its subsidiary, were transferred to TML Holdings Pte. Limited with effect from October 20, 2014.
- ◀ Shareholding in Tata Motors (Thailand) Limited increased from 94.36% to 95.28%.

- ◀ Tata Hispano Motors Carrocera S.A., a non-operational subsidiary transferred its shareholding in Tata Hispano Motors Carrocerries Maghreb SA to the Company with effect from June 23, 2014.

Besides the above, Jaguar Land Rover continued to integrate / restructure legal entities for manufacturing and for exporting globally as combined brand legal entities. Other than the above, there has been no material change in the nature of the business of the subsidiary companies.

### Associate Companies

As at March 31, 2015, Tata Motors had 6 associate companies as disclosed in the accounts. During the year the following changes were witnessed therein:

- ◀ Tata Hitachi Construction Machinery Company Pvt. Ltd. was converted from a Public Ltd. company with effect from March 5, 2015.

### Joint Ventures

As at March 31, 2015, Tata Motors had 6 Joint Ventures as disclosed in the accounts. During the year the following changes were witnessed therein:

- ◀ Tata Cummins Private Limited was converted from a Public Ltd. company with effect from December 16, 2014.
- ◀ Fiat India Automobiles Pvt. Limited was converted from a Public Ltd. company with effect from January 19, 2015.

The Company has adopted a Policy for determining Material Subsidiaries in line with Clause 49 of the Listing Agreement. The Policy, as approved by the Board, is uploaded on the Company's website (URL: [www.tatamotors.com/investors/pdf/material.pdf](http://www.tatamotors.com/investors/pdf/material.pdf)).

## ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Act, read along with Rule, 8 of the Companies (Accounts) Rules, 2014, is annexed as **Annexure-2**.

## CORPORATE GOVERNANCE

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Practicing Company Secretary confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with the Indian Stock Exchanges is included in the Annual Report.

## DIRECTORS

Pursuant to Section 149(10) of the Act, read along with the Rules framed thereunder, the Members had at the Annual General Meeting of the Company held on July 31, 2014, approved the appointment of Independent Directors (viz Mr N Munjee, Mr V K Jairath, Ms Falguni Nayar) from July 31 2014 to July 30, 2019 i.e. for 5 consecutive years, except for Mr Nusli Wadia, Dr Raghunath Mashelkar and Mr Subodh Bhargava who shall be retiring on February 14, 2019, December 31, 2017 and March 2, 2017 respectively on attaining the age of 75 years in accordance with the retirement age of Directors. Further, pursuant to the Sections 149(13) and 152 of the Act, provisions for the retirement of rotation of directors shall not apply to such Independent Directors.

Mr Ravi Kant stepped down as the Vice Chairman and Director of the Company with effect from June 1, 2014 in accordance with the Companies Policy for Retirement Age of Directors. Mr Kant had by his stewardship and guidance significantly contributed to the Company's growth and global aspiration. He had played a stellar role in the Jaguar Land Rover's acquisition and its turnaround and guiding many of the Company's key initiative and strategies. The Board placed on record its appreciation for the contribution made and role played by Mr Kant over the last 14 years on the Board of the Company.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Clause 49 of the Listing Agreement.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr Satish Borwankar retires by rotation and is eligible for re-appointment.

Post demise in January 2014 of Mr Karl Slym, the then Managing Director, the Board is actively engaged in a talent search and recruitment process for filling up this critical leadership position. In the meantime, the Company operates through Corporate Steering Committee (CSC) that meets regularly to oversee the Company's operations. The Committee is headed by the Chairman of the Board and its other members comprise Mr Ravindra Pisharody, Mr Satish B Borwankar, Mr C Ramakrishnan, Dr Timothy Leverton, Mr Mayank Pareek and Mr G Chandel. The CSC met 19 times in Fiscal 2015.

The Company has incurred loss for the Fiscal Year 2015. Accordingly, the disclosure required under Schedule V, Part II, proviso of Section 11 B (iv) (IV) of the Act, is annexed herewith as **Annexure- 3**.

## KEY MANAGERIAL PERSONNEL

During the year under review, the Company has designated following personnel as KMPs as per the definition under Section 2(51) and Section 203 of the Act.

- ◀ Mr Ravindra Pisharody, Executive Director (Commercial Vehicles)
- ◀ Mr Satish Borwankar, Executive Director (Quality)
- ◀ Mr C Ramakrishnan, Chief Financial Officer
- ◀ Mr Hoshang Sethna, Company Secretary

## GOVERNANCE GUIDELINES

The Company has approved of Governance Guidelines on Board Effectiveness. The Governance Guidelines cover aspects related to composition and role of the Board, Chairman and Directors, Board diversity, definition of independence, Director term, retirement age and Committees of the Board. It also covers aspects relating to nomination, appointment, induction and development of Directors, Director remuneration, Subsidiary oversight, Code of Conduct, Board Effectiveness Review and Mandates of Board Committees.

### Selection and procedure for nomination and appointment of Directors

The Nomination and Remuneration Committee is responsible for developing competency requirements for the Board based on the industry and strategy of the Company. The Board composition analysis reflects in-depth understanding of the Company, including its strategies, environment, operations, financial condition and compliance requirements.

The Nomination and Remuneration Committee conducts a gap analysis to refresh the Board on a periodic basis, including each time a Director's appointment or re-appointment is required. The Committee is also responsible for reviewing and vetting the CVs of potential candidates vis-à-vis the required competencies, undertake a reference and due diligence and meeting potential candidates, prior to making recommendations of their nomination to the Board. At the time of appointment, specific requirements for the position, including expert knowledge expected, is communicated to the appointee.

### Criteria for Determining Qualifications, Positive Attributes and Independence of a Director

The Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of Directors in terms of provisions of Section 178 (3) of the Act and Clause 49 of the Listing Agreement, which is annexed as **Annexure-4**.

## REMUNERATION POLICY

The Company has in place a Remuneration Policy for the Directors, Key Managerial Personnel and other employees, pursuant to the provisions of the Act and Clause 49 of the Listing Agreement, the same is annexed as **Annexure-5**.

## BOARD EVALUATION

Pursuant to the provisions of the Act and the corporate governance requirements as prescribed by SEBI under Clause 49 of the Equity Listing Agreement, the Board of Directors ("Board") has carried out an annual evaluation of its own performance, and that of its Committees and individual Directors.

The performance of the Board and individual Directors was evaluated by the Board seeking inputs from all the Directors. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members. The Nomination and Remuneration Committee ("NRC") reviewed the performance of the individual Directors. A separate meeting of Independent Directors was also held to review the performance of Non-Independent Directors; performance of the Board as a whole and performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors. This was followed by a Board meeting that discussed the performance of the Board, its Committees and individual Directors.

The criteria for performance evaluation of the Board included aspects like Board composition and structure; effectiveness of Board processes, information and functioning etc. The criteria for performance evaluation of Committees of the Board included aspects like composition of Committees, effectiveness of Committee meetings etc. The criteria for performance evaluation of the individual Directors included aspects on contribution to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc. In addition the Chairperson was also evaluated on the key aspects of his role.

## FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The details of the programme for familiarisation of the Independent Directors with the Company in respect of their roles, rights, responsibilities in the Company, nature of the industry in which Company operates, business model of the Company and related matters are put up on the website of the company (URL: [www.tatamotors.com/investors/pdf/familiarisation-programme-independent-directors.pdf](http://www.tatamotors.com/investors/pdf/familiarisation-programme-independent-directors.pdf)).

## BOARD MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year under review, ten Board Meetings were convened and held.

Details of the composition of the Board and its Committees and of the Meetings held, attendance of the Directors at such Meetings and other relevant details are provided in the Corporate Governance Report.

## VIGIL MECHANISM

The Company has adopted a Whistle Blower Policy establishing vigil mechanism, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The policy of vigil mechanism is available on the Company's website (URL: [www.tatamotors.com/investors/pdf/whistle-blower-policy.pdf](http://www.tatamotors.com/investors/pdf/whistle-blower-policy.pdf)).

## PARTICULARS OF EMPLOYEES

The information on employees who were in receipt of remuneration of not less than ₹60 lakhs during the year or ₹5 lakhs per month during any part of the said year as required under Section 197 (12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the Annexure forming part of the Report. In terms of proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. The said statement is also open for inspection at the registered office of the Company. Any member interested in obtaining a copy of the same may write to the Company Secretary.

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are Annexed to the report as **Annexure-6**.

## CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure -7** of this report in the format prescribed in the Companies (CSR Policy) Rules, 2014. The Policy is available on the Company's website (URL: [www.tatamotors.com/investors/pdf/csr-policy-23july14.pdf](http://www.tatamotors.com/investors/pdf/csr-policy-23july14.pdf)).

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

The details of Loans, Guarantees or Investments made during the year are given below:

(₹ in crores)

Sr No.	Companies	Nature of Transaction	Loans	Guarantees	Investments
1	Tata Hispano Motors Carrocera S A*	Loan	63.83	-	-
2	TAL Manufacturing Solutions Ltd.	Inter-Corporate Deposits	10.00	-	-
3	PT Tata Motors Indonesia Ltd.	Investment in Shares	-	-	46.85
4	TAL Manufacturing Solutions Ltd.	Investment in Rights Issue	-	-	35.00
5	Tata Hispano Motors Carrosseries Maghreb	Investment in Shares	-	-	26.07
6	Tata Hitachi Construction Machinery Co. Pvt. Ltd.	Rights Issue of Optionally Convertible Preference Shares	-	-	159.00
7	Tata Motors European Technical Centre Plc	Investment in Shares	-	-	28.71

Notes:

- (i) \* No fresh Loan was disbursed, however the above mentioned loans maturing during the year have been further extended.
- (ii) Guarantees other than in connection with a loan given to any person is given under Note No. 30 (ii) (c) in the Standalone Financial Statements in the full Annual Report.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/ arrangements/ transactions entered by the Company during the financial year with related parties were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Act and the Listing Agreement. There are no materially significant Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee comprising Mr N Munjee, Chairman, Dr R A Mashelkar, Mr V K Jairath and Ms Falguni Nayar being the Independent Directors of the Company, for its approval. A statement of all Related Party Transactions is placed before the Audit Committee for its review on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Company has adopted a Related Party Transactions Policy. The Policy, as approved by the Board, is uploaded on the Company's website (URL: [www.tatamotors.com/investors/pdf/rpt-policy.pdf](http://www.tatamotors.com/investors/pdf/rpt-policy.pdf)).

There have been no materially significant related party transactions between the Company and Directors, the management, subsidiaries or relatives.

During the Fiscal 2015 there are no material transactions between the Company and the related parties as defined under Clause 49 of the Listing Agreement. Further, all transactions with related parties have been conducted at an arm's length basis and are in ordinary course of business. Accordingly there are no transactions that are required to be reported in **Form AOC-2** and as such does not form part of the Report.

## AUDIT

In the last Annual General Meeting (AGM) held on July 31, 2014, M/s. Deloitte Haskins & Sells LLP, (DHS), Chartered Accountants have been appointed Statutory Auditors of the Company for a period of 3 years. Ratification of appointment of Statutory Auditors is being sought from the Members of the Company at this AGM. Further, DHS have, under Section 139(1) of the Act and the Rules framed thereunder furnished a certificate of their eligibility and consent for appointment.

Further, the report of the Statutory Auditors alongwith notes to Schedules is enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

The Auditor's Report does not contain any qualification, reservation or adverse remark.

## COST AUDIT

As per Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice. The Board of Directors of the Company has on the recommendation of the Audit Committee, approved the appointment of M/s Mani & Co. having registration No.000004 as the cost auditors of the Company to conduct cost audits pertaining to relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time for the year ending March 31, 2016, at a remuneration of ₹ 5 lakhs plus out of pocket expenses.

M/s Mani & Co., have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for the past several years under the provisions of the erstwhile Companies Act, 1956.

## SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Parikh & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as **Annexure-8**. The Secretarial Audit Report does not contains any qualifications, reservation or adverse remarks.

## DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost, external agencies and secretarial auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2014-15.

Accordingly, pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;

- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were generally operating effectively\*; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

*\*Please refer to the Section "Internal Control Systems and their Adequacy in the Management Discussion and Analysis.*

## ACKNOWLEDGEMENTS

The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's performance. The Directors would also like to thank the employee unions, shareholders, customers, dealers, suppliers, bankers, Government and all the other business associates for the continuous support given by them to the Company and their confidence in its management.

On behalf of the Board of Directors

**CYRUS P MISTRY**

Chairman

Mumbai, May 26, 2015