MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY OVERVIEW

INDIA

In the wake of a new Central Government, higher spending on gross capital formation, slowing inflation, lowering interest rates and crude oil price compared to the previous fiscal year, some sectors of the economy have started showing signs of revival and higher growth. Both fiscal and current account deficits remained relatively stable, which contributed to growth.

As adjusted for a methodological revision in India's GDP calculation, GDP for Fiscal 2014 increased by 6.9% (compared to a previous estimate of 4.7%) and GDP for Fiscal 2015 increased by 7.3% (compared to a previous estimate of 5.5%). Growth in Agriculture and Industry decreased in Fiscal 2015 by 1.1% as compared to 3.7% while services sector growth increased by 8.4% as compared to 11.1% in the same period. IIP growth has shown signs of revival based on increases in IIP between November 2014 to March 2015. IIP increased by 2.8% in Fiscal 2015 as compared to a decrease of 0.1% in Fiscal 2014. Significant factors influencing IIP growth in Fiscal 2015 included a 1.4% increase in the mining sector in Fiscal 2015 compared to a decrease of 0.6% in Fiscal 2014, and an increase in the manufacturing sector of 2.3%, compared to a decrease of 0.8% in Fiscal 2014. However, consumer durables continue to remain negative at 12.5% (negative 12.2% in Fiscal 2014) (Source: Ministry of Statistics and Programme implementation).

The domestic auto industry witnessed growth during Fiscal 2015, compared to a contraction in the previous year. Lower interest rates and inflation in Fiscal 2015 compared to Fiscal 2014 contributed to an improvement in consumer sentiment, which in turn contributed to an increase in automobile purchases. Expectations of higher capital expenditures and revivals in the mining, quarrying and manufacturing sectors contributed to replacements of old vehicles in commercial fleets, which in turn contributed to growth in the domestic auto industry.

WORLD

Global growth remains moderate 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 certain large emerging market economies alongside oil and raw material exporting economies. Oil prices have declined during the year due to weaker than expected global activity and a weaker demand for oil against the available supply. Exchange rate movements in recent months have been sizable, reflecting changes in expectations about growth and monetary policy across major economies. Long-term government bond yields have declined in major advanced economies, reflecting in part lower inflation expectations, the sharp decline in oil prices and weak domestic demand.

The US economy growth was stronger than expected and has been creating jobs, resulting in a decline in the unemployment rate. Furthermore, lower oil prices, increases in incomes and improved consumer confidence have resulted in growth in the US.

The Eurozone was in a recession for much of 2014, but showed signs of economic improvement in the fourth quarter and in early 2015, with consumption supported by lower oil prices and higher net exports. Growth in the Eurozone is gradually picking up, driven by lower energy prices, a weaker Euro and a loose monetary policy by the European Central Bank. Germany and France continue to be growth engines of the region. However, Italy, Spain, Portugal and Greece experienced high unemployment and diminishing growth in Fiscal 2015. In 2014, the GDP in the UK grew by 2.6%. UK labour market conditions improved as employment increased. Rising consumer and business confidence contributed to stronger retail sales and investment spending.

Economic expectations and results for emerging markets differed across regions, and were impacted by various economic factors. Growth in Latin America in the second half of 2014 was modest, reflecting weak economic activity in Brazil, lower than expected growth in Mexico, and weakening momentum in other economies in the region. In China the growth rate declined, reflecting an overall economic slowdown, including in the real estate sector. The Chinese government continues to support the economy, including through the easing of monetary policy. Economic performance in Russia was impacted by the increase in geopolitical tensions, lower crude oil prices and economic sanctions. In Japan, growth in 2014 was close to zero, reflecting weak consumption and decreasing investment by households. In South Africa, domestic growth remains weak due to weak external demand, which has been offset by lower oil prices and inflation.

Risk Factors

Risk associated with the Company's Business and the Automotive Industry.

Deterioration in global economic conditions could have a

material adverse impact on the Company's sales and results of operations.

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

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

In addition, the Indian automotive market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to economic developments in one country can have adverse effects on the securities of companies and the economy as a whole in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. A slower than expected global economic recovery or a significant financial disruption could have a material adverse effect on the Company's cost of funding, portfolio of financing loans, business, prospects, results of operations, financial condition and the trading price of the Company's shares or American Depositary Shares, or ADSs.

The Company's 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. While the automotive market in the United States, United Kingdom and Europe experienced healthy growth in Fiscal 2015, headwinds remain. Low economic growth in the Eurozone prompted the European Central Bank to engage in quantitative easing beginning in January 2015, and uncertainty over debt negotiations with Greece remains. Economic sanctions and declining energy prices continue to impact Russia. Recessionary concerns are mounting in Brazil whereas China's economy is showing signs of slowing. Jaguar Land Rover's ambitions for growth in emerging markets such as China, India, Russia and Brazil, may not materalise as expected, which could have a significant adverse impact on the Company financial performance. If automotive demand softens because of lower or negative economic growth in key markets (notably China) or other factors, the Company's operations and financial condition could be materially and adversely affected.

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

Some of the Company's financing agreements and debt arrangements set limits on or require it to obtain lender consent 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 consent for such activities. However, there can be no assurance that it will be able to obtain such consents in the future. If the Company's liquidity needs, or growth plans, require such consents and such consents are not obtained, it may be forced to forego or alter plans, which could materially and adversely affect the Company's financial condition and results of operations.

If the Company breaches its financing agreements, the outstanding amounts due thereunder could become due and payable immediately or result in increased costs. A default under one of these 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. The Company's lenders and guarantors could impose additional operating and financial restrictions on the Company, or otherwise seek to modify the terms of its existing financial agreements. This could have a material adverse effect on the Company's financial condition and results of operations.

In Fiscal 2014, the Company had been in breach of financial covenants relating to the ratio of total outstanding liabilities to tangible net worth, and to the debt service coverage ratio in various financing agreements. The Company requested and obtained waivers of its obligations from the lenders and guarantors to pay additional costs as a consequence of such breaches. These breaches have not resulted in an event of default in the Company's financing agreements or the payment of penalties.

In Fiscal 2015, the Company has prepaid the above borrowings and hence there has not been any breach of financial covenants. However, there can be no assurances that the Company will succeed in obtaining consents or waivers in the future from its lenders or guarantors in the future, and future non-compliance with the financial covenants contained in the Company's financial agreements may lead to increased cost for future financings.

Exchange rate and interest rate fluctuations could materially and adversely affect the Company's financial condition and results of operations.

The Company's operations are subject to risks arising from fluctuations in exchange rates with reference to countries in which the Company operates. The Company imports capital equipment, raw materials and components from, manufactures vehicles in, and sells vehicles in various countries, and therefore the Company's revenues and costs have significant exposure to the relative movements of the GBP, the US dollar, the Euro, the Russian Ruble, the Chinese Renminbi, the Japanese Yen and the Indian rupee.

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 the Company's borrowings and foreign currency assets and liabilities due to currency fluctuations.

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 Company manages its interest and foreign exchange exposure through the use of financial hedging instruments such as forward contracts, swap agreements and option contracts, higher interest rates and foreign exchange volatility could significantly increase the Company's cost of borrowing, which could have a material adverse effect on its financial condition, results of operations and liquidity.

Intensifying competition could materially and adversely affect the Company's sales, financial conditions and results of operations.

The global automotive industry is highly competitive and competition is likely to further intensify in light of continuing globalisation 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 expanding in emerging markets, such as China, India, Russia, Brazil and parts of Asia. Factors affecting competition include product quality and features, innovation and the timing of the introduction of new products, cost control, pricing, reliability, safety, fuel economy, environmental impact (and perception thereof), customer service and financing terms. There can be no assurance that the Company will be able to compete successfully in the global automotive industry in the future.

The Company also 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. There can be no assurance that the Company will be able to implement future strategies in a way that will mitigate the effects of increased competition in the Indian automotive industry.

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

The Company's future success depends on its ability to satisfy changing customer demands by offering innovative products in a timely manner and maintaining such products' competitiveness and quality.

The Company's competitors may gain significant advantages if they are able to offer products satisfying customer needs earlier than the Company is able to, which could adversely impact, the Company's sales and profitability. Unanticipated delays or cost overruns in implementing new product launches, expansion plans or capacity enhancements could also 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. Increased government regulation, rising fuel prices, and evolving environmental preferences of consumers has brought significant pressure on the automotive industry to reduce CO_2 emissions. The Company's operations may be significantly impacted if it experiences delays in developing fuel-efficient products that reflect changing customer preferences. In addition, deterioration in the quality of vehicles could force the Company to incur substantial cost and damage to its reputation. There can be no assurance that the market acceptance of the Company's future products will meet sales expectations, in which case the Company may be unable to realise the intended economic benefits of the investments, and its revenues and profitability may decrease materially.

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

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

The Company is subject to risks associated with product liability warranties and recalls.

Should it supply defective products, parts, or related after-sales services, the Company is subject to risks and costs associated with product liability, including negative publicity, which may have a material adverse effect on the Company's business, financial conditions and results of operations. These events could also require the Company to spend considerable resources in correcting these problems and could significantly reduce demand for the Company's products. In Fiscal 2015, the Company implemented product recalls for Jaguar Land Rover vehicles sold in North America and China. 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 presence.

The Company is subject to risks associated with the automobile financing business.

The Company is subject to risks associated with its automobile financing business in India. In Fiscal 2015, the market share of the Company's automobile financing business, which supports sales of the Company vehicles, declined to 24.0% from 30.0% in Fiscal 2014. Any default by the Company's customers or inability to repay installments as due could materially and adversely affect the Company's business, financial condition, results of operations and cash flows.

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

Jaguar Land Rover has consumer financing 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 the Company's vehicles. This could materially reduce the Company's sales and net income. Furthermore, Jaguar Land Rover also offers residual value guarantees on the leases of certain vehicles in some markets. Any significant declines in used car valuations could materially and adversely affect the Company's sales, financial condition and results of operations.

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

Underperformance of the Company's distribution channels and supply chains may have a material adverse effect on the Company's sales, financial condition and results of operations.

The Company's products are sold and serviced through a network of authorised dealers and service centres across the domestic market and via 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 Company's expectations. There can be no assurance, however, that these expectations will be met. Any underperformance by the Company 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. 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 disrupt its business and materially affect the results of operations as well as its sales and net income.

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

In respect of the Jaguar Land Rover operations, as part of a separation agreement from Ford Motor Company, the Company has entered into long-term supply agreements for critical components with Ford Motor Company and certain other third parties for critical components which requires Jaguar Land Rover to purchase fixed quantities of parts through take-or-pay contracts. Any disruption of such services or invocation of take-or-pay contracts could have a material adverse effect on the Company's business, financial condition and results of operations.

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

In Fiscal 2015 and Fiscal 2014, the consumption of raw materials, components and aggregates and purchase of products for sale (Consolidated) approximately 60.9% and 61.7%, respectively, of the Company's total revenues. 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 the price of input materials could severely impact its profitability, to the extent such increase cannot be absorbed by the market through price increases and/or could have a negative impact on demand.

In addition, an increased price and supply risk could arise from the need for rare and frequently sought-after raw materials for which demand is high, such as rare earths, which are predominantly found in China. Rare earth metal prices and supply remain uncertain. In the past, China has limited the export of rare earths from time to time. Due to intense price competition and the Company's 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, especially in the commercial and premium vehicle categories where increased fuel prices have an impact on demand. If the Company is unable to find substitutes for supplies of raw materials, pass price increases on to customers or safeguard the supply of scarce raw materials, the Company's vehicle production, business and results from operations could be affected.

Deterioration in the performance of any of the subsidiaries, joint ventures and affiliates may adversely the Company's results of operations.

The Company has made and may continue to make capital commitments to its subsidiaries, joint ventures and affiliates. If the business or operations of any of these subsidiaries, joint ventures and affiliates deteriorates, the value of the Company's investments may decline substantially. The Company is also subject to risks associated with joint ventures and affiliates wherein the Company retains only partial or joint control. The Company's partners may be unable or unwilling to fulfill their obligations, or the strategies of the Company's joint ventures or affiliates may not be implemented successfully, any of which may materially reduce the value of the Company investments, which may in turn have a material adverse effect on the Company's reputation, business, financial position or results of operations.

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

Jaguar Land Rover, which contributes a large portion of the Company's consolidated revenues, generates a significant portion of its sales in China, the United Kingdom, North American and continental European markets. Furthermore, in the fourth quarter of Fiscal 2015, retail sales of Jaguar Land Rover in China decreased by 20% to 23,526 units from 29,567 units compared to the same period in Fiscal 2014. A decline in demand for Jaguar Land Rover vehicles in these major markets, including China, or inability to maintain its pricing strategy in these markets, including China, may significantly impair the Company's business, financial position and results of operations.

The Company is subject to risks associated with growing the business through mergers and acquisitions.

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

For example, the Company acquired the Jaguar Land Rover business from Ford Motor Company in June 2008, and Jaguar Land Rover has become a significant part of the Company's business and accounted for approximately 86% of its total revenues for Fiscal 2015. As a result of the acquisition, the Company is responsible for, among other things, the obligations and liabilities associated with the legacy business of Jaguar Land Rover. There can be no assurances that any legacy issues at Jaguar Land Rover or any other acquisition the Company has undertaken in the past or will undertake in the future would not have a material adverse effect on its business, financial condition and results of operations, as well as its reputation and prospects.

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 are seamless integration, effective management of the merged and/or acquired entity, retention of key personnel, cash flow generation from synergies in engineering and sourcing, joint sales and marketing efforts, and management of a larger business. If any of these factors fails to materialise or if the Company is unable to manage any of the associated risks successfully, the Company's business, financial condition and results of operations could be materially and adversely affected.

The automobile business is seasonal in nature and substantial decrease in sales during certain quarters could have a material adverse impact on the Company's financial performance.

The sales, volumes and prices for the Company 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 the Company's 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.

The Jaguar Land Rover business is impacted by the semi-annual registration of vehicles in the United Kingdom where the vehicle registration number changes every March and September, which, in turn, has an impact on the resale value of vehicles. Most other markets, such as the United States, are influenced by the introduction of new-model-year products which typically occurs in the autumn of each year, and there is some seasonality around the purchase of vehicles in northern states where the purchase of Jaguar vehicles is concentrated in the spring and summer months, and the purchase of 4x4 vehicles is concentrated in the autumn/winter months. Markets in China tend to experience higher demand for vehicles around the Chinese New Year. Demand in western European automotive markets tends to be reduced during the summer and winter holidays. Furthermore, the Company's cash flows are impacted by the temporary shutdown of three of its manufacturing plants in the United Kingdom during the summer and winter holidays. The resulting sales and cash flow profile influences operating results on a quarter to quarter basis.

The Company's business and operations could be materially and adversely affected by labour unrest.

All of the Company's permanent employees in India, other than officers and managers, and most of the permanent employees in South Korea and the United Kingdom, including certain officers and managers, in relation to the Company 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 its 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 facilities or at the facilities of the Company major vendors occur or continue for a long period of time, the Company's business, financial condition and results of operations could be materially and adversely affected.

The Company's business could be negatively affected by the actions of activist shareholders.

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

The Company may have to comply with more stringent foreign investment norms in the event of an increase in shareholding of non-residents or if the Company is considered as engaged in a sector in which foreign investment is restricted.

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

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

The Company's business and prospects could suffer if the Company loses one or more key personnel or if it is unable to attract and retain its employees.

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

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

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

Any inability to manage the Company's growing international business may materially and adversely affect its financial condition and results of operations.

The Company's growth strategy relies on the expansion of the Company's operations by introducing certain automotive products in markets outside India, including Europe, China, Russia, Brazil, the United States, Africa and other parts of Asia. The costs associated with entering and establishing the Company 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 collection of receivables under the legal systems of some foreign countries, the risk of non-tariff barriers, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws, rules and regulations. As part of its global activities, the Company may engage with third-party dealers and distributors which it does not control but which nevertheless take actions that could have a material adverse impact on the Company reputation and business. In addition, the Company cannot assure you that it will not be held responsible for any activities undertaken by such dealers and distributors. If the Company is unable to manage the risks related to its expansion and growth in other parts of the world, the Company's business, financial condition and results of operations could be materially and adversely affected.

The Company has a limited number of manufacturing, design, engineering and other facilities, and any disruption in the operations of these facilities could materially and adversely affect the Company's business, financial condition and results of operations.

The Company has manufacturing facilities and design and engineering centres in India, the United Kingdom, China, South Korea, Thailand, South Africa and Brazil, and has established a presence in Indonesia. The Company could experience disruptions 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 events. Any such disruptions could affect the Company's ability to design, manufacture and sell its products. If any of these events were to occur, there can be no assurance that the Company would be able to shift its design, engineering or manufacturing operations to alternate sites in a timely manner or at all. Any such disruption could materially and adversely affect the Company's business, financial condition and results of operations.

The Company relies on licensing arrangements with Tata Sons Limited to use the "Tata" brand. Any improper use of the associated trademarks by the Company's licensor or any other third parties could materially and adversely affect the Company's business, financial condition and results of operations.

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

The Company is exposed to operational risks, including risks in connection with the Company's use of information technology.

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

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

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

Any failures or weaknesses in the Company's internal controls could materially and adversely affect the Company financial condition and results of operations.

Upon an evaluation of the effectiveness of the design and operation of the Company's internal controls in the annual report on Form 20- F filed with the SEC for the year ended March 31, 2014, the Company concluded that there was a material weakness such that the Company internal controls over financial reporting were not effective as at March 31, 2014. Although the Company has instituted remedial measures to address the material weakness identified and continually review and evaluate its internal control systems to allow management to report on the sufficiency of the Company's internal controls, the Company cannot assure you that it will not discover additional weaknesses in the Company internal controls over financial reporting. Any such additional weaknesses or failure to adequately remediate any existing weakness could materially and adversely affect the Company's financial condition or results of operations and the Company's ability to accurately report its financial condition and results of operations in a timely and reliable manner.

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

The Company owns or otherwise has rights in respect to a number of patents relating to the products the Company manufactures. In connection with the design and engineering of new vehicles and the enhancement of existing models, the Company seeks to regularly develop new intellectual property. 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 Company's business and may continue to be of value in the future. Although the Company does not regard any of the Company's 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 the Company's intellectual property rights, would have a materially adverse effect on the Company's business, financial condition and results of operations. 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.

The Company's insurance coverage may not be adequate to protect the Company against all potential losses to which the Company may be subject, and this may have a material adverse effect on the Company's business, financial condition and results of operations.

While the Company believes that the insurance coverage that it maintains is reasonably adequate to cover all normal risks associated with the operation of its business, there can be no assurance that its insurance coverage will be sufficient, that any claim under such insurance policies will be honured fully or timely, or that the insurance premiums will not increase substantially. Accordingly, to the extent that the Company suffers loss or damage that is not covered by insurance or which exceeds its insurance coverage, or is required to pay higher insurance premiums, the Company's business, financial condition and results of operations may be materially and adversely affected.

Impairment of intangible assets may have a material adverse effect on the Company's results of operations.

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

The Company requires certain approvals or licenses in the ordinary course of business, and the failure to obtain or retain them in a timely manner, or at all, may adversely affect its operations.

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

Political and Regulatory Risks

India's obligations under the World Trade Organisation Agreement could materially affect the Company's business.

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

Compliance with new and current laws, rules, regulations and government policies regarding increased fuel economy, reduced greenhouse gas and other emissions, vehicle safety, taxes and pricing policies in the automotive industry significantly increase the Company's costs and materially decrease its net income.

As an automobile company, the Company is subject to extensive governmental regulations regarding vehicle emissions levels, noise and safety, and levels of pollutants generated by its production facilities. These regulations are likely to become more stringent, and the resulting higher compliance costs may significantly impact the Company's future results of operations. In particular, the United States and Europe have stringent regulations relating to vehicle emissions. The proposed tightening of vehicle emissions regulations by the European Union will require significant costs for compliance. In addition, a number of further legislative and regulatory measures to address greenhouse emissions, including national laws, and the Kyoto Protocol, are in various phases of discussion and implementation.

In order to comply with current and future safety and environmental norms, the Company may have to incur additional costs to (i) operate and maintain its production facilities, (ii) install new emissions controls or reduction technologies, (iii) purchase or otherwise obtain allowances to emit greenhouse gases, (iv) administer and manage the Company's greenhouse gas emissions program, and (v) invest in research and development to upgrade products and manufacturing facilities. If the Company is unable to develop commercially viable technologies or is otherwise unable to attain compliance within the time frames set by new standards, the Company could face significant civil penalties or be forced to restrict product offerings drastically. Moreover, safety and environmental standards may at times impose conflicting imperatives, which pose engineering challenges and would, among other things, increase the Company's costs. While the Company is pursuing the development and implementation of various technologies in order meet the required standards in the various countries in which the Company sells its vehicles, the costs for compliance with these required standards could be significant to its operations and may materially and adversely affect the Company's business, financial condition and results of operations.

Imposition of any additional taxes and levies designed to limit the use of automobiles could significantly reduce the demand for the

Company's products as well as its sales and net income. Changes in corporate and other taxation policies as well as changes in export and other incentives offered by the various governments could also materially and adversely affect the Company's financial condition and results of operations. For example, the Company currently benefits from excise duty exemptions for manufacturing facilities in the State of Uttarakhand and other incentives such as subsidies or loans from states where the Company has manufacturing operations. The Government of India has proposed a comprehensive national goods and services tax, or GST, regime that would combine taxes and levies by the central and state Governments into one unified rate structure. While both the Government of India and 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 or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalised tax structure may be affected by any disagreement between certain state governments, which could create uncertainty. The Government of India has publicly announced its intention to implement the GST on April 1, 2016, however, the Company can make no assurances regarding this timeline.

In addition, regulations in the areas of investments, taxes and levies may also have an impact on the price of the Company shares or ADSs. The PRC antitrust regulator, the Bureau of Price Supervision and Anti-Monopoly of the National Development and Reform Commission, or the NDRC, launched an investigation into the pricing practices of more than 1,000 Chinese and international companies in the automotive industry, including Jaguar Land Rover and many of its competitors, in 2014. The NDRC has reportedly imposed fines on certain of the Company's international competitors as a result of anti-competitive practices pertaining to vehicle and spare part pricing. In response to this investigation, the Company established a process to review the Company's pricing in China and, made reductions in the manufacturer's suggested retail price for the 5.0 litre V8 models and in the price of certain of the Company spare parts. These and other price reductions on the Company products sold in China may significantly reduce the Company revenues and profits generated by operations in China and have a material adverse effect on the Company's financial condition and results of operations. The Company's attempts to offset the potential decline in revenue and profits by increasing operational efficiencies and leveraging economies of scale (for example, through local production in China through the Company's joint venture with Chery Automobiles) may fail or not be as successful as expected. Furthermore, any regulatory action taken, or penalties imposed, by the NDRC or other authorities in China may have significant severe reputational consequences on the Company's business as well as its profitability and prospects.

The Company may be materially and adversely impacted by political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages/prices, epidemics and labour strikes.

The Company's products are exported to a number of geographical markets, and it plans to further expand international operations in the future. Consequently, the Company's operations in those foreign markets may be subject to political instability, wars, terrorism, regional 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, rules and regulations, unclear regulatory and taxation systems and divergent commercial and employment practices and procedures. Any significant or prolonged disruption or delay in the Company's operations related to these risks could materially and adversely affect its business, financial condition and results of operations.

Compliance with new or changing corporate governance and public disclosure requirements adds uncertainty to the Company's compliance policies and increases compliance costs.

The Company is subject to a complex and changing regime of laws, rules, regulations and standards relating to accounting, corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and SEC regulations, SEBI regulations, New York Stock Exchange listing rules and Indian stock market listing regulations. New or changed laws, rules, regulations and standards may lack specificity and are subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. As an example, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, which contains significant corporate governance and executive compensation-related provisions, the SEC has adopted additional rules and regulations in areas such as "say on pay". Similarly, under applicable

Indian laws, for example, remuneration packages may in certain circumstances require shareholders' approval. The Company's management and other personnel may be required to devote a substantial amount of time to such compliance initiatives. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards. The Company is committed to maintaining high standards of corporate governance and public disclosure. However, efforts to comply with evolving laws, rules, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management resources and time.

The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject the Company to higher compliance requirements and increase its compliance costs. A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to the issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in offering documents, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on forward dealing by directors and key management personnel. The Company is also required to spend, in each financial year, at least 2% of its average net profits during the three immediately preceding financial years towards corporate social responsibility activities. Furthermore, the Companies Act, 2013 imposes greater monetary and other liability on the Company and its directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, the Company may need to allocate additional resources, which may increase its regulatory compliance costs and divert management's attention. Accordingly, the Company may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event the Company's interpretation of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, the Company may face regulatory actions or be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as corporate governance norms and insider trading regulations issued by SEBI). Recently, SEBI issued revised corporate governance guidelines which became effective on October 1, 2014. Pursuant to the revised guidelines, the Company is required to, among other things, ensure that there is at least one woman director on the Company Board of Directors at all times, establish a vigilance mechanism for directors and employees and reconstitute certain committees in accordance with the revised guidelines. The Company may face difficulties in complying with any such overlapping requirements. Further, the Company cannot currently determine the impact of certain provisions of the Companies Act, 2013 and the revised SEBI corporate governance norms. Any increase in the Company compliance requirements or in the Company's compliance costs may have an adverse effect on the Company's business, financial condition and results of operations.

The Company may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect the Company's business.

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

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

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

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

Compliance with the SEC's rules for disclosures on "conflict minerals" may be time consuming and costly as well as result in reputational damage.

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

The Company may be materially and adversely affected by RBI policies and actions.

In June 2015, after the RBI announced an interest rate cut coupled with a cautious statement on inflation, the Bombay Sensex dropped over six hundred (600) points, which may have impacted the price of the Company's shares or ADSs. The Company can make no assurances about future market reactions to RBI announcements and their impact on the price of its shares or ADSs. Furthermore, the Company's business could be significantly impacted were the RBI to make major alterations to monetary or financial policy. Certain changes, such as the raising of interest rates, could negatively affect the Company's sales and consequently its revenue, any of which could have a material adverse effect on the Company's financial condition.

The Indian Securities Market is volatile and could affect the Company's share prices.

Indian stock exchanges, including the BSE, have, in the past, experienced substantial fluctuations in the prices of their listed securities. The problems, if they continue or recur, could affect the market price and liquidity of the securities of Indian companies. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which, in some cases, may have had a negative effect on market sentiment.

SEBI received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the securities markets. Subsequently, it has prescribed regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the securities market. There may, however, not be an adequate level of information available about companies listed on the Indian stock exchanges.

Political changes in India could delay and/or affect the further liberalisation of the Indian economy and materially and adversely affect economic conditions in India generally and the Company's business in particular.

The Company's business could be significantly influenced by economic policies adopted by the Government of India. Since

1991, successive governments have pursued policies of economic liberalisation and financial sector reforms. The Government of India has at various times announced its general intention to continue India's current economic and financial liberalisation and deregulation policies. However, protests against such policies, which have occurred in the past, could slow the pace of liberalisation and deregulation. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. While the Company expects any new government to continue the liberalisation of India's economic and financial sectors and deregulation policies, there can be no assurance that such policies will be continued.

The Government of India has traditionally exercised and continues to exercise influence over many aspects of the economy. The Company's business and the market price and liquidity of the Company's shares may be affected by interest rates, changes in policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. In addition, a change in the Government of India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India generally. Any of these factors could have a material adverse effect on the Company's financial condition and results of operations.

Terrorist attacks, civil disturbances, regional conflicts and other acts of violence, particularly in India, may disrupt or otherwise adversely affect the markets in which the Company operates, the Company's business and profitability.

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

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

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

The Company will be required to prepare financial statements under Ind-AS (which is India's convergence to IFRS).

The Company currently prepares annual and interim financial statements under Indian GAAP and annual financial statements under IFRS. The Company will be required to prepare annual and interim financial statements under Indian Accounting Standard 101 "First-time Adoption of Indian Accounting Standards", or Ind-AS from April 1, 2016.

Ind-AS differs in certain respects from Indian GAAP and IFRS and therefore financial statements prepared under Ind-AS may be substantially different from financial statements prepared under Indian GAAP or IFRS. There can be no assurance that the Company's financial condition, results of operation, cash flow or changes in shareholders' equity will not be presented differently under Ind-AS compared to Indian GAAP or IFRS. When the Company adopts Ind-AS reporting, it may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. There can be no assurance that the adoption of Ind-AS will not adversely affect the Company's financial condition or results of operations.

Business Summary

The Company's business segments are (i) automotive operations and (ii) all other operations. The Company's automotive operations are further subdivided into Tata and other brand vehicles (including vehicle financing) and Jaguar Land Rover. The Company primarily operates in the automotive industry. The Company's automotive segment operations include all activities relating to the development, design, manufacture, assembly and sale of vehicles including vehicle financing, as well as sale of related parts and accessories. The acquisition of the Jaguar Land Rover business has enabled the Company to offer premium cars in developed markets such as the United Kingdom, the United States and Europe as well as in emerging markets such as China, Russia and Brazil, where it was not present prior to the acquisition of Jaguar Land Rover. Going forward, the Company expects to focus on profitable growth opportunities in its global automotive business through new products and market expansion. Within automotive operations, the Company continues to focus on integration and synergy through sharing of resources, platforms, facilities for product development and manufacturing, sourcing strategy and mutual sharing of best practices.

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

Overview of the Company's Business

In automotive segment, the Company manufactures and sells passenger cars, utility vehicles, light commercial vehicles, and medium and heavy commercial vehicles. The Company further divides these categories based on the size, weight, design and price of the vehicle. The Company's subcategories vary between and within Tata and other brand vehicles and Jaguar Land Rover businesses.

- **Passenger Cars:** The Company's range of Tata-branded passenger cars include the Nano (micro), the Indica, the Vista, and the Bolt (compact), the Indigo eCS, the Manza and the Zest (mid-sized) in the sedan category. The Company has expanded its passenger car range with several variants and fuel options designed to suit various customer preferences. The Company's Jaguar Land Rover operations have an established presence in the premium passenger car category under the Jaguar brand name. There are four car lines under the Jaguar brand name, including the F-TYPE two seater sports car coupe and convertible (including all-wheel drive derivatives) the XF sedan (including the Sportbrake and all-wheel drive derivatives), the XJ saloon, and the new XE sports saloon.
- **Utility Vehicles:** The Company manufactures a range of Tata-branded utility vehicles, including the Sumo and the Safari (SUVs), the Xenon XT (lifestyle pickup), the Tata Aria (crossover), and the Venture (multipurpose utility vehicle). Under the Safari brand, the Company offers two variants: the Dicor and the Safari Storme. Under the Sumo brand, the Company offers the Sumo Gold. There are six car lines under the brands of Range Rover and Land Rover in the premium all-terrain vehicles categories, comprising the Range Rover, Range Rover Sport, Range Rover Evoque, Land Rover Discovery, Discovery Sport and the Defender.
- **Light Commercial Vehicles:** The Company manufactures a variety of light commercial vehicles, including pickup trucks and small commercial vehicles. This also includes the Tata Ace, India's first indigenously developed mini-truck, with a 0.75 ton payload with different fuel options, the Super Ace, with a 1-ton payload, the Ace Zip, with a 0.6 ton payload, the Magic and Magic Iris, both of which are passenger variants for commercial transportation developed on the Tata Ace platform, and the Winger. In addition, the Company introduced a new generation of Ultra LCV trucks in Fiscal 2015. The company's offerings in the LCV bus segment include the Cityride & Starbus range of buses.
- **Medium & Heavy Commercial Vehicles:** The Company manufactures a variety of medium and heavy commercial vehicles, which include trucks, tractors, buses, tippers, and multi-axled vehicles, with GVWs (including payload) of between 8 tons and 49 tons. In addition, through Tata Daewoo Commercial Vehicles, or TDCV, the Company manufactures a wide array of trucks ranging from 215 horsepower to 560 horsepower, including dump trucks, tractor-trailers, mixers and cargo vehicles. The Prima line of trucks is aimed at its customers in India and South Korea, and the Company has partially extended the offering by offering Prima LX variants of various products of the Prima line. The Company also offers a range of buses, which includes the Divo Coach, the Semi Deluxe Starbus Ultra Contract Bus and the new Starbus Ultra. The Company's range of buses is intended for a variety of uses, including as intercity coaches (with both air-conditioned and non-air-conditioned luxury variants), as school transportation and as ambulances.

Other Operations

The Company's other operations business segment mainly includes information technology services, and machine tools and factory automation services.

Information Technology Services: As at March 31, 2015, the Company owned a 72.32% equity interest in its subsidiary, Tata Technologies Limited, or TTL. TTL specialises in providing engineering services out-sourcing, product development IT services solutions for product lifecycle management, or PLM and Enterprise Resource Management, or ERM, to the world's leading automotive, aerospace and consumer durables manufacturers and their suppliers. TTL's services also include product design, analysis and production engineering, knowledge-based engineering and customer relationship management systems. TTL also distributes, implements and supports PLM products from leading solutions providers worldwide such as Dassault Systems and Autodesk.

TTL has its international headquarters in Singapore, with regional headquarters in the United States, India and the United Kingdom. TTL has a combined global workforce of around 7,804 professionals serving clients worldwide from facilities in the North America, Europe, and Asia Pacific regions. TTL responds to customers' needs through its subsidiary companies and through its six offshore development centres in India, Thailand and Romania.

The Company's Strategy

The Company believes that it has established a strong position in the Indian automobile industry by launching new products, investing in research and development, strengthening its financial position and expanding its manufacturing and distribution network. The Company has increased its presence in the global automotive markets and enhanced its product range and capabilities through strategic acquisitions and alliances. The Company aims to position itself as a major international automotive company by offering products across various markets by combining its engineering and other strengths as well as through strategic acquisitions. The Company's strategy to achieve these goals consists of the following elements:

Continued focus on new product development: During Fiscal 2015, the Company launched the following products:

- Zest: In August 2014, the Company launched the Zest, a sub-four meter compact sedan. It is manufactured at the Pimpri and Ranjangaon plants in Pune, India.
- Bolt: In January 2015, the Company announced the launch of a sporty hatchback, the all-new Bolt, which is manufactured at the Pimpri plant in Pune, India.
- SuperAce Mint: The Tata Ace family of mini trucks offers last mile cargo transport solutions. With the launch of the SuperAce Mint in March 2015, the Company aims to penetrate further into the small pick-up market.
- Xenon and Prima: In January 2015, the Company launched its new-generation Xenon and Prima commercial vehicles in the Malaysian market, with partner DRB-HICOM Commercial Vehicles. Futher, the company launched the prima in middle east markets (South Africa, Oman, Dubai) and Nepal. These were launched in SAARC as well.
- The Company extended the Prima LX range of trucks with the launch of the Multi-axle truck variants - 2523.T & 3123.T
- The Company has developed new Bus models for JnNURM II under Standard, Mini and Midi categories.
- Ultra: In Fiscal 2015, the Company launched the Ultra range of trucks in light commercial vehicle and intermediate commercial vehicles categories, which aims to offer superior technology and design that ensures lowest total cost of ownership through higher uptime because of increased driver comfort, superior aggregates and customised requirements.
- Land Rover Discovery Sport: In September 2014, Jaguar Land Rover revealed to the market the new Discovery Sport, a versatile premium compact sport utility vehicle that is the first member of the new Discovery family. Sales of the new Land Rover Discovery Sport have been underway since early 2015.
- Evoque: In February 2015, Jaguar Land Rover began sales of the locally-manufactured Evoque through its joint venture with Chery Automobile Co. Ltd. in China. The 2016 Range Rover Evoque made its world debut at the Geneva Motor Show in March 2015, the first model from Jaguar Land Rover to feature full-LED adaptive headlamp technology.
- Jaguar XE: The Jaguar XE made its global debut at the 2014 Paris Auto Show and went on sale in May 2015. It is the first aluminium monocoque vehicle in the midsize vehicle category.
- Jaguar XF: The 2016 Jaguar XF made its official world debut at the 2015 New York International Auto Show on April 1, 2015. As with other new Jaguar models, the XF features strengthened, lightweight aluminum-intensive construction. It is expected to go on sale during Fiscal 2016.
- Jaguar F-PACE: The Jaguar F-PACE performance crossover is based on the C-X17 Concept Vehicle, which was revealed to the market at the Frankfurt Motor Show in 2013. It is

intended to be an ultimate practical sports car and to offer a combination of Jaguar sports car-inspired exterior design and a practical and spacious luxury interior.

- Range Rover Evoque Convertible: The Range Rover Evoque Convertible, which features a refreshed exterior and the new 2.0 litre Ingenium diesel engine, is expected to go on sale in Fiscal 2016.

The Company's capital expenditures totalled ₹34,889.61 crores, and ₹28,278.99 crores for Fiscal 2015 and 2014, respectively, and the Company currently plans to invest approximately ₹388 billion in Fiscal 2016 in new products and technologies.

The Company's research and development focuses on developing and acquiring the technology, core competence and skill set required for the timely delivery of its envisaged future product portfolio with industry-leading features across the range of commercial and passenger vehicles. For the passenger vehicle product range, the focus is on stunning design, driving pleasure and connected car technologies. For the commercial vehicle product range, the focus is on enhancing fuel-efficiency and minimising the total cost of ownership. The Company has continued its endeavour to adopt technologies for its product range to meet the requirements of a globally competitive market. All the Company products and engines comply with prevalent regulatory norms. The Company has also undertaken programs for development of vehicles which run on alternate fuels such as LPG, CNG, bio-diesel, electric-traction and hydrogen.

Jaguar Land Rover has aimed to enhance its technological strengths through in-house R&D activities, including the development of two new engineering and design centres which centralise Jaguar Land Rover's capabilities in product design and engineering. In addition, Jaguar Land Rover has completed the purchase of 62 acres of land to double the size of its Advanced Design and Engineering Centre in Whitley, United Kingdom to support development and production of ultra-low emission vehicles. An investment of GBP 50 million is also being made for the construction of the National Automotive Innovation Centre, or NAIC, which will open in spring 2017. The NAIC is expected to provide a technology hub for Jaguar Land Rover's research team to work collaboratively with academics and R&D specialists from across the automotive supply chain.

Furthermore, Jaguar Land Rover participates in advanced research consortia that bring together leading manufacturers, suppliers and academic specialists in the United Kingdom and are supported by funding from the UK Government's Technology Strategy Board.

Leveraging the Company's capabilities: The Company believes that its in-house research and development capabilities, including those of its subsidiaries such as Jaguar Land Rover, TDCV, Trilix S.r.l., or Trilix, in Italy, and Tata Motors European Technical Centre Plc., or TMETC, in the United Kingdom and the joint ventures with Marcopolo of Brazil in India, Thonburi in Thailand and Tata Africa Holdings (SA) (Pty.) Ltd in South Africa, will enable it to expand its product range and extend the geographical reach. The Company continually strives to achieve synergies wherever possible with its subsidiaries and joint ventures. The Company aims to invest in plant modernisation and to increase manufacturing capacity and efficiency.

The Company's product portfolio of Tata-brand vehicles, which includes the Nano, Indica, Indica Vista, Indigo, Indigo Manza, Sumo, Sumo Grande, Safari, Safari Storme, Aria, Zest, Bolt and Venture, enables it to compete in various passenger vehicle market categories. The Company also offers alternative fuel vehicles under the Nano and Indigo brands.

The Company also intends to expand its sales reach and volumes in rural areas, where an increase in wealth has resulted in a declining difference between urban and rural automobile purchase volumes.

Jaguar Land Rover has also boosted its manufacturing capabilities, both in the United Kingdom and other markets. In June 2014, the Halewood plant benefited from a GBP 200 million investment to support the introduction of the Land Rover Discovery. In October 2014, Jaguar Land Rover's GBP 500 million Engine Manufacturing Centre in Wolverhampton in the United Kingdom began operations. This new facility houses an engine-testing centre alongside manufacturing and assembly halls, and aims to meet the highest standards of sustainable production to build Jaguar Land Rover's new Ingenium engine family, the first derivative of which is the 4-cylinder diesel engine first introduced in the Jaguar XE. Furthermore, at the Solihull plant, a new manufacturing facility was opened to commence production of the new Jaguar XE saloon and Jaguar Land Rover's all new performance crossover, the F-PACE, early next year. Jaguar Land Rover has also affirmed its GBP 600 million investment plan across three sites in the West Midlands, United Kingdom. The largest single investment has been made at its Castle Bromwich plant to upgrade the facility for the production of Jaguar XF, which consists of a GBP 320 million aluminium body shop to facilitate lightweight vehicle manufacturing. Furthermore, in October 2014, Jaguar Land Rover opened its inaugural overseas manufacturing facility in China with its joint venture partner, Chery Automobile Company Ltd., with a total production capacity of 130,000 units a year, where the CJLR Range Rover Evoque is being produced. In December 2014, Jaguar Land Rover started construction of its R$750 million (Brazilian reals) manufacturing facility in the state of Rio de Janeiro, in Brazil, that is expected to employ 400 people. The Company expects that production will begin in 2016 and will have an annual capacity of around 24,000 vehicles. The Company expects that the Discovery Sport will be among the vehicles manufactured at the plant.

Continuing focus on high quality and enhancing customer satisfaction: One of the Company's principal goals is to achieve international quality standards for its products and services. To that end, the Company has established a comprehensive purchasing and quality control ecosystem that is designed to consistently deliver quality products and superior service. The Company scored 834 in 2015, up from 799 in 2014, ranking 4 in the J.D. Power Asia Pacific 2014 India Customer Service Index (CSI) Survey. The Company believes that its extensive sales and service network also enable it to provide quality and timely customer service. The Company is encouraging focused initiatives at both sales and service touch points to enhance customer experience and strive to be best in class. Furthermore, Tata Motors Finance Ltd, or TMFL, the Company's vehicle financing division, has enhanced its "Office of the Customer" initiative as well as its rural branch network and infrastructure in order to increase interactions and build relations with the Company's customers and dealers.

Zest, one of the Company's latest additions, received the Zee Ignition Car of the Year Award, and its new Petrol Revotron engine, which was featured in over 35% of Zest sales, received the Technology of the Year Award from ET Zig wheels and Engine of the year Award from Overdrive .

Leveraging brand equity: The Company believes customers associate the Tata name with reliability, trust and ethical values, and that the Company brand name gains significant international recognition due to the international growth strategies of various Tata companies. The Tata brand is used and its benefits are leveraged by Tata companies to their mutual advantage. The Company recognises the need for enhancing its brand recognition in highly competitive markets in which it compete with internationally recognized brands. The Company, along with Tata Sons and other Tata companies, will continue to promote the Tata brand and leverage its use in India and various international markets where the Company plans to increase its presence. Supported by the Tata brand, the Company believes its brands such as Indica, Indigo, Sumo, Safari, Aria, Venture, Nano, Prima, Ace, and Magic, along with Daewoo, Jaguar, Range Rover and Land Rover, are highly regarded, which the Company intends to nurture and promote further. At the same time, the Company will continue to build new brands, such as the newly launched Ultra range of LCVs, the Zest and the Bolt to further enhance its brand equity.

The Company's commercial vehicle initiative, Project Neev, provides a growth program for rural India designed to promote self-employment. Local, unemployed rural youth have been enrolled and trained to work from homes as promoters of the Company's commercial vehicles. Project Neev is currently operational in twelve states of India and has engagement in 365 districts and 2,981 sub-districts, which covers more than 427,000 villages. The rural penetration drive initiated through Project Neev has deployed an approximately 5,000 member dedicated team and 600 dedicated rural outlets in towns and villages with populations of less than 50,000. More than 71,144 small commercial vehicles have been sold since the commencement of this program, to which the Company attributes a 20% increase in volumes of small commercial vehicle sales. Project Neev currently completed its fourth wave of expansion, and the Company anticipates that it will operate in all major states across the country within the next couple of years. This programme has been appreciated and recognized in various forums such as Rural Marketing Association of India Flame Awards for excellence in the field of rural marketing.

Another initiative through the Company's commercial Vehicles business is TATA-OK. TATA-OK seeks to promote the Company's commercial vehicles by capturing new customer segments (such as economical and used vehicle buyers), promoting the sale of new vehicles through the exchange of used commercial vehicles at the Company's dealerships, increasing the resale value of its commercial vehicles products, and facilitating deeper customer engagement and thereby promoting brand loyalty. TATA-OK has completed four years of operation, including a pilot year, with retailed over 10,600 transactions in Fiscal 2015 through over 220 retailers. The Company offers a variety of support products and services for its customers. TataFleetMan, the Company's telematics and fleet management service, is designed to enable the commercial sector to boost productivity and profitability. With the goal of bringing the most advanced technology in this area to its customers, the Company has entered into a partnership with U.K.-based Microlise Limited to introduce global standards of telematics and fleet management solutions into the Indian logistics and transport industry, to enhance TataFleetMan's telematics systems through upgrades of the underlying technology and to develop the next generation of fleet telematics solutions for the Indian transport industry.

In Fiscal 2015, Tata Alert Service providing breakdown assistance by promising to return vehicle on road within 48 hours was extended to all National highway and State highways. The service now covers 45 models (including M&HCV trucks, ICV trucks and Buses) and cover 24,50,000 + Kms Pan India.

The Company's flagship safety program, Humare Bus Ki Baat Hain, won several accolades this year, such as Global Marketing Excellence Awards and Brand Excellence Awards in the Sustainable Marketing Excellence and Effective Use Of Marketing Communication categories from World Marketing Congress, and has reached out to over 15,000 school bus staff on school bus safety. The Company also launched Tata SKOOLMAN, a student and school bus safety initiative, which is a telematics-based tracking solution, as a standard accessory for Tata Ultra range of school buses.

The Company also organized the Prima Truck Racing Championship Season 2, which drew in over 45,000 spectators.

Environmental performance: The Company's strategy is to invest in products and technologies with the goal of positioning it ahead of expected stricter environmental regulations and ensuring that the Company benefits from a shift in consumer awareness of the environmental impact of the vehicles that consumers drive. The Company is the largest investor in automotive research and development in the United Kingdom as measured by GBP.

The Company uses aluminium and other lightweight materials to reduce vehicle weight and thus improve fuel and CO_2 efficiency. The Company plans to continue to build on this expertise and extend the application of aluminium construction as it develops a range of new Jaguar products, including the new Jaguar XE and the recently announced Jaguar performance crossover, the F-PACE. Recognising the need to use resources responsibly, produce less waste and reduce the its carbon footprint, the Company is also taking measures to reduce emissions, waste and the use of natural resources in all of its operations. The Company is also developing more efficient powertrains and other technologies. This includes smaller and more efficient diesel and petrol engines, stop-start and hybrid engines, starting with a high-efficiency diesel hybrid engine in the Range Rover and Range Rover Sport and the introduction of the Ingenium four cylinder (2.0-litre) engines, which will first be installed in the new Jaguar XE.

The Company's current product line-up is the most efficient it has ever been. The most efficient version of the Range Rover Evoque emits less than 130 g/km. The all-aluminium Jaguar XJ 3.0 V6 twin-turbo diesel has CO_2 emissions of 159 g/km. The 3.0-litre TDV6 Range Rover offers similar performance to the previous 4.4-litre TDV8 Range Rover while fuel consumption and CO_2 emissions have been reduced (now 196 g/km). The 2.0-litre turbocharged petrol engine options in the Range Rover Evoque and the Jaguar XF and XJ also offer improved fuel efficiency. Equipped with stop-start and an eight-speed automatic transmission, the XF 2.2-litre diesel was further improved for the 2014 Model Year with CO_2 emissions cut to 129 g/km. In addition Jaguar Land Rover launched first hybrid electric vehicles in the Range Rover and Range Rover Sport 3.0L TDV6 Hybrid with emissions of 169 g/km. The new Jaguar XE is expected to be the most fuel-efficient Jaguar yet with expected fuel consumption and CO_2 emissions on the NEDC combined cycle of 76 mpg and 99g/km, respectively. The new Discovery Sport will be launched with a range of four-cylinder turbocharged petrol and diesel engines. The all-alloy Si4 2.0-litre petrol engine, a 2.2-litre turbo diesel engine featuring stop-start technology and a ED4 turbo diesel engine with expected CO_2 emissions of just 119g/km is expected to be introduced in Fiscal 2016.

Mitigating cyclicality: The automobile industry is impacted by cyclicality. To mitigate the impact of cyclicality, the Company plans to continually strengthen its operations by gaining market share across different vehicle categories and offering a wide range of products in diverse geographies. For example, the Company is focusing on shifting its offerings in the defense sector from pure logistical solutions to tactical and combat solutions, which the Company believes will be less affected by cyclicality. The Company also plans to continue to strengthen its business operations other than vehicle sales, such as financing of its vehicles, spare part sales, service and maintenance contracts, sales of aggregates for non-vehicle businesses, reconditioning of aggregates and sales of castings, production aids, toolings and fixtures, to reduce this cyclical impact of the automotive industry on the Company's financial performance.

Expanding the Company international business: The Company's international expansion strategy involves entering new markets where it has an opportunity to grow and introducing new products to existing markets in order to grow its presence in such markets. The Company's international business strategy has already resulted in the growth of its international operations in select markets and chosen segments over the last five years. In recent years, the Company has grown its market share across various African markets such as Kenya, Nigeria, Tanzania, Congo and Senegal, introduced certain products in Australia, and is focused on increasing the presence in key markets in Southeast Asia and Latin America. 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.

The Company has also expanded its range through acquisitions and joint ventures. Through Jaguar Land Rover, the Company now offer products in the premium performance car and premium all-terrain vehicle categories with globally-recognised brands and has diversified its business across markets and product categories. In Fiscal 2015, Jaguar Land Rover commenced operations at its manufacturing and assembly joint venture in China with Chery Automobile Company Ltd, which opened in October 2014. The Company will continue to build upon the internationally recognized brands of Jaguar Land Rover. TDCV continues to be the largest exporter of heavy commercial vehicles from South Korea. The Company has established a joint venture along with Thonburi in Thailand to manufacture pickup trucks and any other product lines that would be suitable for the market going forward. Tata Motors (SA) (Proprietary) Ltd., which caters to the domestic South African market, has produced and sold over 800 chassis as of the end of Fiscal 2015.

Jaguar Land Rover also has ambitious plans to continue to develop the product range, for example the new Jaguar F-PACE performance crossover, which goes on sale in 2016, will be a new product offering for the Jaguar portfolio. Similarly, Jaguar Land Rover continues to expand its Land Rover product offerings with the announcement of the Range Rover Evoque convertible, which also goes on sale in 2016.

Jaguar Land Rover intends to expand its global footprint, particularly into emerging and developed markets by increasing marketing and dealer network in emerging markets. For example, in China, Jaguar Land Rover established a national sales company in 2010 to expand its presence in this key market and has increased network of sales dealerships to 189 dealerships as at March 31, 2015.

In addition, Jaguar Land Rover intends to establish new manufacturing facilities such as the manufacturing facility due to open in Brazil in 2016. Jaguar Land Rover also continues to explore further broadening its international manufacturing base.

Reducing operating costs: The Company's ability to leverage its technological capabilities and the manufacturing facilities among its commercial vehicle and passenger vehicle businesses enables it to reduce costs. As an example, the diesel engine used in the Indica platform was modified for use in the Ace platform, which helped to reduce development costs. Similarly, platform sharing for the manufacture of pickup trucks and utility vehicles enables the Company to reduce capital investment that would otherwise be required, while allowing it to improve the utilisation levels at its manufacturing facilities. Where it is advantageous for the Company to do so, it intends to add its existing low-cost engineering and sourcing capability to vehicles manufactured under the Jaguar and Land Rover brands.

The Company's vendor relationships also contribute to cost-reductions. For example, the Company believes that the vendor rationalisation program that it is undertaking will provide economies of scale to its vendors, which would benefit the Company's cost programmes. The Company is also undertaking various internal and external benchmarking exercises that would enable it to improve the cost effectiveness of its components, systems and sub-systems.

The Company has intensified efforts to review and realign its cost structure through a number of measures, such as reduction of manpower costs and rationalisation of other fixed costs. The Jaguar Land Rover business has undertaken several cost control and cost management initiatives, such as increased sourcing of materials from low-cost countries, reductions in the number of suppliers, the rationalisation of its marketing efforts, a reduction of manpower costs through increased employee flexibility between sites and several other initiatives. Furthermore, Jaguar Land Rover is exploring opportunities through reduction in number of platforms as well as engineering costs, increased use of off-shoring and several other initiatives.

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

The Company has deployed a balance score card system for measurement-based management and feedback. The Company has also deployed a product introduction process for systematic product development and a product lifecycle management system for effective product data management across its organisation. The Company has adopted various processes to enhance the skills and competencies of its employees. The Company has also enhanced its performance management system with appropriate mechanisms to recognise talent and sustain its leadership base. The Company believes these measures will enhance its way of doing business, given the dynamic and demanding global business environment.

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

Continuing to invest in technology and technical skills: The Company believes it is one of the most technologically advanced indigenous vehicle manufacturers in India. Over the years, the Company has enhanced its technological strengths through extensive in-house research and development activities. Further, the Company's research and development facilities at its subsidiaries, such as TMETC, TDCV, TTL, and Trilix, together with the two advanced engineering and design centres of Jaguar Land Rover, have increased its capabilities in product design and engineering. The Jaguar Land Rover business is committed to continue to invest in new technologies to develop products that meet the opportunities of the premium market, including developing sustainable technologies to improve fuel economy and reduce CO_2 emissions. The Company considers technological leadership to be a significant factor in its continued success, and therefore intends to continue to devote significant resources to upgrade its technological base.

Maintaining financial strength: The Company's cash flow from operating activities in Fiscal 2015 and Fiscal 2014 was ₹35,182.89 crores and ₹36,151.16 crores, respectively. The Company's operating cash flows is primarily due to volumes at Jaguar Land Rover business. The Company has established processes for project evaluation and capital investment decisions with the objective of enhancing its long-term profitability.

Automotive Operations

Automotive operations is the Company's most significant segment, accounting for 99.5% of its total revenues in Fiscal 2014 and 2015. Revenue from automotive operations before inter-segment eliminations increased by 12.9% to ₹261,477.08 crores in Fiscal 2015 as compared to ₹231,601.80 crores in Fiscal 2014.

The Company's automotive operations include:

- activities relating to the development, design, manufacture, assembly and sale of vehicles as well as related spare parts and accessories;
- distribution and service of vehicles; and
- financing of the Company's vehicles in certain markets.

The Company's consolidated total sales (including international business sales and Jaguar Land Rover sales, including Chery JLR) for Fiscals 2014 and 2015 are set forth in the table below:

	Fiscal 2015		Fiscal 2014	
	Units	**%**	**Units**	**%**
Passenger cars	199,824	20.0	204,075	20.0
Utility vehicles	420,533	42.1	383,871	37.6
Light Commercial Vehicles	222,006	22.3	296,873	29.1
Medium and Heavy Commercial Vehicles	155,187	15.6	135,727	13.3
Total	**997,550**	**100.0**	**1,020,546**	**100.0**

The automotive operations segment is further divided into (i) Tata and other brand vehicles (including vehicle financing) and (ii) Jaguar Land Rover.

Tata and other brand vehicles (including vehicle financing)

India is the primary market for Tata and other brand vehicles (including vehicle financing). During Fiscal 2015, there was generally a slight and gradual economic recovery in the geographic markets in which Tata and other brand vehicles segment has operations. However, competitive pressures continued across all major products of the Tata and other brand vehicle segment leading to a decrease in vehicle sales volumes.

The Indian economy experienced a GDP growth of 7.3% in Fiscal 2015, compared to 6.9% in Fiscal 2014 (based on data from the Ministry of Statistics and Program Implementation). The Indian automobile industry experienced an increase of 2.5% in Fiscal 2015, as compared to a 9.3% decrease in Fiscal 2014. Falling crude oil prices, lower inflation, resumption of manufacturing and mining activities, and lower interest rates appear to be helping the Indian auto industry revive after two years of decline.

Nevertheless, demand in the light commercial vehicles product category was affected due to the lack of financing for potential customers in Fiscal 2015. In addition, high default rates for loans along with early delinquencies has led financiers to tighten lending norms—for example, by lowering the loan-to-value ratio on new financings and by focusing on collection of existing loans instead of extending new loans for small commercial vehicles. This has impacted the sales volumes for light commercial vehicles overall.

The following table sets forth the Company consolidated total sales of Tata and other brand vehicles:

	Fiscal 2015		Fiscal 2014	
	Units	%	Units	%
Passenger cars	121,741	23.2	123,431	21.0
Utility vehicles	25,588	4.9	32,626	5.5
Light Commercial Vehicles	222,006	42.3	296,873	50.4
Medium and Heavy Commercial Vehicles	155,187	29.6	135,727	23.1
Total	**524,522**	**100.0**	**588,657**	**100.0**

The Company's overall sales of Tata and other brand vehicles decreased by 10.9% to 524,522 units in Fiscal 2015 from 588,657 units in Fiscal 2014, however, the revenue (before inter-segment elimination) increased by 6.8% to ₹44,111.24 crores during Fiscal 2015, compared to ₹41,299.44 crores in Fiscal 2014, due to a better product mix, primarily due to relatively more sales of M&HCVs as a proportion of overall sales in Fiscal 2015 compared to Fiscal 2014.

Vehicle Sales in India

The following table sets forth the Company's (on standalone basis) sales, industry sales and relative market share in vehicle sales in India. Passenger vehicles includes passenger cars and utility vehicles. Commercial vehicles includes medium and heavy commercial vehicles and light commercial vehicles.

Category	Industry Sales			Company Sales			Market Share	
	Fiscal 2015	Fiscal 2014	Growth	Fiscal 2015	Fiscal 2014	Growth	Fiscal 2015	Fiscal 2014
	Units		%	Units		%	%	
Commercial Vehicles[1]	639,005	697,254	-8.4	317,780	377,909	-15.9	49.7	54.1
Passenger Vehicles[2]	2,576,861	2,443,434	5.5	136,653	141,186	-3.2	5.3	5.8
Total	**3,215,866**	**3,140,688**	**2.4**	**454,433**	**519,095**	**-12.5**	**14.1**	**16.5**

Source:
Society of Indian Automobile Manufacturers report and Company Analysis
[1] Commercial vehicles include V2 van sales.
[2] Passenger vehicles include Fiat and Jaguar Land Rover-branded cars.

Passenger Vehicles in India

Sales in the passenger vehicles industry in India increased by 5.5% in Fiscal 2015, compared to a decline of 4.7% in Fiscal 2014. The growth in sales volumes was reflected across both passenger vehicle categories and was primarily attributable to reduced fuel prices, improved consumer sentiments, and lower interest rates. Hatchback sales remained flat, but sedans continued to show significant growth with new launches. The utility vehicle segment has also shown growth, mainly with strong performances in soft-road SUVs and multi-purpose vehicles

Notwithstanding growth in the Indian passenger vehicle sector, the Company's passenger vehicle sales in India decreased by 3.7% to 136,653 units in Fiscal 2015 from 141,846 units in Fiscal 2014, due to fewer new-product offerings by the Company compared to its competitors.

The domestic performance in passenger vehicle segment is given below:

Category	Industry Sales			Company Sales			Market Share	
	Fiscal 2015	Fiscal 2014	Growth	Fiscal 2015	Fiscal 2014	Growth	Fiscal 2015	Fiscal 2014
	Units		%	Units		%	%	%
Micro	16,903	21,130	-20.0	16,903	21,130	-20.0	100.0	100.0
Compact	1,013,481	913,923	10.9	91,262	84,141	8.5	9.0	9.2
Mid-Size	186,580	158,842	17.5	1,334	2,414	-44.7	0.7	1.5
Executive	20,372	18,249	11.6	-	164	-100.0	-	0.9
Premium and Luxury	3,659	3,967	-7.8	1,595	1,430	11.5	43.6	36.0
Utility Vehicles	560,171	532,692	5.2	24,801	29,409	-15.7	4.4	5.5
Vans[1]	139,049	118,618	17.2	758	3,158	-76.0	0.5	2.7
Total[2]	**2,576,861**	**2,443,434**	**5.5**	**136,653**	**141,846**	**-3.7**	**5.3**	**5.8**

Source:
Society of Indian Automobile Manufacturers report and Company Analysis
[1] Excludes V2 van sales.
[2] Total industry numbers includes sale in other segments.

The Company's passenger vehicle category consists of (i) passenger cars and (ii) utility vehicles. The Company sold 111,094 units in the passenger car category in Fiscal 2015, representing an increase of 1.7% compared to 109,279 units in Fiscal 2014. The Company sold 16,903 Nano cars in Fiscal 2015, a decrease of 20.0% compared to 21,130 units in Fiscal 2014. On August 12, 2014, the Company launched the Zest, a compact sedan, and sold 23,991 units during the period from August 12, 2014 to March 31, 2015. In January 2015, the Company began sales of the Bolt hatchback, which sold 6,744 units from its launch to March 31, 2015. In the utility vehicles category, the Company sold 25,559 units in Fiscal 2015, representing a decrease of 21.5% from 32,567 units in Fiscal 2014.

In India, sales of Jaguar Land Rover vehicles increased by 0.8% to 2,827 units in Fiscal 2015, compared to 2,805 units in Fiscal 2014.

Commercial Vehicles in India

The following table sets forth the Company's commercial vehicle sales, industry sales and relative market share in commercial vehicle sales in India.

Category	Industry Sales			Company Sales			Market Share	
	Fiscal 2015	Fiscal 2014	Growth	Fiscal 2015	Fiscal 2014	Growth	Fiscal 2015	Fiscal 2014
	Units		%	Units		%	%	%
M&HCV	232,103	200,261	15.9	126,369	109,984	14.9	54.4	54.9
LCVs[1]	406,902	496,993	-18.1	191,411	267,925	-28.6	47.0	53.9
Total	639,005	697,254	-8.4	317,780	377,909	-15.9	49.7	54.2

Source:
Society of Indian Automobile Manufacturers report and Company Analysis
[1] LCVs include V2 van sales

Industry sales of commercial vehicles decreased by 8.4% to 639,005 units in Fiscal 2015 from 697,254 units in Fiscal 2014. However, there is some evidence of a recovery in the commercial vehicle industry in India, where volumes grew by 2.5% in the fourth quarter of Fiscal 2015. Industry sales in the medium and heavy commercial vehicle segment increased by 15.9% to 232,103 units in Fiscal 2015 as compared to sales of 200,261 units in Fiscal 2014 primarily due to replacements of fleet vehicles, which was impacted by stable freight rates across key routes, lower diesel prices, higher quantities of cargo transported, a renewal of mining activities in the states of Karnataka and Goa, a renewal of construction activities, and expectations of increased investments in infrastructure and manufacturing. However, industry sales of light commercial vehicles contracted by 18.1% to 406,902 units in Fiscal 2015 from 496,993 units in Fiscal 2014, mainly due to lower freight transportation needs due to high-capacity additions to fleets over recent years, financing defaults and tightened lending norms, all of which continues to impede the recovery in sales of light commercial vehicles, particularly small commercial vehicles sales, which are heavily dependent on funding availability.

Overall, sales of the Company's commercial vehicles in India decreased by 15.9% to 317,780 units in Fiscal 2015 from 377,709 units in Fiscal 2014. The Company's sales in the medium and heavy commercial vehicle category increased by 14.9% to 126,369 units in Fiscal 2015 as compared to sales of 109,984 units in Fiscal 2014. However, sales in the light commercial vehicles segment declined by 28.6% to 191,411 units in Fiscal 2015, from 267,925 units in Fiscal 2014, primarily due to the factors affecting the commercial vehicle market industry-wide.

Tata and other brand vehicles — International Markets

The Company's exports (on standalone basis) remained flat at 49,936 units in Fiscal 2015, compared to 49,922 units in Fiscal 2014. The improvement of the geopolitical situation in the South Asian Association for Regional Cooperation region has contributed to an upsurge in investment in capital goods, which has helped the Company to improve volumes in this region generally, and particularly in Bangladesh. In addition, the launch of new models in the Middle East and Africa region, along with the opening up of new markets in these regions, contributed to an increase in international sales volumes. The Company's top five export destinations for vehicles manufactured in India that is Bangaladesh, Sri lanka, Nepal, South africa and Indonesia accounted for approximately 56% and 79% of the exports of commercial vehicles and passenger vehicles, respectively.

In Fiscal 2015, TDCV's overall vehicles sales increased by 10.5% to 11,710 units, from 10,600 units in Fiscal 2014. In the South Korean market, TDCV's sales increased by 3.4% to 6,808 units in Fiscal 2015 from 6,584 units in Fiscal 2014, primarily due to higher sales in October to December 2014, prompted by emissions norms effective from January 1, 2015. TDCV exported 4,902 units in Fiscal 2015, compared to 4,016 units in Fiscal 2014, an increase of 22.1%. Sluggish market conditions in Russia, South Africa, Algeria and Laos due to adverse sociopolitical conditions were partially offset by increases in sales volumes in Vietnam, the Philippines, and UAE. The Ukraine crisis and financial sanctions contributed to sluggish market conditions in Russia, which affected currency exchange rates and lessened demand for automobiles and for new large projects. Overall sales in South Africa have been affected by the depreciation of the South African Rand and overall limited economic growth. In Algeria and Laos, vehicle demand has been affected by continued political and economic uncertainties, general economic conditions and the absence of major projects. In Vietnam, TDCV has been able to develop new fleet customers to take advantage of a shift in demand to more lightweight commercial vehicles due to stricter application of vehicle-weight regulations.

Tata and other brand vehicles — Sales, Distribution and Support

The sales and distribution network in India as of March 31, 2015 comprised 3,904 sales and service contact points for passenger and commercial vehicles sales. The Company has deployed a Customer Relations Management, or CRM, system at all the Company's dealerships and offices across the country, the largest such deployment in the automotive market in India. The combined online CRM and distributor management system supports users both within the Company and among distributors in India and abroad.

The Company's 100% owned subsidiary, TML Distribution Company Ltd, or TDCL, acts as a dedicated distribution and logistics management company to support the sales and distribution operations of vehicles in India. The Company believes TDCL helps it improve planning, inventory management, transport management and timely delivery.

The Company markets its commercial and passenger vehicles in several countries in Africa, the Middle East, South East Asia, South Asia, Australia, and Russia and the Commonwealth of Independent States countries. The Company has a network of distributors in all such countries where it export its vehicles. Such distributors have created a network of dealers, branch offices and facilities for sales and after-sales servicing of the Company's products in their respective markets. The Company has also stationed overseas resident sales and service representatives in various countries to oversee its operations in the respective territories. The Company uses a network of service centres on highways and a toll-free customer assistance centre to provide 24-hour on-road maintenance (including replacement of parts) to vehicle owners. The Company believes that the reach of its sales, service and maintenance network provides it with a significant advantage over its competitors.

Through the Company's vehicle financing division and wholl-owned subsidiary, TMFL, it provides financing services to purchasers of its vehicles through independent dealers, who act as the Company's agents for financing transactions, and through the Company's branch network. Revenue from the Company's vehicle financing operations decreased by 9.4% to ₹2,742.88 crores in Fiscal 2015 as compared to ₹3,026.47 crores in Fiscal 2014, mainly due to the generation of fewer automotive-financing loans in India. The decrease in loans was primarily attributable to lower volumes in the light commercial vehicles category, resulting in a reduction of finance receivables.

Due to a sluggish economic environment, total disbursements (including refinancing) by TMFL declined by 16.6% in Fiscal 2015 to ₹7,316 crores as compared to ₹8,768 crores in Fiscal 2014. TMFL financed a total of 112,788 vehicles in Fiscal 2015, reflecting a decline of 28.6% from the 157,886 vehicles financed in the previous year. Disbursements for commercial vehicles declined by 23.5% to ₹5,741 crores (72,853 vehicles) in Fiscal 2015 as compared to ₹7,504 crores (123,989 vehicles) for the previous year. However, disbursements of passenger vehicles increased by 23.5% to ₹1,498 crores (38,444 vehicles) in Fiscal 2015 as compared to ₹1,213 crores (32,637 vehicles) in the previous year. Disbursements achieved for refinancing were ₹77 crores (1,491 vehicles) in Fiscal 2015 as against ₹50 crores (1,260 vehicles) in the previous year.

Tata and other brand vehicles — Spare Parts and After-sales Activity

The Company's consolidated spare parts and after-sales activity revenue was ₹4,053.46 crores in Fiscal 2015, compared to ₹4,079.79 crores in Fiscal 2014. The Company's spare parts and after-sales activity experienced limited growth due to weak sales of both commercial vehicles and passenger vehicles in recent years.

Tata and other brand vehicles — Competition

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

Tata and other brand vehicles — Seasonality

Demand for the Company's vehicles in the Indian market is subject to seasonal variations. Demand for the Company's 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.

Jaguar Land Rover

The Company total sales of Jaguar Land Rover vehicles (including Chery JLR) with a breakdown between Jaguar and Land Rover brand vehicles, in the years ended March 31, 2014 and 2015 are set forth in the table below:

Category	Year ended March 31			
	2015		2014	
	Units	%	Units	%
Jaguar	76,496	16.3	79,307	18.5
Land Rover	394,027	83.7	350,554	81.5
Total	**470,523**	**100**	**429,861**	**100**

In Fiscal 2015, Jaguar Land Rover continued to experience growth in all its geographical markets, including both developing and developed markets, and particularly in the United Kingdom. Growth in volume has been driven by the continued success of the Range Rover, Range Rover Sport and the Jaguar F-TYPE. More established models such as the Range Rover Evoque and the Land Rover Discovery have also been performing well, however more mature products such as the Jaguar XF and XJ experienced lower sales in anticipation of the introduction of the all new Jaguar XE and the new Jaguar XF. Production of Jaguar XK and the Land Rover Freelander were terminated during the year, with the latter replaced by the Land Rover Discovery Sport.

Wholesale volumes in Fiscal 2015 were 470,523 units, an increase of 9.5% from 429,861 units in Fiscal 2014. Wholesale volumes for Jaguar brand vehicles declined by 3.5% to 76,496 units in Fiscal 2015 from 79,307 units sold in Fiscal 2014. Wholesale volumes for Land Rover brand vehicles in Fiscal 2015 were 394,027 units, an increase of 12.4% from 350,554 units in Fiscal 2014, driven by strong sales of all Land Rover models,.

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

Retail volumes in Fiscal 2015 were 462,209 units, an increase of 6.4% compared to Fiscal 2014. Retail volumes in Fiscal 2015 were 76,930 units as compared to 80,522 units in Fiscal 2014 for Jaguar and 385,279 units in Fiscal 2015 as compared to 353,789 units in Fiscal 2014 for Land Rover. Sales in all major markets increased, primarily due to strong sales of the Range Rover, Range Rover Sport and the Jaguar F-TYPE vehicles, which was partially offset by the lack of available Freelander inventory. However, Jaguar volumes were down 3.5% as increased sales of the Jaguar F-TYPE were offset by a fall in volume of the maturing Jaguar XF and XJ models in advance of the introduction of the Jaguar XE and the all new Jaguar XF. Jaguar Land Rover exported 378,427 units in Fiscal 2015, compared to 354,005 units in Fiscal 2014, an increase of 6.9%.

United Kingdom

Industry vehicle sales rose by 7.5% in the UK compared to last year as economic growth improved inflation and interest rates remained low and labour market conditions continued to strengthen. Jaguar Land Rover retail volumes increased by 13.1% to 86,750 units in Fiscal 2015 from 76,721 units in Fiscal 2014, with a strong sales performance from Jaguar, up 7.0% in Fiscal 2015 compared to Fiscal 2014, driven by the Jaguar F-TYPE and the XF. Land Rover retail volumes grew significantly, up 14.8% in Fiscal 2015, as all models experienced an increase in volumes, most notably the Range Rover Sport and the Discovery.

North America

Economic performance in North America continued to strengthen over the year as unemployment continued to fall, lower inflation driven by lower energy prices increased disposable income and consumer confidence continued to grow, contributing to an industry-wide increase in passenger car sales, up 6.8% in Fiscal 2015 compared to Fiscal 2014. Jaguar Land Rover retail volumes grew by 3.6% to 78,372 units in Fiscal 2015 from 75,671 units in Fiscal 2015, with a 9.5% increase in Land Rover sales as Range Rover, Range Rover Sport and Range Rover Evoque sales continued to perform strongly. Jaguar volumes in the United States fell by 13.6% as sales of the aging XF and XJ models slowed partially, offset by strong sales of the popular F-TYPE.

Europe (Excluding United Kingdom and Russia)

Passenger car sales increased by 5.5% industry-wide in Fiscal 2015 compared to Fiscal 2014 in Europe despite low growth, recessionary pressures and ambiguity over the Greek national debt negotiations. Quantitative easing, announced by the ECB in January 2015, has provided a boost in economic activity. Jaguar Land Rover volumes in Rest of Europe that is i.e geographic europe excluding Russia and the UK, increased by 6.0% to 87,863 units in Fiscal 2015 from 82,854 units in Fiscal 2014, with sales particularly strong in Germany, Italy and France. Land Rover volumes were up 9.2% in Fiscal 2015 compared to Fiscal 2014 as sales of the Range Rover Sport and Range Rover grew significantly. Jaguar volumes fell 14.2% in Fiscal 2015 compared to Fiscal 2014, most notably in Germany and Belgium, as sales of the aging XF sedan and Sportbrake fell, which was partially offset by solid sales of the F-TYPE.

China

Jaguar Land Rover retail volumes (which include CJLR) increased by 12.5% in Fiscal 2015 to 115,969 units compared from 103,077 units Fiscal 2014, as Land Rover sales grew by 14.8% with sales of the majority of models up, most notably the Range Rover and Range Rover Sport, while Jaguar volumes increased by 2.8% as both the XF and F-TYPE performed well. However, in the fourth quarter of Fiscal 2015, retail sales of Jaguar Land Rover in China decreased by 20% to 23,526 units from 29,567 units compared to the same period in Fiscal 2014.

Asia Pacific

Jaguar Land Rover retail volumes increased significantly in the Asia Pacific region which includes Australia, Brunei, Indonesia, Japan, South Korea, Malaysia, New Zealand, the Philippines, Singapore, Sri Lanka and Thailand, increased by 16.8% in Fiscal 2015 to 26,919 units compared to 22,795 units in Fiscal 2014, most notably in South Korea (up 46.7%) and in Australia (up 16.4%) as consumer demand for Jaguar Land Rover products continues to rise, which were partially offset by a fall in volumes in Japan as a higher consumption tax impacted consumer spending and economic reforms have yet to have a significant impact. Retail sales of the Range Rover, Range Rover Sport, Land Rover Discovery and Jaguar F-TYPE performed particularly well in Asia Pacific.

Other overseas markets

Emerging market growth has generally been hampered by political and economic factors as well as significant currency devaluation. Jaguar Land Rover's retail volumes in the Rest of the World market declined by 9.0% to 66,636 units in Fiscal 2015 compared to 73,193 units in Fiscal 2014, primarily as a consequence of economic sanctions and low energy prices impacting Russia and slowing economic growth reducing consumer spending in Brazil and South Africa. Slowing economic growth and ongoing recessionary pressures in Brazil have contributed to a decrease in automotive sales industry-wide of 11.0% in Fiscal 2015 compared to Fiscal 2014, and Jaguar Land Rover sales volumes in Brazil have followed suit, decreasing 16.6% in Fiscal 2015 compared to Fiscal 2014. Continuing economic sanctions and softer energy prices have had an adverse effect on passenger car sales industry-wide in Russia, which decreased 17.7% in Fiscal 2015 compared to Fiscal 2014. Jaguar Land Rover sales, however, have fallen comparatively slower, decreasing 9.6% in Fiscal 2015 compared to Fiscal 2014, as Range Rover Sport continued to perform well and F-TYPE volumes increased. South Africa's persistent slow growth continues to impact the automotive industry as passenger car sales fell by 1.7% in Fiscal 2015 compared to Fiscal 2014 and Jaguar Land Rover retail volumes dropped by 23.2% in Fiscal 2015 compared to Fiscal 2014.

Jaguar Land Rover's Sales & Distribution

Jaguar Land Rover markets products in 170 countries, through a global network of 19 national sales companies, 73 importers, 53 export partners and 2,674 franchise sales dealers, of which 915 are joint Jaguar and Land Rover dealers. Jaguar Land Rover has established processes and systems designed 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. Jaguar Land Rover has multi-year exclusive branded arrangements in place with: Black Horse (part of the Lloyds Bank Group) in the

United Kingdom, FCA Bank (a joint venture between Fiat Chrysler Auto and Credit Agricole) in Europe and Chase Auto Finance in the United States for the provision of dealer and consumer financial services products. Jaguar Land Rover has a number of similar arrangements with local auto financial services providers in other key markets. Jaguar Land Rover's financing partners offer its customers a full range of consumer financing options.

Jaguar Land Rover — Competition

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

Jaguar Land Rover — Seasonality

Jaguar Land Rover sales volume is impacted by the semi-annual registration of vehicles in the United Kingdom where the vehicle registration number changes every six months, which in turn has an impact on the resale value of the vehicles. This leads to a concentration of sales during the periods when the change occurs. Seasonality in most other markets is driven by the introduction of new model year derivatives, for example, in the US market. Additionally in the US market, there is some seasonality around the purchase of vehicles in northern states where the purchase of Jaguar vehicles is concentrated in the spring and summer months, and the purchase of 4x4 vehicles is concentrated in the autumn/winter months. In China there is an increase in vehicle purchases during the fourth Fiscal quarter, which includes the Chinese New Year holiday. Furthermore, western European markets tend to be impacted by summer and winter holidays. The resulting sales profile influences operating results on a quarter-to-quarter basis.

Other Operations Overview

The Company's other operations business segment mainly includes information technology services, machine tools and factory automation services. The Company's revenue from other operations before inter-segment eliminations was ₹2,747.79 crores in Fiscal 2015, an increase of 9.1% from ₹2,518.99 crores in Fiscal 2014. Revenues from other operations represented 1.1% of total revenues, before inter-segment eliminations, in Fiscal 2014 and 2015.

Research and Development

Over the years, the Company has devoted significant resources towards its 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 centres in India recognised 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 passenger car electrical and electronics facility for the development of hardware-in-the-loop systems, labcars and infotainment systems to achieve system and component integration. The Company has an advance engineering workshop, with a lithium-ion battery module, for the development of electric vehicle and hybrid products. The Company has a crash test facility for passive safety development in order to meet regulatory and consumer group test requirements and evaluate occupant safety, which includes a full vehicle level crash test facility, a sled test facility for simulating the crash environment on subsystems, a pedestrian safety testing facility, a high strain rate machine and a pendulum impact test facility for goods carrier vehicles. This facility is also supported with computer-aided engineering infrastructure to simulate tests in a digital environment. The Company's safety development facilities also incorporate other equipment the Company believes will help improve the safety and design of its vehicles, such as an emission labs engine development facility, a testing facility for developing vehicles with lower noise and vibration levels, an engine emission and performance development facility and an eight poster test facility that helps to assess structural durability of M&HCVs. In addition, the Company is installing a new engine noise test facility and transmission control unit which the Company expects will aid powertrain development. Other key facilities include a full vehicle environmental testing facility, a material pair compatibility equipment corrosion test facility, heavy duty dynamometers and aggregate endurance test rigs.

The Company's product design and development centres aim to create a highly scalable digital product development and virtual testing and validation environment, targeting to a reduced of product development cycle-time, improved quality and ability to create multiple design options. Global design studios are key part of the Company's product conceptualisation strategy. The Company has aligned its end-to-end digital product development objectives and infrastructure with its business goals and has made significant investments to enhance its 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 manufacturing planning. In specific engineering review processes, such as digital mock up, and virtual build and validation, the Company has been able to provide capabilities for reduced time and increased quality in product designs. The design IP is managed through a product lifecycle management system, enabling backbone processes, the Company has institutionalised 'issue tracking' work flow based systems in various domains to manage them effectively.

The Company has initiated a technology platform for small electric vehicles with a GVW of 1 tonne with the National Automotive Board, SIAM and other original equipment manufacturers. In addition, the Company's research and development activities also focus on developing vehicles that consume alternative fuels, including CNG, liquefied petroleum gas, bio-diesel, compressed air and electricity. The Company is continuing to develop green-technology vehicles and is presently developing an electric vehicle on the small commercial vehicle platform. The Company is pursuing alternative fuel options such as ethanol blending. Furthermore, the Company is working on development of vehicles fueled by hydrogen.

The Company is also pursuing various initiatives, such as the introduction of premium lightweight architecture, 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 emissions and further efficiencies in manufacturing and engineering.

The Company has implemented initiatives in vehicle electronics, such as engine management systems, in-vehicle network architecture and multiplexed wiring. The Company is in the process of implementing electronic stability programs, automated and automatic transmission systems, telematics for communication and tracking, anti-lock braking systems and intelligent transportation systems. The Company has implemented new driver information technologies and high performance infotainment systems with IT-enabled services. Likewise, various new technologies and systems including hybrid technologies that would improve the safety, performance and emissions of the Company's product range are being implemented in its passenger cars and commercial vehicles.

The Company is developing an enterprise-level vehicle diagnostics system with global connectivity in order to achieve faster diagnostics of complex electronics in vehicles in order to provide prompt service to customers. The Company is also developing prognostic data collection and analysis for failure prediction to the end customer. Furthermore, the Company's initiative in telematics has expanded into a fleet management, driver information and navigation systems, and vehicle tracking system using global navigation satellite systems. The Company intends to incorporate Wi-Fi and Bluetooth interfaces in its vehicles to facilitate secure and controlled connectivity to third-party IT enabled devices.

In 2006, the Company established a wholly-owned subsidiary, TMETC, to augment the abilities of its Engineering Research Centre, or ERC, with an objective to obtain access to leading-edge technologies to support product development activities. In October 2010, the Company also acquired a design house in Italy, Trilix.

Jaguar Land Rover's research and development operations are built around state of the art engineering facilities with an extensive test track, testing centres, design hubs and a recently inaugurated virtual innovation centre. The ERC in India and Jaguar Land Rover's engineering and development operations in the United Kingdom have identified areas to leverage their respective facilities and resources to enhance the product development process and achieve economies of scale.

Jaguar Land Rover's vehicle design teams are committed to a programme of new product design. Jaguar Land Rover's two design and development centres are equipped with computer-aided design, manufacturing and engineering tools configured to support an ambitious product development cycle plan. In recent years, Jaguar Land Rover has refreshed the entire Jaguar range under a unified concept and design language and has continued to enhance the design of Land Rover's range of all-terrain vehicles. Jaguar Land Rover's R&D operations look for synergies through sharing premium technologies, powertrain designs and vehicle architecture. The majority of Jaguar Land Rover's products are designed and engineered in the United Kingdom. Jaguar Land Rover endeavours to implement the best technologies into its product range to meet the requirements of a globally competitive market and to comply with regulatory requirements. Jaguar Land Rover currently offers hybrid technology on some of its models such as the Range Rover and Range Rover Sport and conducts research and development related to the further application of alternative fuels and technologies to further improve the environmental performance of its vehicles including the reduction of CO_2 emissions.

The Company aims to utilise the best of technologies for its product range to meet the requirements of a globally competitive market.

Intellectual Property

The Company creates, owns, and maintains a wide array of intellectual property assets throughout the world that are among its most valuable assets. The Company's intellectual property assets include patents, trademarks, copyrights designs, trade secrets and other intellectual property rights. The Company proactively and aggressively seeks to protect its intellectual property in India and other countries.

The Company owns a number of patents and it has applied for new patents which are pending for grant in India as well as in other countries. The Company 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 owns registrations for a number of trademarks 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 believes that establishment of the "Tata" word mark and logo mark, in India and internationally, is material to its operations. As part of the Company's acquisition of TDCV, it 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 the Jaguar Land Rover business, ownership (or co-ownership, as applicable) of core intellectual property associated with Jaguar Land Rover was transferred to the Company; however such intellectual property is still ultimately owned by Jaguar Land Rover entities. Additionally, perpetual royalty free licenses to use other essential intellectual properties have been granted for use in Jaguar and Land Rover vehicles. Jaguar Land Rover entities own registered designs to protect the design of its vehicles in several countries.

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

Components and Raw Materials

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

The Company has reorganised the sourcing department in India under four divisions, namely, Purchasing, Supplier Quality, Supply Chain and Production and Planning Management, or PPM. The reorganisation was done in order to establish and define responsibility and accountability in the sourcing department. Purchasing oversees the commercial aspects of product sourcing; Supplier Quality is primarily responsible for maintaining the quality of supplies that the Company purchases; Supply Chain oversees the logistics of the supply and delivery of parts for its vendors while PPM oversees execution of new projects.

As part of the Company's strategy to become a low-cost vehicle manufacturer, it has undertaken various initiatives to reduce its fixed and variable costs. The Company uses an e-sourcing initiative to procure supplies through reverse auctions. The Company uses external agencies such as third-party logistics providers. This has resulted in space and cost savings. The Company's initiatives to leverage information technology in supply chain activities have resulted in improved efficiency through real-time information exchanges and processing with its suppliers.

The Company has an established a sixteen-step supplier quality process in order to ensure the quality of outsourced components. The Company formalised the component development process using Automotive Industry Action Group guidelines. The Company also has a program for assisting vendors from whom the Company purchases raw materials or components to maintain quality. Preference is given to vendors with TS 16949 certification. The Company also maintains a stringent quality assurance program that includes random testing of production samples, frequent recalibration of production equipment and analysis of post-production vehicle performance, as well as an ongoing dialogue with workers to reduce production defects.

The Company is also exploring opportunities for increasing the global sourcing of parts and components from low-cost countries, and has in place a vendor management program that includes vendor base rationalisation, vendor quality improvement and vendor satisfaction surveys. The Company has begun to include its supply chain in its initiatives on social accountability and environment management activities, including its Conflict Minerals Compliance Program, supply chain carbon footprint measurement and knowledge sharing on various environmental aspects.

The principal materials and components required for use in Jaguar Land Rover vehicles are steel and aluminum sheets (for in-house stamping) or externally pre-stamped forms, aluminium castings and extrusions, iron and steel castings and forgings and items such as alloy wheels, tires, fuel injection systems, batteries, electrical wiring systems, electronic information systems and displays, leather-trimmed interior systems such as seats, cockpits, doors, plastic finishers and plastic functional parts, glass and consumables (paints, oils, thinner, welding consumables, chemicals, adhesives and sealants) and fuels.

The Jaguar Land Rover business works with a range of strategic suppliers to meet its requirements for parts and components. The Jaguar Land Rover business has established quality control programmes to ensure that externally purchased raw materials and components are monitored and meet its quality standards. Such programes include site engineers who regularly interface with suppliers and carry out visits to supplier sites and ensure that the relevant quality standards are being met. Site engineers are also supported by persons in other functions, such as program engineers who interface with new model teams as well as resident engineers located at the Jaguar Land Rover plants, who provide the link between the site engineers and the Jaguar Land Rover plants. The Company has in the past worked, and expects to continue to work, with its suppliers to optimise its procurements, including by sourcing certain raw materials and component requirements from low-cost countries.

Suppliers

The Company has an extensive supply chain for procuring various components. The Company also outsources many manufacturing processes and activities to various suppliers. In such cases, the Company provides training to external suppliers who design and manufacture the required tools and fixtures. The Company sources certain highly-functional components such as axles, engines and gear boxes for its vehicles from strategic suppliers. The Company has long-term purchase agreements with its key suppliers. The components and raw materials in its cars include steel, aluminium, copper, platinum and other commodities. The Company has established contracts with certain commodity suppliers to cover its own and its suppliers' requirements to mitigate the effect of high volatility in commodity prices.

The Company's associate company Tata AutoComp Systems Ltd. manufactures automotive components and encourages the entry of internationally acclaimed automotive component manufacturers into India by setting up joint ventures with them.

The Company's other suppliers include some of the large Indian automotive supplier groups with multiple product offerings, such as the Anand Group, the Sona Group, and the TVS Group, as well as large multinational suppliers, such as Bosch, Continental, Delphi and Denso, Johnson Controls Limited (for seats) and Yazaki AutoComp Limited (for wiring harnesses). The Company continues to work with its suppliers of Jaguar Land Rover to optimise procurements and enhance the Company's supplier base, including the sourcing of certain of the Company's raw material and component requirements from low-cost countries. In addition, the co-development of various components, such as engines, axles and transmissions, is also being evaluated, which the Company believes may lead to the development of a low-cost supplier base for Jaguar Land Rover.

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

As part of the Company's pursuit of continued improvement in procurement, it has integrated its system for electronic interchange of data with the Company's suppliers. This has facilitated real-time information exchange and processing, which enables the Company to manage its supply chain more effectively.

The Company has established processes to encourage improvements through knowledge sharing among its vendors through an initiative called the Vendor Council, consisting of the Company's senior executives and representatives of major suppliers. The Vendor Council also helps in addressing common concerns through joint deliberations. The Vendor Council works on four critical aspects of engagement between the Company and its suppliers: quality, efficiency, relationship and new technology development.

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

Ford has been and continues to be a major supplier of parts and services to Jaguar Land Rover. In connection with the acquisition of Jaguar Land Rover in June 2008, long-term agreements were entered into with Ford for technology sharing and joint development, providing technical support across a range of technologies focused mainly around powertrain engineering such that it may continue to operate according to the existing business plan. Supply agreements, ranging in duration from seven to nine years, were entered into with Ford for (i) the long-term supply of engines developed by Ford, (ii) engines developed by the Company but manufactured by Ford and (iii) engines from the Ford-PSA cooperation.

Based on learning from the global financial crisis and its cascading effect on the financial health of the Company's suppliers, the Company has commenced efforts to assess supplier financial risk.

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

OPPORTUNITIES:

Sales of M&HCVs in India may grow by the continuing trend towards the replacement of ageing fleet vehicles and expectations of increases in demand from the infrastructure and industrial sectors due to reforms being initiated by the Government of India. The Company expects that the demand for new commercial vehicles will also be driven by gradual acceptance of advance trucking platforms, the progression to Bharat Stage V emissions norms and the introduction of technologies, such as anti-lock braking systems. The Company is focusing on increasing its offerings in the commercial vehicle segment.

Furthermore, the Company is focusing on increasing its offerings in defence sector from providing only pure logistics solutions to tactical and combat solutions. The Company believes these efforts will provide 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 rural areas is growing year-on-year. The overall gap of the volume of automobile purchase between rural and urban areas is narrowing in India. The Company is focusing on reaching rural target market to address demand in rural markets in cost effective ways

Certain non-vehicular products and services such as spare parts, after-sale services and annual maintenance contracts are also gaining popularity due to increased consumer awareness. The Company believes it 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 automotive industry.

The Company believes it is poised to address growing demands and changing preferences of customers in the intermediate and light commercial vehicle categories with its new range of vehicles in those categories, as the evolving infrastructure in India will change the way the transportation industry matures, as the Company expected increased demand for better quality and more comfortable vehicles.

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 believes that is ideally placed to take advantage for targeting lucrative international markets, either through fully-built or complete knock-down exports.

In addition, the Company believes it also has the advantage of strong in-house design and development facilities and professionals. Thus the Company believes that its R&D group is capable of developing solutions for different regulatory and emission norms in accordance with market demands in minimal time.

The Company is focusing on increasing its global presence to hedge against domestic downturns as well as a growth opportunity. While the Company is already present in Africa and some parts of the Association of Southeast Asian Nations, or ASEAN, it is focusing on increasing presence in more key markets in ASEAN and Latin America. 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 intends to grow its business by diversifying its product range, for example, with the new Jaguar XE sports saloon, on sale from May 2015, which the Company believes will ensure that Jaguar Land Rover competes in the largest saloon segment with a class-leading product, and the recent launch of the Land Rover Discovery Sport, which went on sale in February 2015.

Jaguar Land Rover also plans to continue to develop its product range, for example the new Jaguar F-PACE performance crossover, which is expected to commence sales in Fiscal 2016. Similarly, Jaguar Land Rover expects to continue to expand its Land Rover product offerings with the announcement of the Range Rover Evoque convertible, which is also expected to commence sales in Fiscal 2016.

Jaguar Land Rover intends to expand its global footprint in order to grow sales potential and appetite for the Company's products, notably by:

- Increasing marketing and dealer networks in emerging markets. For example, in China, Jaguar Land Rover established a national sales company in 2010 to expand its presence in this key market and has increased network of sales dealerships to 189 dealerships as at March 31, 2015.
- Establish new manufacturing facilities, assembly points and suppliers in selected markets, for example an assembly facility in India operated by Tata Motors; the manufacturing and assembly joint venture in China with Chery Automobile Company Ltd, which opened in October 2014 and the manufacturing facility expected to open in Brazil in Fiscal 2016. Jaguar Land Rover also continues to explore the further expansion of its international manufacturing base.

FINANCIAL PERFORMANCE ON A CONSOLIDATED BASIS

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

Overview

The Company total revenue (net of excise duties) including finance revenues increased by 12.9% to ₹262,796.33 crores in Fiscal 2015 from ₹232,833.66 crores in Fiscal 2014. The Company's net income (attributable to shareholders of the Company) was flat at ₹13,986.29 crores in Fiscal 2015 from ₹13,991.02 crores in Fiscal 2014. Overall, earnings before other income, interest and tax before inter-segment eliminations, were ₹25,997.39 crores in Fiscal 2015 compared to ₹23,892.59 crores in Fiscal 2014, an increase of 8.8%.

The Company has pursued a strategy of increasing exports of Tata and other brand vehicles to new and existing markets. Improved market sentiment in certain countries to which the Company exports and a strong portfolio of Jaguar Land Rover vehicles has enabled the Company to increase its sales in these international markets in Fiscal 2015. However, Jaguar Land Rover's sales in China, which is its second largest single market in terms of volumes after India, decreased in Q4 of Fiscal 2015 by 20% to 23,526 units from 29,567 units compared to the same period in Fiscal 2014. The performance of the Company's subsidiary in South Korea, TDCV, and TTL, its specialized subsidiary engaged in engineering, design and information technology services, contributed to its revenue from international markets. The proportion of the Company's net sales earned from markets outside of India has increased to 86.4% in Fiscal 2015 from 85.2% in Fiscal 2014. The increase in sales from markets outside India includes a favorable currency translation from GBP to Indian rupees of ₹3,080.65 crores pertaining to Jaguar Land Rover.

The following table sets forth the Company's revenues from its key geographical markets and the percentage of total revenues that each key geographical market contributes for the periods indicated:

Revenue	Fiscal 2015		Fiscal 2014	
	(₹in crores)	%	(₹ in crores)	%
India	35,669.64	13.6	34,448.15	14.8
China	76,170.40	29.0	65,903.91	28.3
UK	35,129.16	13.4	29,293.77	12.6
United States	31,469.53	12.0	26,764.90	11.5
Rest of Europe*	31,791.99	12.0	29,285.88	12.6
Rest of World*	52,565.61	20.0	47,137.05	20.2
Total	262,796.33	**100.0**	232,833.66	**100.0**

* Rest of Europe is geographic Europe excluding the United Kingdom and Russia. Rest of the World is any region not specifically included above.

The Company's operations are divided into automotive operations and other operations as described further below. The table below sets forth the breakdown in revenues between the Company automotive operations and other operations in the years ended March 31, 2014 and 2015 and the percentage change from period to period.

	Fiscal 2015	Fiscal 2014	Change
	(₹in crores)		%
Automotive operations	261,477.08	231,601.80	12.9
Others	2,747.79	2,518.99	9.1
Inter-segment elimination	(1,428.54)	(1,287.13)	11.0
Total	**262,796.33**	**232,833.66**	**12.9**

Automotive operations

Automotive operations are the Company most significant segment, accounting for 99.5% of the Company's total revenues in Fiscal 2015 and 2014 respectively. In Fiscal 2015, revenue from automotive operations before inter-segment eliminations was ₹261,477.08 crores in Fiscal 2015 as compared to ₹231,601.80 crores in Fiscal 2014, an increase of 12.9%.

The Company's automotive operations segment is further divided into Tata and other brand vehicles (including vehicle financing) and Jaguar Land Rover. In Fiscal 2015, Jaguar Land Rover contributed 83.2% of the Company's total automotive revenue (before intra segment elimination) compared to 82.2% in Fiscal 2014 and the remaining 16.8% was contributed by Tata and other brand vehicles in Fiscal 2015 compared to 17.8% in Fiscal 2014.

The Company's revenue from Tata and other brand vehicles (including vehicle financing) and Jaguar Land Rover in Fiscals 2014 and 2015 and the percentage change from period to period (before intra-segment eliminations) is set forth in the table below.

	Fiscal 2015	Fiscal 2014	Change
	(₹in crores)		%
Tata and other brand vehicles	44,111.24	41,299.44	6.8
Jaguar Land Rover	217,472.68	190,378.50	14.2
Intra-segment elimination	(106.84)	(76.14)	40.3
Total	**261,477.08**	**231,601.80**	**12.9**

The following table sets forth selected data regarding the Company's automotive operations for the periods indicated, and the percentage change from period to period (before inter-segment eliminations).

	Fiscal 2015	Fiscal 2014	Change (%)
Total revenue (₹ in crores)	261,477.08	231,601.80	12.9
Earning before other income, interest and tax (₹ in crores)	25,621.43	23,609.93	8.5
Earning before other income, interest and tax (% to total revenue)	9.8	10.2	

Other operations

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

	Fiscal 2015	Fiscal 2014	Change (%)
Total revenue (₹ in crores)	2,747.79	2,518.99	9.1
Earning before other income, interest and tax (₹ in crores)	375.96	282.66	33.0
Earning before other income, interest and tax (% to total revenue)	13.7	11.2	

The other operations business segment includes information technology, machine tools and factory automation solutions. In Fiscal 2015, revenue from other operations before inter-segment eliminations was ₹ 2,747.79 crores compared to ₹ 2,518.99 crores in Fiscal 2014. Results for the other operations business segment before other income, finance cost, tax and exceptional items (before inter-segment eliminations) were ₹ 375.96 crores in Fiscal 2015 as compared to ₹ 282.66 crores for Fiscal 2014.

Results of Operations

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

	Fiscal 2015	**Fiscal 2014**
	(%)	**(%)**
Revenue from operations net of excise duty	100.0	100.0
Expenditure:		
Cost of material consumed (including change in stock)	60.9	61.7
Employee Cost	9.7	9.3
Manufacturing and other expenses (net)	19.3	18.8
Amount Capitalised	(5.9)	(5.8)
Total Expenditure	84.0	84.0
Other Income	0.3	0.4
Profit before Exceptional Items, Depreciation, Interest and Tax	16.3	16.4
Depreciation and Amortisation (including product development / engineering expenses written off)	6.2	5.9
Finance costs	1.8	2.0
Exceptional Item – Loss	0.1	0.4
Profit before Tax	8.2	8.1

Cost of materials consumed (including change in stock)

	Fiscal 2015	**Fiscal 2014**
	(₹ in crores)	
Consumption of raw materials and components	149,956.54	135,550.04
Purchase of product for sale	13,293.82	10,876.95
Change in finished goods and Work-in-progress	(3,330.35)	(2,840.58)
Total	**159,920.01**	**143,586.41**

Costs of material consumed decreased from 62.4% of total revenue (excluding income from vehicle financing) in Fiscal 2014 to 61.4% in Fiscal 2015. For Tata Motors Standalone, costs of materials consumed was 74.5% of net revenue in Fiscal 2015 of total revenue as compared to 75.6% in Fiscal 2014, representing a decrease of 110 bps, which was mainly attributable to a change in product mix that includes a relatively higher proportion of M&HCV sales. For Jaguar Land Rover, costs of materials consumed was 60.2% of total revenue in Fiscal 2015 compared to 61.4% in Fiscal 2014, representing a decrease of 120 bps.

Employee Costs were ₹ 25,548.96 crores in Fiscal 2015 as compared to ₹ 21,556.42 crores in Fiscal 2014 an increase of 18.5%. Of the increase, approximately ₹ 296.5 crores relates to foreign currency translation from GBP to Indian rupees for Jaguar Land Rover operations. At Jaguar Land Rover the increase in employee cost is attributable to increases in the permanent and contractual head count to support the volume increases, new launches, product development projects and wage negotiations in November 2014. For Tata and other brand vehicles (including vehicle financing), the employee cost increased by 7.4% to ₹ 3,091.46 crores as compared to ₹ 2,877.69 crores in Fiscal 2014, mainly due to change in discounting rate for employee benefit plans and normal yearly increments.

Employee costs at TDCV were ₹ 518.81 crores in Fiscal 2015, as compared to ₹ 570.67 crores in the same period in Fiscal 2014, a decrease of 9.1%. The decrease was mainly due to reversal of ₹ 264.19 crores in Fiscal 2015 following a favourable decision by the Supreme Court of South Korea and resolution of the lawsuit filed by TDCV union employees, pursuant to which the employees had demanded inclusion of some elements of salary and bonuses as part of wages. This was partly offset by loss in actuarial valuations for severance plan at TDCV by ₹ 69 crores.

Manufacturing and Other Expenses includes all works operations, indirect manufacturing expenses, freight cost, fixed marketing costs and other administrative costs. These expenses have increased to ₹ 50,617.72 crores from ₹ 43,810.11 crores in Fiscal 2014. Each line item includes the element of an unfavorable foreign currency translation impact of Jaguar Land Rover operations of approximately ₹ 699.12 crores in aggregate in Fiscal 2015. The breakdown is provided below:

	Fiscal 2015	Fiscal 2014
	(₹ in crores)	
Processing charges	1,050.48	1,093.53
Stores, spare parts and tools consumed	1,782.94	1,682.34
Freight, transportation, port charges, etc.	7,754.97	6,879.75
Repairs to buildings	120.47	93.58
Repairs to plant, machinery, etc.	471.86	261.45
Power and fuel	1,121.75	1,128.69
Rent	516.04	465.86
Rates and taxes	380.53	265.51
Insurance	287.49	278.75
Publicity	8,501.36	8,064.10
Works operation and other expenses	28,469.73	23,644.88
Excise Duty on change in Stock-in-trade	160.10	(48.33)
Manufacturing and Other Expenses	**50,617.72**	**43,810.11**

Manufacturing and other expenses increased to 19.3% of total revenues in Fiscal 2015 compared to 18.8% in Fiscal 2014, in terms of percentage to revenue. The increases are mainly driven by volumes and the size of operations.

i. Processing charges were mainly incurred by Tata and other brand vehicles (including vehicle financing) which, due to lower volumes, led to lower expenditures.

ii. Freight, transportation, port charges etc. have increased, mainly for Jaguar Land Rover, predominantly due to increased sales in China. Freight, transportation and port charges etc. represented 3.0% of total revenues for Fiscal 2015 and Fiscal 2014.

iii. The publicity expenses represented 3.2% and 3.5% of total revenues in Fiscal 2015 and Fiscal 2014, respectively. In addition to routine product and brand campaigns, the Company incurred expenses relating to new product introduction campaigns for the new Range Rover, the new Range Rover Sport, the Range Rover Evoque, the Jaguar F-TYPE, smaller powertrain derivatives of the XF and XJ models, the XF Sportbrake, the Ultra trucks, the Zest and Bolt.

iv. The works operation and other expenses have increased to 10.8% of net revenue in Fiscal 2015 from 10.2% in Fiscal 2014. During Fiscal 2015, there was a net loss on the mark-to-market value of trading forward and options of ₹ 39.48 crores as compared to a gain of ₹ 1,629.12 crores in Fiscal 2014. The provision and write off of various debtors, vehicle loans and advances (net) mainly relate to operations of Tata and other brand vehicles (including vehicle financing), which has increased to ₹ 1,800.78 crores in Fiscal 2015 as compared to ₹ 1,185.90 crores in Fiscal 2014. These mainly reflect provisions for finance receivables, where rate of defaults increased due to prolonged unanticipated deterioration in the economic environment in India, which severely affected fleet owners and transporters. Furthermore, engineering expenses at Jaguar Land Rover have increased, reflecting increased investment in the development of new vehicles. A significant portion of these costs are capitalized and shown under the line item "Amount capitalized".

Amount capitalized 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 by 13.8% to ₹ 15,404.18 crores in Fiscal 2015 from ₹ 13,537.85 crores in Fiscal 2014, mainly due to various product development projects undertaken by the Company for the introduction of new products and the development of engine and products variants.

Other Income increased by 8.5% to ₹ 898.74 crores in Fiscal 2015 from ₹ 828.59 crores in Fiscal 2014, and mainly includes interest income of ₹ 714.96 crores in Fiscal 2015 compared to ₹ 675.45 crores in Fiscal 2014 and profit on sale of investment of ₹ 119.57 crores in Fiscal 2015 compared to ₹ 114.58 crores in Fiscal 2014. The increase is due to profit on the sale of mutual funds, mainly at Tata and other brand vehicles (including vehicle financing).

Profit before Interest, Depreciation, Exceptional Items and Tax increased by 12.5% to ₹ 43,012.56 crores in Fiscal 2015, representing 16.4% of revenue in Fiscal 2015 compared to ₹ 38,247.16 crores in Fiscal 2014.

Depreciation and Amortization (including product development / engineering expenses written off): During Fiscal 2015, expenditures increased by 19.2% to ₹ 16,263.80 crores from ₹ 13,643.37 crores in Fiscal 2014. This increase includes an unfavorable currency translation impact from GBP to Indian rupees of ₹ 163.03 crores. The increase in depreciation of 18.1% to ₹ 6,498.13 crores in Fiscal 2015 from ₹ 5,504.22 crores in Fiscal 2014 is due to the new engine plant at Jaguar Land Rover and new product launches both at Jaguar Land Rover and Tata and other brand vehicles (including vehicle financing). The amortization expenses have increased by 23.6% to ₹ 6,890.50 crores in Fiscal 2015 from ₹ 5,573.94 crores in Fiscal 2014, attributable to new products introduced during the year. Expenditure on product development / engineering expenses written off increased by 12.1% to ₹ 2,875.17 in Fiscal 2015 from ₹ 2,565.21 in Fiscal 2014

Finance Cost increased by 2.4% to ₹ 4,861.49 crores in Fiscal 2015 from ₹ 4,749.44 crores in Fiscal 2014. The increase mainly represented borrowings for the short-term and long-term needs of the Company.

Exceptional Items

	Fiscal 2015	Fiscal 2014	Change
	(₹ in crores)		
Impairment of intangibles and other costs	-	224.16	(224.16)
Employee separation cost	92.99	53.50	39.49
Exchange loss (net) including on revaluation of foreign currency borrowings, deposits and loans	91.72	707.72	(616.00)
Total	**184.71**	**985.38**	**(800.67)**

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 that were deferred in previous years.

ii. In Fiscal 2014, impairment of intangibles and other costs were with respect to a subsidiary company, triggered by continuous under performance, mainly due to challenging market conditions in which the subsidiaries operate.

iii. Employee separation cost: The Company implemented an organisation-wide cost optimisation programme, which included employee cost as an important component. Accordingly, the Company has given early retirement to various employees.

Consolidated Profit Before Tax (PBT) increased to ₹21,702.56 crores in Fiscal 2015, compared to ₹18,868.97 crores in Fiscal 2014, representing an increase of ₹2,833.59 crores. Due to contraction in domestic volumes, TML's contribution to PBT was negative. Jaguar Land Rover by virtue of its strong performance, contributed to PBT. The increase also includes a favorable foreign currency translation impact of ₹328.90 crores.

Tax Expense represents a net charge of ₹7,642.91 crores in Fiscal 2015, as compared to net charge of ₹4,764.79 crores in Fiscal 2014. 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. The effective tax rate in Fiscal 2015 was 35.2% as compared to 25.3% in Fiscal 2014.

Consolidated Profit for the year was flat at ₹13,986.29 crores in Fiscal 2015 from ₹13,991.02 crores in Fiscal 2014, after considering the profit from associate companies and shares of minority investees.

Consolidated Balance Sheet

Shareholders' fund was ₹56,261.92 crores and ₹65,603.45 crores as at March 31, 2015 and 2014, respectively, a decrease of 14.2%.

Reserves decreased by 14.4% from ₹64,959.67 crores as at March 31, 2014 to ₹55,618.14 crores as of March 31, 2015. The decrease in Reserves is primarily attributable to following reasons:

- There was a reduction in Hedging Reserves by ₹11,729.34 crores, primarily due to mark-to-market losses on forwards and options in Jaguar Land Rover, primarily due to fall in the US dollar-GBP forward rates.
- Accumulated actuarial losses in Pension Reserve have increased by 36.9% to ₹10,361.85 crores as at March 31, 2015 compared to ₹7,568.38 crores as at March 31, 2014, due to a fall in the interest rates for Jaguar Land Rover pension funds.
- The exchange losses on foreign currency borrowings (net of amortisation of past losses) recognised in Foreign Currency Monetary Item Translation Difference Account of ₹4,227.07 crores as at March 31, 2015, as compared to a gain of ₹573.88 crores as at March 31, 2014.

- Translation losses of subsidiaries of ₹4,193.93 crores recognised in Translation Reserve further contributed to a reduction in Reserves and Surplus.

The decreases described above were partly offset by the increase of ₹14,005.46 crores in Balance in Profit and Loss Account and General Reserves representing profits for the year.

Borrowings:

	Fiscal 2015	Fiscal 2014
	(₹ in crores)	
Long term borrowings	56,071.34	45,258.61
Short term borrowings	13,140.14	9,695.96
Current maturities of long term borrowings	4,398.91	5,687.81
Total	**73,610.39**	**60,642.38**

- Current maturities of long-term borrowings represents amount of loan repayable within one year.
- The Company has prepaid 2% non-convertible debentures, or NCDs, of an aggregate principal amount of ₹1,250.00 crores (due March 31, 2016) with a redemption premium of ₹744.18 crores.
- During the year, Jaguar Land Rover Automotive plc, an indirect subsidiary of the Company, issued USD 500 million 4.250% senior notes due 2019, USD 500 million 3.50% senior notes due 2020 and GBP 400 million 3.875% senior notes due 2023. The proceeds were used for part prepayment of USD 326 million 8.125% senior notes due 2021 and GBP 442 million 8.250% senior notes due 2020 and are being used for general corporate purposes, including support for the on-going growth and capital spending plan.
- TML Holdings Pte. Ltd., a subsidiary of the Company, issued USD 300 million 5.750% Senior Notes due 2021.
- During the year, the Company issued USD 500 million 4.625% Senior Unsecured Notes due 2020 and USD 250 million 5.750% Senior Unsecured Notes due 2024. The proceeds have been used to refinance existing External Commercial Borrowing, or ECB, of the Company of USD 500 million and the balance of the proceeds is being used to incur new additional capital expenditure and other permitted purposes as per RBI ECB guidelines.

Other Long-term liabilities were ₹9,141.92 crores as at March 31, 2015, as compared to ₹2,596.86 crores as at March 31, 2015. These included ₹7,721.94 crores of derivative financial instruments, mainly attributable to Jaguar Land Rover as at March 31, 2015 compared to ₹548.36 crores as at March 31, 2014, reflecting a decreased notional liability due to the valuation of derivative contracts.

Trade payables were ₹57,407.28 crores as at March 31, 2015, as compared to ₹57,315.73 crores as at March 31, 2014.

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

	Fiscal 2015	Fiscal 2014
	(₹ in crores)	
Long term provisions (Non-current)	15,134.27	12,190.29
Short term provisions (Current)	6,036.00	7,970.68
Total	**21,170.27**	**20,160.97**

i. Provision for warranty and product liability increased by ₹875.08 crores or 9.2% mainly on account of increased volumes at Jaguar Land Rover.

ii. The provision for employee benefits obligations increased by ₹1,240.65 crores or 15.4% on account of changes in actuarial factors.

Other current liabilities were ₹23,688.58 crores as at March 31, 2015 as compared to ₹17,373.86 crores as at March 31, 2014 an increase of 36.3%. These mainly includes liabilities towards vehicles sold under repurchase arrangements, liabilities for capital expenditure, statutory dues, current liabilities of long-term debt, derivative liabilities and advance / progress payment from customers. The increase was mainly due to an increase in derivative liabilities as a result of mark-to-market losses of options and forwards at Jaguar Land Rover.

Fixed Assets:

	Fiscal 2015	Fiscal 2014	Change
	(₹ in crores)		
Tangible assets (including capital work-in-progress)	61,656.68	50,831.59	10,825.09
Intangible assets (including assets under development)	50,765.91	46,543.81	4,222.10
Total	**112,422.59**	**97,375.40**	**15,047.19**

The increase (net of depreciation) in the tangible assets mainly represented additions towards new product plans and the new engine manufacturing facility at Jaguar Land Rover. The increase (net of amortisation) in the intangible assets was ₹ 4,222.10 crores, mainly attributable to new product developments projects and new product launches during Fiscal 2015.

Investments (Current + Non-current) were ₹ 15,336.74 crores as at March 31, 2015, as compared to ₹ 10,686.67 crores as at March 31, 2014. The details are as follows:

	Fiscal 2015	Fiscal 2014
	(₹ in crores)	
Mutual Funds	14,058.36	9,494.06
Investments in equity accounted investees (associate companies)	382.59	382.98
Quoted Equity shares	302.08	318.71
Unquoted Equity shares	386.99	385.45
Others	210.90	109.63
Provision for diminution in value of investments (net)	(4.18)	(4.16)
Total	**15,336.74**	**10,686.67**

The increase in mutual fund investments is mainly at Jaguar Land Rover.

Deferred tax assets / liability: Deferred tax assets represents timing differences for which there will be future current tax benefits due to unabsorbed tax losses and expenses allowable on a payment basis in future years. Deferred tax liabilities represent timing differences where current benefit in tax will be off-set by a debit in the statement of profit and loss.

	Fiscal 2015	Fiscal 2014
	(₹ in crores)	
Deferred tax assets	2,733.20	2,347.08
Deferred tax liability	(1,343.20)	(1,572.33)

Loans and Advances

	Fiscal 2014	Fiscal 2015
	(₹ in crores)	
Long term loans and advances	14,948.31	13,268.84
Short term loans and advances	10,746.44	14,055.24
Total	**25,694.75**	**27,324.08**

Loans and advances include:

i. Credit entitlement of Minimum Alternate Tax (MAT) of ₹ 89.88 crores as at March 31, 2015 (compared to ₹ 787.59 crores as at March 31, 2014). The credit / refund will be against tax paid at normal rate, within time limit as per the Income Tax Act. During the year, ₹ 777.18 crores of MAT credit was written off at Tata Motors Limited on a standalone basis.

ii. Receivables towards vehicle financing by TMFL reduced to ₹ 16,877.82 crores as at March 31, 2015, as compared to ₹ 18,294.32 crores as at March 31, 2014, a decrease of 7.7%, due to lower disbursements during the year; and

iii. VAT, other taxes recoverable, statutory deposits and dues of ₹ 5,442.38 crores as at March 31, 2015, as compared to ₹ 5,263.44 crores as at March 31, 2014.

Inventories as at March 31, 2015, were ₹ 29,272.34 crores as compared to ₹ 27,270.89 crores as at March 31, 2014, an increase of 7.3%. Inventory at Tata and other brand vehicles (including vehicle financing) was ₹ 4,802.08 crores as at March 31, 2015 crores as compared to ₹ 3,862.53 crores as at March 31, 2014. Inventory at Jaguar Land Rover was ₹ 22,877.62 crores as at March 31, 2015 as compared to ₹ 21,634.06 crores as at March 31, 2014. In terms of number of days of sales, finished goods represented 31 inventory days in Fiscal 2015 as compared to 30 days in Fiscal 2014.

Trade Receivables (net of allowance for doubtful debts) were ₹ 12,579.20 crores as at March 31, 2015, representing an increase of 19.0% compared to ₹ 10,574.23 crores as at March 31, 2014. Trade Receivables have decreased at Tata and other brand vehicles (including vehicle financing) by ₹ 102.22 crores in Fiscal 2015. The allowances for doubtful debts were ₹ 737.86 crores as at March 31, 2015 compared to ₹ 621.70 crores as at March 31, 2014.

Cash and bank balances were ₹ 32,115.76 crores, as at March 31, 2015 compared to ₹ 29,711.79 crores as at March 31, 2014, an increase of 8.1%. The Company holds cash and bank balances in Indian rupees, GBP, and Chinese Renminbi The cash balances include bank deposits maturing within one year of ₹ 23,638.08 crores compared to ₹ 21,628.97 crores as at March 31, 2014.

Consolidated Cash Flow

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

	Fiscal 2015	Fiscal 2014	Change
	(₹ in crores)		
Cash from operating activity	**35,182.89**	**36,151.16**	**(968.27)**
Profit for the year	13,986.29	13,991.02	
Adjustments for cash flow from operations	29,062.45	22,311.64	
Changes in working capital	(3,671.81)	4,156.83	
Direct taxes paid	(4,194.04)	(4,308.33)	
Cash used in investing activity	**(34,518.85)**	**(29,893.02)**	**(4,625.83)**
Payment for Assets	(31,539.61)	(26,925.20)	
Net investments, short term deposit, margin money and loans given	(3,756.96)	(3,661.09)	
Dividend and interest received	777.72	693.27	
Net Cash from / (used in) Financing Activities	**5,201.44**	**(3,883.24)**	**9,084.68**
Proceeds from issue of share to minority shareholders	-	0.09	
Dividend Paid (including paid to minority shareholders	(720.37)	(721.97)	
Interest paid	(6,306.98)	(6,170.56)	
Net Borrowings (net of issue expenses)	12,228.79	3,009.20	
Net increase / (decrease) in cash and cash equivalent	**5,865.48**	**2,374.90**	
Cash and cash equivalent, beginging of the year	16,627.98	12,350.97	
Effect of exchange fluctuation on cash flows	(1,365.59)	1,861.60	
Cash and cash equivalent on acquisition of subsidiary	0.46	40.51	
Cash and cash equivalent, end of the year	**21,128.33**	**16,627.98**	

Analysis:

a. Cash generated from operations before working capital changes was ₹ 43,048.74 crores as compared to ₹ 36,302.66 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 ₹ 35,182.89 crores as compared to ₹ 36,151.16 crores in the previous year. The following factors contributed to net decrease in the change in working capital for the year:

- Increase in trade receivables and other assets amounting to ₹ 3,632.63 crores mainly due to increase in sales.
- Decrease in trade and other payables amounting to ₹ 4,021.65 crores which was partially offset by increase in provisions amounting to ₹ 197.45 crores.
- The above was offset by increase in the inventories amounting to ₹ 3,692.41 crores.

b. The net cash outflow from investing activity increased to ₹ 34,518.85 crores in Fiscal 2015 from ₹ 29,893.02 crores in Fiscal 2014.

- Capital expenditure was at ₹ 31,539.61 crores in Fiscal 2015 compared to ₹ 26,925.20 in Fiscal 2014, related mainly to capacity / expansion of facilities, quality and reliability projects and product development projects.
- Net investment, short term deposits, margin money and loans given has increased by ₹ 3,661.96 crores in Fiscal 2015 mainly due to investment of surplus funds in mutual funds by Jaguar Land Rover.

c. The net change in financing activity was an inflow of ₹ 5,201.44 crores in Fiscal 2015 as compared to an outflow of ₹ 3,883.24 crores in Fiscal 2014.

- During Fiscal 2015, ₹ 8,934.47 crores were raised from long-term borrowings (net) as compared to ₹ 5,925.53 crores in Fiscal 2014, as described in further detail below.
- Net increase in short-term borrowings of ₹ 3,351.58 crores in Fiscal 2015 as compared to a decrease of ₹ 2,466.25 crores in Fiscal 2014, mainly at Tata and other brand vehicles (including vehicle financing).

As at March 31, 2015, the Company's borrowings (including short-term debt) were ₹ 73,610.39 crores compared with ₹ 60,642.28 crores as at March 31, 2014.

Principal Sources of Funding Liquidity

The Company finances its capital expenditures and research and development investments through cash generated from operations, cash and cash equivalents, debt and equity funding. The Company also raises funds through sale of investments, including divestment in stakes of subsidiaries on a selective basis.

The Company's cash and bank balances on a consolidated basis were ₹ 32,115.76 crores as at March 31, 2015, as compared to ₹ 29,711.79 crores as at March 31, 2014. These enable the Company to cater to business needs in the event of changes in market conditions.

The Company's capital expenditures was ₹ 34,889.61 crores, and ₹ 28,278.99 crores for Fiscal 2015 and 2014, respectively, and the Company currently plans to invest approximately ₹ 388 Billion in Fiscal 2016 in new products and technologies. The Company intends to continue to invest in new products and technologies to meet consumer and regulatory requirements. The Company is currently investing in a new assembly plant in Brazil, a joint venture in China, the Ingenium engine plant at Wolverhampton, United Kingdom, a capacity expansion at Solihull, United Kingdom and construction of a GBP 320 million aluminium body shop at Castle Bromwich, United Kingdom for manufacturing of the new Jaguar XF, among other projects. These investments are intended to enable the Company to pursue further growth opportunities and improve the Company's competitive positioning. The Company expects to meet most of its investments out of operating cash flows and cash liquidity available. In order to meet the remaining funding requirements, the Company may be required to raise funds through additional loans and by accessing capital markets from time to time, as deemed necessary.

In view of the prolonged economic downturn in India, the operating margins for Tata Motors Limited on a standalone basis are expected to remain under pressure. With the ongoing need for investments in products and technologies, the Company was free cash flow (a non-GAAP financial measure, measured at cash flow from operating activities less payments for property, plant and equipment and intangible assets) negative in Fiscal 2015 of ₹ 5,269.09 crores. The Company expects that with an improvement in macroeconomic conditions and business performance, combined with steps like raising funds at subsidiary levels, reviewing non-core investments and raising additional long-term resources at Tata Motors Limited on a standalone basis, the funding gap could be appropriately addressed.

The following table provides information for the credit rating of Tata Motors Limited for short-term borrowing and long-term borrowing from the following rating agencies as of March 31, 2015: Credit Analysis and Research Ltd Ratings, or CARE, Information and Credit Rating Agency of India Ltd, or ICRA, Credit Rating Information Services of India Limited, or CRISIL Ltd, Standard & Poor's Ratings Group, or S&P, and Moody's Investor Services, or Moody's. A credit rating is not a recommendation to buy, sell or hold securities. A credit rating may be subject to withdrawal or revision at any time. Each rating should be evaluated separately of any other rating:

	CARE	ICRA	CRISIL	S&P	Moody's
Long-term borrowings	AA+	AA	AA	BB	Ba2
Short-term borrowings	—	A1+	A1+	—	—

The Company believes that it has sufficient liquidity available to meet its planned capital requirements. However, the Company's sources of funding could be materially and adversely affected by an economic slowdown, as was witnessed in Fiscal 2009, or other macroeconomic factors in India and abroad, such as in the United Kingdom, the United States, Europe, Russia and China, all of which are beyond the Company's control. A decrease in the demand for the Company's vehicles could affect its ability to obtain funds from external sources on acceptable terms or in a timely manner.

The Company's cash is located at various subsidiaries within the Tata Motors Group. There may be legal, contractual or economic restrictions on the ability of subsidiaries to transfer funds to the Company in the form of cash dividends, loans, or advances. Brazil, Russia, South Africa and other jurisdictions have regulatory restrictions, disincentives or costs on pooling or transferring of cash. However, such restrictions have not had and are not estimated to have a significant impact on the Company's ability to meet its cash obligations.

In order to refinance the Company's acquisition-related borrowings and for supporting long-term fund needs, the Company continued to raise funds in Fiscal 2014 and Fiscal 2015, through issue of various debt securities described below.

During Fiscal 2014, the Company issued rated, listed, unsecured, non-convertible debentures of ₹ 1,100 crores.

During Fiscal 2014, Jaguar Land Rover Automotive plc issued USD 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 Fiscal 2014, TML Holdings Pte. Ltd. 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. Ltd. further raised equivalent USD 600 million (USD 460 million and SG$ 176.8 million) syndicated loan facility with equivalent USD 300 million (USD 250 million and SGD 62.8 million) maturing in November 2017 and equivalent USD 300 million (USD 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.

During Fiscal 2015, the Company has issued USD 500 million 4.625% senior unsecured notes due 2020 and USD 250 million 5.750% senior unsecured notes due 2024. The proceeds have been used to refinance existing external commercial borrowing, or ECB, of the Company of USD 500 million with the balance of the proceeds and other permitted purposes as per RBI ECB guidelines.

The Company has prepaid 2% NCDs of ₹ 1,250.00 crores (due March 31, 2016) with a redemption premium of ₹ 744.18 crores.

During Fiscal 2015, Jaguar Land Rover Automotive plc, an indirect subsidiary of the Company, issued USD 500 million 4.250% senior notes due 2019, USD 500 million 3.50% senior notes due 2020 and GBP 400 million 3.875% senior notes due 2023. The proceeds were used for part prepayment of USD 326 million 8.125% senior notes due 2021 and GBP 442 million 8.250% senior notes due 2020 as well as for general corporate purposes, including support for the on-going growth and capital spending plan.

The Tata Motors Group funds 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, 2015. The working capital limits are secured by hypothecation of certain existing current assets of the Company. The working capital limits are renewed annually.

Jaguar Land Rover Automotive plc established a 3-5 year committed revolving credit facility with a syndicate of more than 20 banks. The outstanding balance under the facility which is completely undrawn, is GBP 1,485 million as of March 31, 2015.

Some of the Company's financing agreements and debt arrangements set limits on and/or require prior lender consent for, among other things, undertaking new projects, issuing new securities, changes in management, mergers, sales of undertakings and investment in subsidiaries. In addition, certain negative covenants may limit the Company's ability to borrow additional funds or to incur additional liens, and/or provide for increased costs in case of breach. Certain of the Company's financing arrangements also include financial covenants to maintain certain debt- to-equity ratios, debt-to-earnings ratios, liquidity ratios, capital expenditure ratios and debt coverage ratios.

The Company monitors compliance with its financial covenants on an ongoing basis. The Company also reviews its refinancing strategy and continues to plan for deployment of long-term funds to address any potential non-compliance.

In Fiscal 2014, the Company was not in compliance with one covenant contained in its 2009 Indian rupee NCDs relating to the Company's ratio of total outside liabilities to tangible net worth, which was waived by the lenders and did not result in any default or penalties. Under the terms of the bank guarantee agreement, a breach of one covenant is not an event of default and also does not require the Company to pay increased costs. This NCD has been prepaid in March 2015.

Cash and liquidity at Jaguar Land Rover is located at various subsidiaries in different jurisdictions as well as 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. Certain debt issued by Jaguar Land Rover is subject to customary covenants and events of default, which include, among other things, restrictions or limitations on the amount of cash which may be transferred outside the Jaguar Land Rover group of companies in the form of dividends, loans or investments. These are referred to as restricted payments in the relevant Jaguar Land Rover financing documentation. In general, the amount of cash which may be transferred outside the Jaguar Land Rover group is limited to 50% of its cumulative consolidated net income (as defined in the relevant financing documentation) from January 2011. As of March 31, 2015, the estimated amount that is available for dividend payments, other distributions and restricted payments outside the Jaguar Land Rover group of companies is approximately GBP 2,578 million.

FINANCIAL PERFORMANCE ON A STANDALONE BASIS

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

Revenues (net of excise duty) were ₹ 36,294.74 crores in Fiscal 2015, as compared to ₹ 34,288.11 crores in Fiscal 2014, representing an increase of 5.9%, mainly due to an increase in the volume of M&HCV sales by 14.9% as compared to a decrease of 23.0% in Fiscal 2014. The total number of vehicles sold during the Fiscal 2015 has decreased by 12.6% to 454,433 vehicles compared to 519,755 vehicles in Fiscal 2014 and export volumes were flat at 49,936 vehicles in Fiscal 2015 compared to 49,922 vehicles in Fiscal 2014.

However, intense competition among all product categories impacted the Company's operating margin, which recorded a negative margin of 2.2% of sales in Fiscal 2015 compared to a negative margin of 1.4% for Fiscal 2014. As a result the Loss before Tax in Fiscal 2015 was ₹ 3,974.72 crores compared to Loss before Tax of ₹ 1,025.80 crores in Fiscal 2014. Furthermore, there was a tax expense of ₹ 764.23 crores in Fiscal 2015 due to a write-off of MAT credit. The Loss after tax in Fiscal 2015 was ₹ 4,738.95 crores as compared to profit of ₹ 334.52 crores in Fiscal 2014. The analysis of performance is given below:

Percentage to revenue from operations

	Fiscal 2015	Fiscal 2014
	(%)	(%)
Revenue from operations net of excise duty	100.0	100.0
Expenditure:		
Cost of material consumed (including change in stock)	74.5	75.6
Employee Cost	8.5	8.4
Manufacturing and other expenses (net)	22.3	20.3
Amount Capitalised	(3.1)	(2.9)
Total Expenditure	**102.2**	**101.4**
Other Income	5.2	11.2
Profit before Exceptional Items, Depreciation, Interest and Tax	3.0	9.8
Depreciation and Amortisation (including product development / engineering expenses written off)	8.4	7.3
Finance costs	4.4	3.9
Exceptional Item – Loss	1.1	1.6
Profit /(Loss) before Tax	**(10.9)**	**(3.0)**

Cost of materials consumed (including change in stock)

	Fiscal 2015	Fiscal 2014
	(₹ in crores)	
Consumption of raw materials and components	22,155.23	20,492.87
Purchase of product for sale	5,765.24	5,049.82
Change in Stock-in-trade, finished goods and Work-in-progress	(878.82)	371.72
Total	27,041.65	25,914.41
% of revenue	74.5	75.6

The decrease in terms of cost of materials consumed (including change in stock) as a percentage to revenue was mainly due to a more favorable product mix which included a relatively higher proportion of M&HCV sales.

Employee Cost: Employee costs increased 7.4% in Fiscal 2015 to ₹ 3,091.46 crores compared to ₹ 2,877.69 crores in Fiscal 2014. The increase was mainly attributable to normal yearly increases, promotions, and wage agreements and changes in the discount rates for defined employee benefit plans. The Company has taken steps to contain employee costs by reducing the number of permanent and temporary employees. However, due to higher revenues, the percentage of employee cost to revenue has remained almost the same in Fiscals 2015 and 2014 at 8.5% and 8.4%, respectively.

Manufacturing and Other Expenses: These expenses relate to manufacturing, operations and incidental expenses other than raw materials and employee cost. This expenditure mainly includes job work charges, advertisements and publicity and other selling and administrative costs. The expenses increased by 15.9% to ₹ 8,080.39 crores in Fiscal 2015 compared to ₹ 6,971.87 crores in Fiscal 2014. It represented 22.3% of the revenue in Fiscal 2015 compared to 20.3% of the revenue in Fiscal 2014. Freight, transportation and port charges, represented 2.9% and 2.6% of total revenues for Fiscal 2015 and Fiscal 2014, respectively. The increase in freight and transportation expenses is primarily due to increases in car volume sales and for trailers used for the transportation of vehicles. Publicity expenses represented 2.1% and 1.8% of total revenues in Fiscal 2015 and Fiscal 2014, respectively. In addition to routine product and brand campaigns, the Company incurred expenses relating to new product introductions, namely, the Ultra trucks, Zest and

Bolt. Warranty expenses increased to ₹ 428.68 crores in Fiscal 2015 as compared to ₹ 343.78 crores in Fiscal 2015, due to new models launched during Fiscal 2015. Furthermore, the increase was also due to provision for carrying capital cost of building at the Singur plant amounting to ₹ 309.88 crores.

Amount capitalised: This amount represents the expenditures transferred to capital and other accounts allocated out of employee costs and other expenses incurred in connection with product development projects and other capital items. The expenditures transferred to capital and other accounts increased 10.9% to ₹ 1,118.75 crores in Fiscal 2015 from ₹ 1,009.11 crores in Fiscal 2014, mainly related to ongoing development of new products and product variants.

Other Income: Other Income totaled ₹ 1,881.41 crores in Fiscal 2015 compared to ₹ 3,833.03 crores in Fiscal 2014. In Fiscal 2014, the Company has divested its investments in certain foreign subsidiaries to TML Holdings Pte. Ltd., a wholly owned subsidiary resulting in a profit of ₹ 1,966.12 crores.

Profit before Exceptional Item, Depreciation, Interest and Tax (PBDIT) was ₹ 1,081.40 crores in Fiscal 2015, compared to ₹ 3,366.28 crores in Fiscal 2014. Lower volumes and intense competition resulted in negative operating profit. This was offset by dividends from subsidiaries and profit from divestments of investments in certain foreign subsidiaries.

Depreciation and Amortization expense (including product development / engineering expenses) increased by 21.7% in Fiscal 2015 to ₹ 3,040.69 crores compared to ₹ 2,499.04 crores in Fiscal 2014. Depreciation increased by ₹ 137.20 crores, whereas amortization increased by ₹ 395.72 crores in Fiscal 2015. This increase includes a one-time charge of ₹ 170.66 crores of accelerated depreciation and amortization on tangible and intangible assets, pertaining to certain vehicle models. Further, the increase is also due to new projects capitalized / launched in current year, such as Ultra Trucks, Zest and Bolt.

Finance Costs increased by 19.1% to ₹ 1,611.68 crores in Fiscal 2015 from ₹ 1,353.18 crores in Fiscal 2014, mainly due to an increase in borrowings. Furthermore, the increase was also attributable to charge of debt issue cost on prepayment of ECB and prepayment premium on 2% NCDs.

Exceptional Items

a) In accordance with 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 ₹ 320.50 crores in Fiscal 2015 compared to ₹ 273.06 crores in Fiscal 2014. This includes the unamortised exchange loss of ₹ 216.07 crores pertaining to prepayment of ECB of USD 500 million.

b) Employee separation cost: To address the challenges of business downturn, the Company introduced an organisation-wide cost optimisation programme, which included employee cost as important pillar and has given early retirement to various employees which resulted in a charge of ₹ 83.25 crores in Fiscal 2015 compared to ₹ 47.28 crores in Fiscal 2014.

Loss before Tax was ₹ 3,974.72 crores in Fiscal 2015 as compared to Loss before Tax of ₹ 1,025.80 crores in Fiscal 2014. The loss was mainly attributable to lower LCV volumes and increases in variable marketing expenses, which resulted in lower operating margins and under-absorption of fixed costs.

Tax expenses - There was a tax expense of ₹ 764.23 crores in Fiscal 2015 as compared to tax credit of ₹ 1,360.32 crores in Fiscal 2014. There was a tax expense after considering the tax benefit on R&D expenditure, provision of disallowances and the tax treatment of foreign exchange differences.

Loss After Tax was ₹ 4,738.95 crores in Fiscal 2015 as compared to profit of ₹ 334.52 crores in Fiscal 2014. Consequently, basic Earnings Per Share (EPS) decreased to negative ₹ 14.72 in Fiscal 2015 as compared to positive ₹ 1.03 in Fiscal 2014 for Ordinary Shares and to negative ₹ 14.72 in Fiscal 2015 as compared to positive ₹ 1.13 in Fiscal 2014 for 'A' Ordinary Shares.

Standalone Balance Sheet

Shareholders' funds decreased to ₹ 14,862.59 crores as at March 31, 2015 compared to ₹ 19,176.65 crores as at March 31, 2014.

Reserves decreased to ₹ 14,218.81 crores as at March 31, 2015 from ₹ 18,532.87 crores as at March 31, 2014, due to Loss after tax in Fiscal 2015 of ₹ 4,738.95 crores, offset by a reversal of redemption premium (credit to Securities Premium) of ₹ 175.05 in Fiscal 2015 and amortization of balance in Foreign Currency Translation Reserve Account of ₹ 186.29 crores (net) in Fiscal 2015.

Borrowings:

	Fiscal 2015	Fiscal 2014
	(₹ in crores)	
Long-term borrowings	12,318.96	9,746.45
Short-term borrowings	7,762.01	4,769.08
Current maturities of long-term borrowings	1,043.44	537.27
Total	**21,134.41**	**15,052.80**

During Fiscal 2015, the Company issued USD 500 million 4.625% senior unsecured notes due 2020 and USD 250 million 5.750% senior unsecured notes due 2024. The proceeds have been used to refinance existing USD 500 million of ECB, of the Company. The proceeds are being used to incur new additional capital expenditure and other permitted purposes as per RBI ECB guidelines. Furthermore, the Company prepaid 2% NCDs of ₹ 1,250 crores (due March 31, 2016) with a redemption premium of ₹ 744.18 crores.

There was an increase in short-term borrowings because of an increase in commercial paper issuances.

Trade payables were ₹ 8,852.65 crores as at March 31, 2015 as compared to ₹ 9,672.36 crores as at March 31, 2014, which is primarily attributable to a decrease in acceptances due to lower sales volumes.

Provision (current and non-current) were ₹ 2,717.28 crores as at March 31, 2015 and ₹ 2,708.11 crores as at March 31, 2014. The provisions are mainly towards warranty, employee retirement benefits, delinquency and proposed dividends. Provision for delinquency (100% manufacturer guaranteed financing) made during the year is ₹ 1,175.94 crores, as compared to ₹ 935.86 crores in Fiscal 2014, representing an increase of 2.6%, on account of defaults primarily by small commercial vehicle operators, suffering due to lack of cargos, reduced trips and waiting periods.

Fixed Assets include tangible and intangible assets. The tangible assets (net of depreciation and including capital work in progress) decreased a marginal 1.7% to ₹ 13,610.45 crores as at March 31, 2015 compared to ₹ 13,850.35 crores as at March 31, 2014. The intangible assets (net of amortisation, including the projects under development), increased 6.0% to ₹ 8,213.57 crores as at March 31, 2015 compared to ₹ 7,745.29 crores as at March 31, 2014. The intangible assets under development were ₹ 4,690.84 crores as at March 31, 2015, which relate to new products planned in the future.

Investments (Current + Non-current) decreased 8.0% to ₹ 16,987.17 crores as at March 31, 2015 as compared to ₹ 18,458.42 crores as at March 31, 2014.

During Fiscal 2015, there was a redemption of 6.25% cumulative redeemable preference shares of USD 1 each at par of TML Holdings Pte. Ltd., of ₹ 1,658.24 crores. The Company has also divested equity shares of certain foreign subsidiary companies to TML Holdings Pte. Ltd. of ₹ 145.66 crores. This was partly offset by increase in investments in subsidiaries and associates of ₹ 319.15 crores.

Inventories increased 24.3% to ₹ 4,802.08 crores as at March 31, 2015 compared to ₹ 3,862.53 crores as at March 31, 2014. The total inventory is to 44 days of sales both in Fiscal 2015 and Fiscal 2014.

Trade Receivables (net of allowance for doubtful debts) decreased 8.4% to ₹ 1,114.48 crores as at March 31, 2015 compared to ₹ 1,216.70 crores as at March 31, 2014. The reduction reflects lower volumes and steps taken by the Company to control credit. The receivables represented 12 days as at March 31, 2015 compared to 16 days as at March 31, 2014. The amount outstanding for more than six months (gross) has reduced to ₹ 759.23 crores as at March 31, 2015 from ₹ 786.21 crores as at March 31, 2014. These represented dues from Government-owned transport companies and some of the Company's dealers. The overdue amounts are monitored and the Company has taken steps to recover these. However, based on the Company's assessment on non-recoverability of these overdues, these have been provided and the allowances for doubtful debts were ₹ 572.27 crores as at March 31, 2015 against ₹ 511.36 crores as at March 31, 2014, an increase of 11.9%.

Cash and bank balances increased to ₹ 944.75 crores as at March 31, 2015 compared to ₹ 226.15 crores as at March 31, 2014. This increase is due to an increase in fixed deposits with banks, principally, a surplus fund of the proceeds of senior notes USD 250 million.

Standalone cash Flow

The Following table sets forth selected items from standalone cash flow statement:

	Fiscal 2015	Fiscal 2014	Change
	(₹ in crores)		
Net Cash from / (used in) Operating Activities	**(2,562.67)**	**2,463.46**	**(5,026.13)**
Profit / (Loss) for the year	(4,738.95)	334.52	
Adjustment for cash flow from operations	3,770.99	(897.31)	
Change in working capital	(1,517.10)	3,082.31	
Direct taxes paid / (credit) (net)	(77.61)	(56.06)	
Net Cash from Investing Activities	**601.74**	**2,552.91**	**(1,951.17)**
Payments for fixed assets (net)	(2,706.42)	(3,094.05)	
Net investments, short-term deposit, margin money and loans given	21.29	635.88	
Sale / redemption of investments in subsidiary / associate companies	1,803.90	3,978.48	
Investments / loans in subsidiary / associates / JV (net)	(295.64)	(751.78)	
Dividend and Interest received	1,778.61	1,784.38	
Net Cash from / (used in) Financing Activities	**2,631.53**	**(5,033.81)**	**7,665.34**
Dividend and interest paid	(2,493.67)	(2,398.71)	
Net borrowings (net of issue expenses)	5,125.19	(2,635.10)	
Net increease / (decrease) in cash and cash equivalent	**670.60**	**(17.44)**	
Cash and cash equivalent, beginning of the year	198.68	205.57	
Effect of exchange fluctuation on cash flows	(7.33)	10.55	
Cash and cash equivalent, end of the year	**861.95**	**198.68**	

a. Reduction in net cash generated from operations reflects impact of reduction in profitability. The cash used in operations before working capital changes was ₹ 967.96 crores in Fiscal 2015 compared to ₹ 562.79 crores in Fiscal 2014. There was a net outflow of ₹ 1,517.10 crores in Fiscal 2015 towards working capital changes mainly attributable to increase in Inventories and other current and non-current assets.

b. The net cash inflow from investing activity was ₹ 601.74 crores in Fiscal 2015 compared to ₹ 2,552.91 crores in Fiscal 2014, mainly attributable to:

- Inflow by way of divestments in foreign subsidiary companies to TML Holdings Pte. Ltd. and a redemption of preference shares by TML Holdings Pte. Ltd., resulting in cash inflow of ₹ 1,803.90 crores in Fiscal 2014 compared to ₹ 3,978.48 crores in Fiscal 2014;
- Inflow due to dividends and interest was ₹ 1,778.61 crores in Fiscal 2015 compared to ₹ 1,784.38 crores in Fiscal 2014;a
- The cash used for payments for fixed assets was ₹ 2,706.42 crores (net) in Fiscal 2015 compared to ₹ 3,094.05 crores in Fiscal 2014, a decrease of 12.5%; and
- There was an outflow (net) of ₹ 295.64 crores in Fiscal 2015 compared to ₹ 903.33 crores for Fiscal 2014 towards investments in subsidiary, joint ventures and associates companies.

c. The net change in financing activity was an inflow of ₹ 2,631.53 crores in Fiscal 2015 against outflow of ₹ 5,033.81 crores in Fiscal 2014. The inflow is attributable to the following:

- The Company repaid fixed deposits of ₹ 9.31 crores in Fiscal 2015 compared to ₹ 362.19 crores for Fiscal 2014;
- The long-term borrowings (net) increased to ₹ 2,227.38 crores in Fiscal 2015 compared to ₹ 579.84 crores to Fiscal 2014; and
- Short-term borrowings – net inflow of ₹ 2,955.08 crores in Fiscal 2015 compared to outflow of ₹ 1,605.27 crores in Fiscal 2014.

FINANCIAL PERFORMANCE OF JAGUAR LAND ROVER (AS PER IFRS)

The financial statements of Jaguar Land Rover are prepared in accordance with International Financial Reporting Standards (IFRS) applicable in the United Kingdom. This information is given to enable the readers to understand the performance of Jaguar Land Rover [on a consolidated basis for the Jaguar Land Rover group]

Revenues for Jaguar Land Rover for Fiscal 2015 were GBP 21,866 million, an increase of 12.8% compared to GBP 19,386 million in Fiscal 2014, driven primarily by increased wholesale volumes and a strong product and market mix.

Material and other cost of sales in Fiscal 2015 increased 10.8% to GBP 13,185 million compared to GBP 11,904 million in Fiscal 2014 primarily due to increased production. However, it fell as a proportion of revenue to 60.3% as compared to 61.4% in Fiscal 2014, due to a favorable product and market mix.

Employee costs increased by 19.5% to GBP 1,977 million in Fiscal 2015 as compared to GBP 1,654 million in Fiscal 2014. This was driven by headcount increases in manufacturing (due to production increases) and in product development as Jaguar Land Rover continued to expand its future product portfolio. Wage increases agreed at the latest round of pay negotiations in November 2014, also contributed to a rise in employee costs during the year.

Other expenses increased by 10.6% to GBP 4,109 million in Fiscal 2015 compared to GBP 3,717 million in Fiscal 2014, as costs related to manufacturing, freight and distribution, warranty, product development, selling and fixed marketing grew to support Jaguar Land Rover's growth and launch costs increased as the products were brought to market partially offset by realized foreign exchange and commodity gains.

Product development costs capitalized increased by 12.4% to GBP 1,158 million in Fiscal 2015 compared to GBP 1,030 million in Fiscal 2014. This is due to increased expenditure on the development of more future products and technologies to support the future growth of Jaguar Land Rover's product portfolio.

Profit before tax ("PBT") increased 4.5% in Fiscal 2015 to GBP 2,614 million compared to GBP 2,501 million in Fiscal 2014, reflecting increase in operations in Fiscal 2015 and lower net finance expenses, which decreased GBP 60 million in Fiscal 2015, due to higher finance income and the removal of the embedded derivative in Fiscal 2014, which represented a loss of GBP 47 million in Fiscal 2014, which was offset partially by higher depreciation and amortization expenses of GBP 176 million and an unfavourable foreign exchange revaluation of US dollar-denominated debt of GBP 265 million and unmatured foreign exchange and commodity hedges not eligible for hedge accounting of GBP 245 million in Fiscal 2015.

Profit after tax ("PAT") increased 8.5% to GBP 2,038 million in Fiscal 2015 compared to GBP 1,879 million in Fiscal 2014, reflecting a lower effective tax rate of 22% due to reduced withholding taxes in China from 10% to 5%.

Cash Flow: Net cash from operating activities was GBP 3,627 million in Fiscal 2015, which was in line with profits less negative working capital of GBP 47 million in Fiscal 2015, as compared to positive GBP 393 million in Fiscal 2015, less tax paid of GBP 389 million in Fiscal 2015, as compared to GBP 402 million in Fiscal 2014. This compares to operating cash flow of GBP 3,422 million in Fiscal 2014. Jaguar Land Rover invested significantly in the year, up 17.6% to GBP 2,767 million in Fiscal 2015 compared to GBP 2,352 million in Fiscal 2014. These capital expenditures are intended to promote product development and capacity increases, including for facilities in China and the UK. Net cash used in financing activities was GBP 38 million in Fiscal 2015, compared to GBP 498 million in Fiscal 2014. In Fiscal 2015 financing activities included early redemption of GBP 653 million equivalent of higher coupon senior notes through a tender offer in the fourth quarter of Fiscal 2015, the issuance of USD 500 million bond in October 2014, GBP 400 million bond in February 2015 and a USD 500 million bond in March 2015. Financing activities also included a dividend paid to parent company of GBP 150 million and interest and fees of GBP 230 million.

Financial performance of TMFL (Consolidated)

During Fiscal 2015, TMFL earned a total income of ₹ 2,742.88 crores compared to ₹ 3,034.02 crores earned in Fiscal 2014, reflecting a decrease of 9.6%. The Loss Before Tax was ₹ 845.01 crores in Fiscal 2015 as compared to profit of ₹ 155.33 crores in Fiscal 2014. The Loss After Tax was ₹ 611.16 crores in Fiscal 2015, as compared to profit of ₹ 100.88 crores in the previous year. The results for Fiscal 2015 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)

In Fiscal 2015, TDCV's total revenue increased by 11.7% to KRW 987.95 billion (₹ 5,563.03 crores) compared to KRW 884.08 billion (₹ 4,951.88 crore) in Fiscal 2014. The positive impact of higher volume, various cost control initiatives, productivity improvement initiatives and reversal of provisions pertaining to the union wage lawsuit (KRW 24.20 billion), due to the of favorable judgment by the High Court of South Korea as described under the section entitled "Human Resources/Industrial Relations" below, helped TDCV to achieve Profit before taxes of KRW 69.13 billion (₹389.25 crores) in Fiscal 2015 compared to KRW 30.52 billion (₹170.96 crores) in Fiscal 2014. After providing for tax, the profit for Fiscal 2015 was KRW 54.00 billion (₹ 304.09 crores) compared to KRW 23.50 billion (₹ 131.64 crores) in Fiscal 2014.

Financial performance of TTL

The consolidated revenue of TTL in Fiscal 2015 increased 10.42% to ₹ 2,644.23 crores compared to ₹ 2,394.73 crores in Fiscal 2014. The profit before tax increased 27.3% to ₹ 429.76 crores in Fiscal 2015 compared to ₹ 337.57 crores in Fiscal 2014. The profit after tax increased by 22.3% to ₹ 334.07 crores in Fiscal 2015 compared to ₹ 273.22 crores in Fiscal 2014.

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:

- The Audit Committee of the Board of Directors, comprising of independent directors and 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;
- Documentation 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 ongoing programme, for the reinforcement of the Tata Code of Conduct is prevalent across the organisation. The Code covers integrity of financial reporting, ethical conduct, regulatory compliance, conflicts of interests review and reporting of concerns.
- State-of-the-art Enterprise Resource Planning, supplier relations management and customer relations management connect the Company's different locations, dealers and vendors for efficient and seamless information exchange. The Company also maintains a comprehensive information security policy and undertakes continuous upgrades to its IT systems;
- 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 compliance with internal controls and the efficiency and effectiveness of operations as well as 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; and
- Anti-fraud programmes including whistle blower mechanisms are operative across the Company.

The Board takes responsibility for the overall process of risk management throughout the organisation. Through an Enterprise Risk Management programme, the Company's business units and corporate functions address opportunities and the attendant risks through an institutionalised 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, financial, strategic and regulatory risks.

During Fiscal 2015, the Company conducted an assessment of the effectiveness of the internal control over financial reporting and identified a control weakness in relation to hedge accounting for complex derivatives for certain hedged contracts, in its subsidiary, Jaguar Land Rover. The Company has designed and implemented additional remediating controls subsequent to March 31, 2015, which are undergoing continuing testing to ensure sustainability.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company considers its human capital 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 which addresses key aspects of human resource development such as:

- The 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 employees by performance level;
- 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 job rotation among the entities;
- Evolution of performance based compensation packages to attract and retain talent within Tata Sons and the Tata Sons promoted entities; and
- Development of comprehensive training programs to improve industry- and function-specific skills.

We employed approximately 73,485 and 68,889 permanent employees as at March 31, 2015 and March31, 2014 respectively. The average number of flexible (temporary, trainee and contractual) employees for Fiscal 2015, was approximately 40,213 (including joint operations) compared to 35,260 in Fiscal 2014.

The following table set forth a breakdown of persons employed by the Company's business segments and by geographic location as at March 31, 2015 and March 31, 2014.

	Fiscal 2015	Fiscal 2014
Segment	**No. of Employees**	**No. of Employees**
Automotive	66,101	63,051
Other	7,384	5,838
Total	**73,485**	**68,889**
Location	**No. of Employees**	**No. of Employees**
India	43,313	43,986
Abroad	30,172	24,903
Total	**73,485**	**68,889**

Union Wage Settlements: The Company has labour unions for operative grade employees at all its plant across India, except at Sanand and Dharwad plant, which do not have unions as of the date of this Annual Report. 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 Commercial vehicles	August 31, 2015
Pune Passenger vehicles	March 31, 2016
Jamshedpur	March 31, 2016
Mumbai	December 31, 2015
Lucknow	March 31, 2017
Pantnagar	March 31, 2015
Jaguar Land Rover	October 31, 2016

The wage agreement at Pantnagar has expired and negotiations are in progress for the new wage agreement. The Pune Commercial Vehicles agreement expires in the month of August 2015 and preparations for the new agreement are underway. The Company's wage agreements link an employee's compensation to certain performance criteria that are based on various factors such as quality, productivity, operating profit and an individual's performance and attendance. The Company has generally received union support in its implementation of reforms that impact quality, cost erosion and productivity improvements across all locations.

In South Korea, the Company's union employees had filed a lawsuit to include some elements of non-ordinary salary and bonus as part of "ordinary wages" for the period December 2007 to May 2011. The district court ruled in favor of the union employees on January 2013 and ordered TDCV to pay the employees KRW 17.2 billion and interest, up to the period of lawsuit. The Company recorded a provision of KRW 45.8 billion as at March 31, 2014, in respect of this lawsuit and consequential obligation for all employees (including non-union employees). TDCV had filed an appeal against the order to High Court, which gave its verdict on December 24, 2014. The High Court, following the decision of the Supreme Court in a case of an unaffiliated company, determined that some elements of non-ordinary salary were part of "ordinary wages" and the need to be paid with retrospective effect. However, based on the "Good Faith Principle" and because any retrospective payment would have high financial impact on the Company, the court determined that the bonuses and work performance salary would be eligible for retrospective payment. Accordingly, the total liability was determined at KRW 99 million (₹0.57 crore) and interest of KRW 20 million (₹0.12 crore) thereon. The Union employees had period of up to January 27, 2015 to appeal to the Supreme Court of South Korea, which was not exercised.

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

OUTLOOK

The Company expects that the M&HCV Truck segment in India will likely register a growth in Fiscal 2016, driven by continuing trends towards the replacement of ageing fleet vehicles and expectations of increases in demand from the infrastructure and industrial sectors due to reforms being initiated by the Government of India. The Company expects that the demand for new commercial vehicles will also be driven by gradual acceptance of advance trucking platforms, the progression to Bharat Stage V emissions norms and the introduction of technologies, such as anti-lock braking systems.

The Company expects that faster growth and improved consumer sentiments should boost sales of passenger cars and utility vehicles in India.

The improved sales outlook for utility vehicles, cars, buses and trucks comes against the backdrop of the Government of India's annual budget proposal to raise investment in infrastructure, including roads and railways. The Company expects infrastructure investment to be allocated to rural areas which will lead to increased automotive demand.

The Company expects that, due to pressures on volumes in India and limited headrooms in pricing, due to the intensely competitive market dynamics, the focus will be on effective cost management 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 stakeholders.

One of the key elements of this strategy is 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 strategy includes, among other things, improving the physical appearances of contact points with customers and the creation of processes and forums for speedy resolution of customer issues.

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

Continued investment, by Jaguar Land Rover, in new products and technologies as well as expanding its production capacity in appropriate strategic locations, while balancing production with sales, is key for the success of the Company.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates and 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 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 government regulations, tax laws and other statutes and incidental factors.