MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY OVERVIEW

INDIA

India has registered a robust and steady pace of economic growth in Fiscal 2016 as it did in Fiscal 2015. Additionally, macroeconomic parameters such as inflation, fiscal deficit and current account balance have exhibited distinct signs of improvement. Wholesale price inflation has been in negative territory for more than a year and the all-important consumer price inflation has declined to nearly half of what it was a few years ago. However, weak growth in advanced and emerging economies has taken its toll on India's exports. Nevertheless, trade and current account deficits have improved due to relatively lower prices for crude oil which is imported by India. Growth in agriculture has slackened due to two successive years of less than-normal monsoon rains. The rupee has depreciated with respect to the US dollar, similar to several other currencies in the world.

India's GDP for Fiscal 2015 increased by 7.2% and for Fiscal 2016 increased by 7.6%. Growth in agriculture and industry increased in Fiscal 2016 by 1.1% as compared to decline by 0.2% in Fiscal 2015 while services sector growth increased by 9.2% in Fiscal 2016 as compared to 10.3% in last year. Index for industrial production (IIP) increased by 2.4% in Fiscal 2016 as compared to 2.8% in Fiscal 2015. Significant factors influencing IIP growth in Fiscal 2016 included a 2.2% increase in the mining sector in Fiscal 2016 compared to 1.4% in Fiscal 2015, which was mainly due to an increase in coal production. The manufacturing sector increased by 2%, compared to 2.3% in Fiscal 2015 and electricity services increased by 5.6% in Fiscal 2016, compared to 8% in Fiscal 2015. The consumer durables grew by 12.4% in Fiscal 2016 as compared to negative of 12.5% in Fiscal 2015. (Source: Ministry of Statistics and Program implementation). The domestic auto industry witnessed growth during Fiscal 2016, driven by replacement demand and demand from the mining and construction sectors, mainly in the medium and heavy commercial vehicles or M&HCV sector.

WORLD

The global macroeconomic landscape in Fiscal 2016 was rough and uncertain and characterized by weak growth of world output. This situation was exacerbated by; (i) declining prices of a number of commodities, with the reduction in crude oil prices being the most visible among them, (ii) turbulent financial markets (especially the equity markets), and (iii) volatile exchange rates. Global growth remained 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 Fiscal 2016 due to weaker than expected global activity and a weaker demand for oil. 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 with accompanying job growth, 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 showed signs of economic improvement in 2015, with consumption supported by lower oil prices and higher net exports. Growth in the Eurozone gradually picked up, driven by lower energy prices, a weaker Euro and a loose monetary policy by the European Central Bank. Germany, France, Italy and Spain GDP grew in the region. In 2015, GDP in the UK slowed a little, but consumer spending growth remained relatively strong, partially due to lower oil prices.

China recorded a pronounced deceleration in growth in 2015, which suggests that China's slowdown over the past few years shows little sign of abating. The GDP growth rate moderated to 6.9% for 2015 and coincided with growing debt and excess housing and factory capacity. These developments, together with market concerns about the future performance of the Chinese economy, are having spillover effect on other economies through reduced trade and weaker commodity prices, as well as through diminishing confidence and increasing volatility in the financial markets.

Brazil's economy sank into its deepest recession in recent history in 2015, amid lower prices for key exports, soaring inflation and depressed confidence levels. Economic performance in Russia was impacted by the increase in geopolitical tensions, lower crude oil prices and economic sanctions. In Japan, growth in 2015 was 0.6%, reflecting weak consumption and decreasing investment by households. In South Africa, domestic growth remains weak due to weak external demand, despite being lower oil prices and inflation.

Risk Factors

Risks 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 other overseas markets across the globe. Automotive markets in the United States, United Kingdom, and Europe experienced growth in Fiscal 2016 as did the automotive market in China, despite the softer economic conditions and financial market volatility experienced in China. However, automotive sales in emerging markets such as Brazil, Russia and South Africa have deteriorated during Fiscal 2016. Given these economic conditions, Jaguar Land Rovers' ambitions for growth may not materialize as expected which could have a significant adverse impact on its 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.

The United Kingdom's exit from the European Union (EU) may adversely impact our business, results of operations and financial condition.

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

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.

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 those of 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. 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 2016, the market share of the Company's automobile financing business, which supports sales of the Company vehicles, declined to 23.0% from 24.0% in Fiscal 2015. 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 financing partners in a number of key markets. Any reduction in the supply of available consumer financing for the purchase of new vehicles would limit the ability of some customers to purchase vehicles, which as a result could place Jaguar Land Rover under commercial pressure to offer new (or expand existing) retail or dealer incentives to maintain demand for their vehicles, thereby materially and adversely affecting Jaguar Land Rover sales and results of operations. Furthermore, Jaguar Land Rover also offers residual value guarantees on the leases of certain vehicles in some markets. The value of these guarantees is dependent on used car valuations in those markets at the end of the lease, which are subject to change. Consequently, Jaguar Land Rover may be adversely affected by movements in used car valuations in these markets.

Over time, and particularly in the event of any credit rating downgrade, market volatility, market disruption, regulatory changes or otherwise, 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 for the supply of engines and with 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's results of operations.

In Fiscal 2016 and 2015, the consumption of raw materials, components and aggregates and purchase of products for sale (Consolidated) approximately 58.9% and 60.8%, 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. A decline in demand for Jaguar Land Rover vehicles in these key markets, may significantly impact the Company's business, growth prospects, 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 82% of its total revenues for Fiscal 2016. 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, leads to an increase in sales during these months and in turn, has an impact on the resale value of vehicles. Most other markets, such as the United States, are influenced by the introduction of new-model-year products which typically occurs in the autumn of each year, 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 and winter months. Markets in China tend to experience higher demand for vehicles around the Chinese New Year and other national holidays. In addition, demand in Western European automotive markets tends to be softer during the summer and winter holidays. Furthermore, Jaguar Land Rover's cash flows are impacted by the temporary shutdown of four of their manufacturing plants in the United Kingdom (including the Engine Manufacturing Centre at Wolverhampton) during the summer and winter holidays. The resulting 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. In Fiscal 2016, the Company witnessed standalone incidents of labour unrest, one in the Dharwad plant in state of Karnataka, India and other in the Sanand plant in Gujarat India, which were amicably resolved.

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 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 centers in India, the United Kingdom, China, South Korea, Thailand, South Africa, Italy, Brazil, and 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 United State Securities and Exchange Commission, or the SEC for the year ended March 31, 2015, 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, 2015. 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 of 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 honoured 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 that 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 recoverable amount is lower than the carrying amount of an asset concerned or based on underlying cash generating units to which the assets belong. 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, the Company would need to record an impairment loss 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 contemplated 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 programme, 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, 2017, 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. Any regulatory action taken, or penalties imposed, in any jurisdiction may have significant severe reputational consequences on the Company's business and its result from operations.

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 U.S. Securities and Exchange Commission (SEC) regulations, Securities and Exchange Board of India (SEBI) regulations, New York Stock Exchange listing rules, the Companies Act. New or changed laws, rules, regulations and standards may lack specificity and are subject to varying interpretations. 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. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards. 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 have 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 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 calculated for Tata Motors Limited on a standalone basis under Indian GAAP, 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. The Company may also face challenges in interpreting and complying with such provisions due to limited jurisprudence. 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 of India 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, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") applicable to all Indian companies with listed securities or desirous of listing its securities, on an Indian Stock Exchange, which became effective on December 1, 2015. Pursuant to the Listing Regulations, the Company is required to, among other things, ensure that there is at least one woman director on our board of directors at all times, establish a vigilance mechanism for directors and employees and reconstitute certain committees in accordance with the Listing Regulations. 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 Listing regulations. Any increase in the Company compliance requirements or in the Company's compliance costs may have a material and 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 2016, RBI announced an interest rate cut coupled with a cautious statement on inflation 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 is required to prepare annual and interim financial statements under 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 enter the premium cars market in developed markets such as the United Kingdom, the United States, Europe and China as well as several emerging markets such as Russia, Brazil and South Africa. Going forward, 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 the 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 Bolt and the Tiago both in the compact segment, the Indigo eCS, 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 five car lines currently manufactured under the Jaguar brand name, including the F-TYPE two-seater sports car coupe and convertible the all new XF sedan, the XJ saloon, the XE sports saloon and the all new luxury performance SUV called the F-PACE, which became available for sale in April 2016.

- Utility Vehicles (UV): 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 five car lines under the Land Rover brand comprising the Range Rover, the Range Rover Sport, the Range Rover Evoque (including the Evoque convertible which will become available for sale in June 2016), the Land Rover Discovery and the Land Rover Discovery Sport. The Company ceased production of the Land Rover Defender in January 2016.
- Light Commercial Vehicles (LCV): 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 0.7 ton payload with different fuel options, the Super Ace and the ACE Mega both 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. The Company's offerings in the LCV bus segment include the Cityride and the Starbus ranges 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 Gross vehicle weight (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 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, 2016, the Company owned a 72.32% equity interest in its subsidiary, Tata Technologies Limited, or TTL. TTL specialises in providing engineering services outsourcing, 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 8,087 professionals serving clients worldwide from facilities in the North America, Europe, and Asia Pacific regions. TTL responds to customers' needs through its subsidiary companies and through its 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 2016, the Company launched the following products:

- Ace Mega: The Ace Mega is a small pickup truck in the Small Commercial Vehicle (SCV) segment which offers performance combined with fuel efficiency a low cost of ownership.
- SIGNA range of M&HCV: The SIGNA range offers improved cab experience, connected vehicle related functionalities and an improved driveline.
- Ultra Electric: The Company has launched its first full-electric bus with zero emissions and reduced noise operations.
- Further, during Fiscal 2016, the Company increased its global presence and launched the Prima in Kenya, Uganda and Bangladesh, the Ultra Bus in Sri-Lanka, Ultra trucks in Bangladesh, the Elanza bus in UAE and the ACE Express and ACE mega in Sri-Lanka and Nepal.
- Range Rover Evoque: The Company launched the refreshed 2016 model in August 2015 and the Evoque convertible will go on sale in June 2016.
- Jaguar XE: The all new Jaguar XE went on sale in May 2015, excluding the US, where sales commenced in May 2016, and is currently being manufactured at the Solihull plant in the UK. The XE was the first Jaguar Land Rover vehicle to feature Jaguar Land Rover's in-house 2.0 litre 4 cylinder engines.
- Jaguar XF: The all new light weight Jaguar XF uses the same aluminum-intensive architecture as the Jaguar XE and was launched in September 2015.
- Jaguar XJ: The Company launched the refreshed 2016 model year XJ in December 2015.
- Jaguar F-PACE: The Company revealed the Jaguar F-PACE luxury performance SUV at the Frankfurt Motor Show in 2015. The F-PACE went on sale in April 2016 and utilizes the same aluminum-intensive architecture as the Jaguar XE and XF.
- Tiago – The Company launched the Tiago in April 2016.

The Company's capital expenditures totaled ₹32,024.42 crores, and ₹34,889.61 crores for Fiscal 2016 and 2015, respectively, and the Company currently plans to invest approximately ₹398 billion in Fiscal 2017 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. The Company has also undertaken programmes for development of vehicles which run on alternate fuels such as LPG, CNG, bio-diesel, electric-traction and hydrogen. The Company recently signed a contract to supply 25 Tata Starbus Diesel Series Hybrid Electric Bus with Full Low floor configuration, with the Mumbai Metropolitan Region Development Authority (MMRDA). It has plans to expand its product base further, which is supported by its strong brand recognition in India, its understanding of local consumer preferences, its in-house engineering capabilities and its extensive distribution network. With growing competition, changing technologies and evolving customer expectations, the Company understands the importance of bringing new platforms to address market gaps and further enhancing the existing range of vehicles to ensure customer satisfaction.

Jaguar Land Rover has invested to enhance its technological strengths through in-house research and development activities, including the development of its engineering and design centers which centralise Jaguar Land Rover's capabilities in product design and engineering.

Furthermore, Jaguar Land Rover participates in advanced research consortia that bring together leading manufacturers, suppliers 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 believe that the foundation of its growth over the last six decades has been a deep understanding of economic conditions and customer needs, and the ability to translate this understanding into desirable products though research and development. In India, its Engineering Research Centre, or ERC, which was established in 1966, has successfully designed, developed and produced a wide range of vehicles. The ERC in India and Jaguar Land Rover engineering and development operations in the United Kingdom have identified areas to leverage the facilities and resources to enhance the product development process and achieve economies of scale. Furthermore, the Company has a wholly-owned subsidiary, Tata Motors European Technical Centre PLC, or TMETC, in the United Kingdom, which is engaged in automobile research and engineering.

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 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 its 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 has continued modernizing its facilities to meet demand for its vehicles. The Jamshedpur plant, which manufactures the entire range of M&HCVs, including the Prima, both for civilian and defense uses, has been modernized over the years and in Fiscal 2015, the Company celebrated 60 years of truck manufacturing at its first manufacturing and engineering facility at Jamshedpur.

The Company's product portfolio of Tata-brand vehicles, which includes the Nano, Indica, Indigo, Sumo, Sumo Grande, Safari, Safari Storme, Aria, Tiago, 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 invests substantially in the development of new products in new and existing segments by introducing new powertrains and technologies, including CO_2 reduction and electrification that satisfy both customer preferences and regulatory requirements. Jaguar Land Rover also invest in expanding manufacturing capacity in the United Kingdom and internationally to meet customer demand. In line with other premium automotive manufacturers Jaguar Land Rover targets capital expenditure to revenue of 10-12%. However, in Fiscal 2017 and for some time thereafter, Jaguar Land Rover anticipates increasing capital expenditure in order to take advantage of growth opportunities. For Fiscal 2017, capital expenditure at Jaguar Land Rover is expected to be around GB£3.75 billion (approximately ₹358 billion), allocated approximately 43% for research and development and 57% for expenditure on tangible fixed assets such as facilities, tools and equipment as well as other investments.

In October 2014, Jaguar Land Rover opened its Engine Manufacturing Centre at Wolverhampton, in the West Midlands. The plant currently manufactures Jaguar Land Rover's own in-house 2.0-litre diesel engine, which was first introduced into the Jaguar XE and now available in the XF, F-PACE, Evoque and Discovery Sport. The 2.0-litre petrol engine, which is anticipated to utilise the same configurable and flexible common architecture as the diesel variant, is scheduled for production later in Fiscal 2017. Jaguar Land Rover's in-house engines have been engineered to ensure maximize manufacturing efficiency, to include the flexibility to increase the number of engine variants and to be consistently high quality. Initial investment in the Engine Manufacturing Centre was approximately GB£500 million and Jaguar Land Rover recently announced an additional investment of GB£450 million to double the size of the Engine Manufacturing Centre, as the engine plant is expected to eventually employ over 1,400 people.

In July 2015, Jaguar Land Rover agreed a manufacturing patnership with Magna Steyr, an operating units Magna International Inc, to build future vehicles in Graz, Austria.

In December 2015, Jaguar Land Rover announced an initial investment of GB£1.0 billion to build a manufacturing facility in Slovakia with an annual capacity of 150,000 units, with a potential further investments of GB£500 million to increase the capacity of facility to 300,000 units per annum. Production is scheduled to commence at this facility in Fiscal 2018.

In June 2016, Jaguar Land Rover will be opening its R$ 750 million (Brazilian reals) (GB£240 million) manufacturing facility in Brazil which manfactures the Evoque and Discovery sports for the Brazilian markets.

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 ranking 3 in 2015, up from 2014, in the J.D. Power Asia Pacific 2015 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 subsidiary, 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.

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 competes 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 the Zest, the Bolt, the Indica, the Indigo, the Sumo, the Safari, the Aria, the Venture, the Nano, the Prima, the Ultra range of LCVs, the Ace, and the Magic, along with the Daewoo, 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 SIGNA range of M&HCVs, the Tiago, to further enhance its brand equity.

The Company's commercial vehicle initiative, Project Neev, provides a growth programme 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 nineteen states of India and has engagement in 456 districts and 3,613 sub-districts, which covers more than 470,500 villages. The rural penetration drive initiated through Project Neev has deployed an approximately 6,500 member dedicated team in towns and villages with populations of less than 50,000. Nearly 90,000 commercial vehicles have been sold since the commencement of this programme, to which the Company attributes a 24% increase in volumes of small commercial vehicle sales. Project Neev currently completed its fifth 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 the Rural Marketing Association of India Flame Awards for excellence in the field of rural marketing.

In light of the positive response received by "Truck World: Advanced Trucking Expo", which was launched in Fiscal 2015, the Company has organized 6 Truck World events in Fiscal 2016 - at Kolkata, Bhubaneshwar, Indore, Gandhidham, Hubli and Jaipur. This exposition showcases the Company's offering of medium and heavy commercial vehicles, along-with service-related brands such as Tata Genuine Parts, Tata Delight and Tata FleetMan. In Fiscal 2016, the Company introduced Programme Transcend, an initiative to empower the next-generation of entrepreneurs and also launched a driver engagement initiative – called "Ek Shaam Saarthi Ke Naam".

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 and providing additional source of revenue to its channel partner's. TATA-OK has completed five years of operation, including a pilot year, which retailed over 23,600 transactions in Fiscal 2016 through over 460 retailers. 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 vehicles sector to boost fleet productivity, safety and cost efficiency. With the goal of bringing the most advanced technology in this area to its customers, the Company has entered into a partnership with UK-based Microlise Limited to introduce global standards of telematics and fleet management solutions into the Indian logistics and transport industry.

In Fiscal 2016, Original Equipment manufacturer fitment of Tata Fleetman was commenced, covering all Prima (Cargo & Tippers), LPS 3518 and LPS 4018. Tata Motors Loyalty Programmes (Tata Delight and Tata Emperor) was recognized by the DMA Asia ECHO™ Awards and PMAA Dragons of Asia in December 2015.

In Fiscal 2016, the Company launched a new initiative, TATA Zippy with a promise to deliver a vehicle after repair within 48 hours or else pay a penalty to the customer. The Company also introduced Tata Kavach which deliver accidental vehicle in 15 days' post approvals or else pay a penalty to the customers. Tata Alert continues to provide breakdown assistance by promising to respond to the breakdown site within four hours of notification and to return the vehicle to the road within 24 hours. While "Priority first" continues to monitor repairs of prime models i.e. Ultra and Prima- It ensures vehicle delivery in 36 hours. These initiatives are supported by services such as the Tata on-site service and parts support through the use of container workshops and mobile service vans. These workshops are an on-site service support system that deploy a container on site which houses the repair equipment while the repairs are done at the customers' location. Mobile workshops visit potential customer sites based on the requirement for door step service. Mobile workshops are equipped with tools, compressor and washing facility. In addition, the Company offers an on-demand AMC (annual maintenance contracts) service, which provides customized AMC support for significant customers, such as large fleet owners. To improve brand equity of TATA Genuine Parts, concepts, such as the TGP Experience Centre and the Champion Zone have been started in the retail segment.

The Company also offers triple benefit insurance products for certain commercial vehicles which provide coverage for zero depreciation, loss of revenue, and replacement for total loss in case of accident. It offers a warranty of 4 years / 400,000 kilometers on drivelines for its entire range of heavy trucks with 25 tons and higher GVW and extended the same to its 16T GVW truck range.

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

- Cargo Carrier of the Year - Tata LPS 4923
- School Bus of the Year - Tata Cityride Skool Bus
- Special Application CV of the Year - Tata MHC 2038
- CV Dealer of the Year - Bhandari Automotive (Tata Motors dealership).

In order to cultivate safe practices of school bus riders, promote the Company brand image and build connections with school bus riders and stakeholders such as children, parents and school authorities, the Company launched two flagship programmes – Dream it to Win it and Humare Bus Ki Baat Hain. Season 2 of 'Humare Bus Ki Baat Hain', in Fiscal 2016, covered 563 schools in 92 cities with over 26,827 school staff participating. In Fiscal 2015, the Company, launched Tata SKOOLMAN, a student and school bus safety initiative, which is a telematics-based tracking solution, as a standard accessory for the Tata Ultra range of school buses. The Company has organized a 'School Bus Expo' in Bangalore, in which the Company exhibited it's entire range of school buses and vans namely the Iris, Magic, Winger, CityRide EX, Starbus and the Starbus Ultra. It also showcased Tata Skoolman, the telematics based tracking solution at the same event.

In Fiscal 2016, the Company organised Season 3 of the Prima Truck Racing Championship, which drew in over 55,000 spectators. The highlight of Season 3 was the first race ever of Indian truck racing talent, that was trained and nurtured in India. It has conceptualized and introduced an Indian Driver Training & Selection programme - "T1 Racer Program" to induct and train Indian truck drivers to become 'racers'. This programme will not only enhance driving skills, but also has an ultimate goal of creating well-rounded truck drivers.

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

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

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

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

Jaguar Land Rover is also developing more efficient powertrains and other technologies. This includes smaller and more efficient 2.0 litre petrol engines, stop start and hybrid engines. Jaguar

Land Rover already produce smaller and more efficient diesel engines such as the 2.0 litre diesel engine used in its new Jaguar XE, XF, Discovery Sport, Evoque and F-PACE. The Range Rover and Range Rover Sport Diesel Hybrid, powered by downsized and more efficient engines and alternative powertrains have both contributed to the improvement of their carbon footprint.

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

The most efficient version of the latest Range Rover Evoque emits less CO_2 than the prior model due to the introduction of the new 2.0 litre "in house" diesel engine. The Discovery Sport has been developed to be the most versatile and capable Land Rover in its category with a range of four cylinder turbocharged petrol and diesel engines (including Jaguar Land Rover's in house 2.0 litre diesel engine). 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. Jaguar Land Rover's first hybrid electric vehicles in the Range Rover and Range Rover Sport 3.0 litre SDV6 Hybrid also offer significantly improved CO_2 emission performance.

Mitigating cyclicality: The automobile industry is impacted by cyclicality. To mitigate the impact of cyclicality, 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, tooling's 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 commercial vehicle 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. The Company now offers products in the premium performance car and premium all-terrain vehicle categories with globally-recognised brands through Jaguar Land Rover and has diversified its business across markets and product categories. The production of the Range Rover Evoque commenced at the joint venture with Chery Automobile Company Ltd, or the China Joint Venture in October 2014 and the Range Rover Evoque went on retail sale in China in February 2015. Production of the Discovery Sport was also added as the second vehicle to be manufactured at the China Joint Venture in Fiscal 2016, which went on retail sale in November 2015. In addition, Jaguar Land Rover recently announced that the Jaguar XF L (a long wheelbase version of the Jaguar XF saloon) would be the third vehicle to be produced at the China Joint Venture from the later half of 2016. The Company aims to 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 750 chassis as at the end of Fiscal 2016.

Jaguar Land Rover also has ambitious plans to continue to develop the product range, for example the new Jaguar F-PACE performance crossover, which went on sale in April 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 went on retail sale in June 2016.

Jaguar Land Rover intends to expand its global footprint by increasing its global dealer network as well as expanding its manufacturing base in the UK and internationally, for example including the new manufacturing facility in Brazil due to commence operations in Fiscal 2017, and at a brand new manufacturing plant in Slovakia, due to commence production at the end of 2018.

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 appropriate, the Company intend to apply its existing low-cost engineering and sourcing capability to vehicles manufactured under the Jaguar and Land Rover brands.

The Company's supplier relationships also contribute to cost-reductions. For example, the Company believes that the supplier rationalisation programme 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 continues to focus on cost-management initiatives, such as streamlining its purchasing processes and building on its strong relationships with suppliers while increasing employee deployment and flexibility. In addition, Jaguar Land Rover continues to increase its use of its new modular aluminium architecture across vehicles platforms, which it expects, will result in the use of common technology more widely, across product lines and a reduction in engineering complexity.

Enhancing capabilities through the adoption of superior processes: Tata Sons and the entities promoted by Tata Sons, including 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 turnaround 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 2016 and 2015 was ₹39,166.71 crores and ₹35,531.26 crores, respectively. 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 2016 and 2015. Revenue from automotive operations before inter-segment eliminations increased by 4.7% to ₹274,138.50 crores in Fiscal 2016 as compared to ₹261,839.73 crores in Fiscal 2015.

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 China Joint Venture) for Fiscals 2016 and 2015 are set forth in the table below:

	Fiscal 2016		Fiscal 2015	
	Units	%	Units	%
Passenger cars	212,152	19.9%	199,824	20.0%
Utility vehicles	461,491	43.4%	420,533	42.1%
Light Commercial Vehicles	205,531	19.3%	222,006	22.3%
Medium and Heavy Commercial Vehicles	185,422	17.4%	155,187	15.6%
Total	**1,064,596**	**100.0%**	**997,550**	**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 2016, there was a robust and steady pace of economic growth in the geographic markets in which the Tata and other brand vehicles segment has operations.

The Indian economy experienced a GDP growth of 7.6% in Fiscal 2016, compared to 7.2% in Fiscal 2015 (based on data from the Ministry of Statistics and Program Implementation). The Indian automobile industry experienced an increase of 8.0% in Fiscal 2016, as compared to a 2.4% in Fiscal 2015. Falling crude oil prices, lower inflation, resumption of manufacturing and mining activities, and lower interest rates appear to be helping the Indian auto industry. However, competitive pressures continued across all major products in the Tata and other brand vehicles segment leading to a marginal decrease in vehicle sales volumes.

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

	Fiscal 2015		Fiscal 2014	
	Units	%	Units	%
Passenger cars	110,046	21.1%	121,741	23.2%
Utility vehicles	19,512	3.8%	25,588	4.9%
Light Commercial Vehicles	205,531	39.5%	222,006	42.3%
Medium and Heavy Commercial Vehicles	185,422	35.6%	155,187	29.6%
Total	**520,511**	**100.0%**	**524,522**	**100.0%**

The Company's overall sales of Tata and other brand vehicles decreased by 0.8% to 520,511 units in Fiscal 2016 from 524,522 units in Fiscal 2015, however, the revenue (before inter-segment elimination) increased by 12.8% to ₹49,742.80 crores during Fiscal 2016, compared to ₹44,118.13 crores in Fiscal 2015, due to a better product mix, primarily due to relatively more sales of M&HCVs as a proportion of overall sales in Fiscal 2016 compared to Fiscal 2015.

Vehicle Sales in India

During Fiscal 2016, sales in the domestic CV industry registered a growth of 9.6% in volumes, in comparison to a decline of 8.4% in Fiscal 2015. The recovery was driven by the continuation of healthy replacement-led demand in case of M&HCV (Trucks) and the renewal as well as fleet expansion by various State Regional Transport Undertakings as well as some pickup in demand from the mining and construction related sectors. In addition, the industry also benefitted from the implementation of BS-IV emission norms, which became mandatory across North India and some nearby regions starting in October 2015. The year also witnessed mandatory implementation of Anti-Lock Braking Systems in M&HCVs and Uniform Bus Body Code in buses. These along with the roll-out of BS-IV norms generated some pre-buying during the year.

The domestic PV industry sales registered a growth of 7.6%, supported by growth in both passenger cars and utility vehicles.

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 include Medium & Heavy Commercial Vehicles and Light Commercial Vehicles.

Category	Industry Sales			Company Sales			Market Share	
	Fiscal 2016	Fiscal 2015	Growth	Fiscal 2016	Fiscal 2015	Growth	Fiscal 2016	Fiscal 2015
	Units		%	Units		%	%	
Commercial Vehicles[1]	704,440	642,641	9.6%	326,755	317,780	2.8%	46.4%	49.4%
Passenger Vehicles[2]	2,771,099	2,575,680	7.6%	127,118	136,653	(7.0)%	4.6%	5.3%
Total	**3,475,539**	**3,218,321**	**8.0%**	**453,873**	**454,433**	**(0.1)%**	**13.1%**	**14.1%**

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 7.6% in Fiscal 2016, primarily attributable to reduced fuel prices, improved consumer sentiments, and lower interest rates. Hatchback sales witnessed significant growth during Fiscal 2016, while the sedan segment experiences negative growth. The utility vehicle segment also showed growth, mainly with strong performances in soft-road SUVs and multipurpose vehicles

Notwithstanding growth in the Indian passenger vehicle sector, the Company's passenger vehicle sales in India decreased by 7.0% to 127,118 units in Fiscal 2016 from 136,653 units in Fiscal 2015, due to fewer new product offerings by the Company as compared to its competitors.

Category	Industry Sales			Company Sales			Market Share	
	Fiscal 2016	Fiscal 2015	Growth	Fiscal 2016	Fiscal 2015	Growth	Fiscal 2016	Fiscal 2015
	Units		%	Units		%	%	%
Micro	21,007	16,903	24.3%	21,007	16,903	24.3%	100.0%	100.0%
Compact	1,188,385	1,080,347	10.0%	84,472	91,262	(7.4)%	7.1%	8.4%
Mid-Size	181,168	186,608	(2.9)%	187	1,334	(86.0)%	0.1%	0.7%
Premium and Luxury	3,266	3,659	(10.7)%	1,161	1,595	(27.2)%	35.5%	43.6%
Utility Vehicles	594,531	558,679	6.4%	19,702	24,801	(20.6)%	3.3%	4.4%
Vans[1]	152,110	137,740	10.4%	589	758	(22.3)%	0.4%	0.6%
Total[2]	**2,771,099**	**2,575,680**	**7.6%**	**127,118**	**136,653**	**(7.0)%**	**4.6%**	**5.3%**

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 106,827 units in the passenger car category in Fiscal 2016, representing a decrease of 3.8% compared to 111,094 units in Fiscal 2015. The Company sold 21,007 Nano cars in Fiscal 2016, an increase of 24.3% compared to 16,903 units in Fiscal 2015. In the utility vehicles category, the Company sold 20,291 units in Fiscal 2016, representing a decrease of 20.6% from 25,559 units in Fiscal 2015.

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 2016	Fiscal 2015	Growth	Fiscal 2016	Fiscal 2015	Growth	Fiscal 2016	Fiscal 2015
	Units		%	Units		%	%	%
M&HCV	302,532	232,113	30.3%	157,120	126,369	24.3%	51.9%	54.4%
LCVs[1]	401,908	410,528	(2.1)%	169,635	191,411	(11.4)%	42.2%	46.6%
Total	**704,440**	**642,641**	**9.6%**	**326,755**	**317,780**	**2.8%**	**46.4%**	**49.4%**

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

Industry sales of commercial vehicles increased by 9.6% to 704,440 units in Fiscal 2016 from 642,641 units in Fiscal 2015. Industry sales in the medium and heavy commercial vehicle segment increased by 30.3% to 302,532 units in Fiscal 2016, as compared to sales of 232,113 units in Fiscal 2015 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. Industry sales of light commercial vehicles reported a decline of 2.1% to 401,908 units in Fiscal 2016, from 410,528 units in Fiscal 2015, 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 increased by 2.8% to 326,755 units in Fiscal 2016 from 317,780 units in Fiscal 2015. The Company's sales in the medium and heavy commercial vehicle category increased by 24.3% to 157,120 units in Fiscal 2016, as compared to sales of 126,369 units in Fiscal 2015. However, sales in the light commercial vehicles segment declined by 11.4% to 169,635 units in Fiscal 2016, from 191,411 units in Fiscal 2015. Financing constraints and over capacity still continues to impede the recovery in the SCV segment, which has impacted the Company's volume growth.

Tata and other brand vehicles — International Markets

The Company's exports (on standalone basis) grew by 16.3% to 58,058 units in Fiscal 2016 as compared to 49,936 units in Fiscal 2015. While there were some incidents of geo-political tensions and economic uncertainties, such as the Madhesi agitation and the earthquake in Nepal and the duty change in Sri Lanka, the upsurge in investment in capital goods, in the South Asian Association for Regional Cooperation, 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 of new markets in these regions, contributed to an increase in international sales volumes. The Company's top five (quantity terms) export destinations for vehicles manufactured in India - Bangladesh, Sri lanka, Nepal, South Africa and Indonesia accounted for approximately 79% of the exports of commercial vehicles and passenger vehicles.

In Fiscal 2016, TDCV's overall vehicles sales decreased by 22.2% to 9,116 units, from 11,710 units in Fiscal 2015, mainly due to lower export sales being partially compensated by an increase in domestic sales. TDCV continued to have strong performance in the domestic market despite increased competition and increased sales to 7,036 vehicles, second highest in TDCV history, compared to sales of 6,808 vehicles in Fiscal 2015. The newly introduced Euro 6 models were well accepted in the market, which resulted in the combined market share of HCV and MCV Segments increased to 31% as compared to 28.7% in the previous year. However, the export market was very challenging. Factors, such as- low oil prices, local currency depreciation against the US Dollar, new statutory regulations to reduce imports, slowdown in Chinese economy impacting commodity exporting countries and increased dealer inventory, adversely impacted TDCV's exports in major markets, such as Algeria, Russia, Vietnam, South Africa and Gulf Cooperation Council countries. The export sales were 2,080 units in Fiscal 2016, compared to 4,902 units in Fiscal 2015.

Tata and other brand vehicles — Sales, Distribution and Support

The sales and distribution network in India as of March 31, 2016 comprised 3,887 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 exports 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 wholly-owned subsidiary, TMFL along with Tata Motors Finance Solutions Ltd or TMFSL, the Company 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 increased by 11.7% to ₹3,063.08 crores in Fiscal 2016 as compared to ₹2,742.88 crores in Fiscal 2015, which was mainly driven by the growth in the commercial vehicle segment.

The total disbursements (including refinancing) by TMFL, along with its subsidiary, increased by 22.8% in Fiscal 2016 to ₹8,985 crores as compared to ₹7,316 crores in Fiscal 2015. TMFL financed a total of 112,114, vehicles in Fiscal 2016, reflecting a slight decline of 0.6% from the 112,788 vehicles financed in Fiscal 2015. Disbursements for commercial vehicles increased by 30.4% to ₹7,485 crores (75,970 vehicles) in Fiscal 2016 as compared to ₹5,741 crores (72,853 vehicles) for the previous year. However, disbursements of passenger vehicles declined by 9.9% to ₹1,350 crores (33,185 vehicles) in Fiscal 2016 as compared to ₹1,498 crores (38,444 vehicles) in the previous year. Disbursements achieved for refinancing were ₹150 crores (2,959 vehicles) in Fiscal 2016 as compared to ₹77 crores (1,491 vehicles) in Fiscal 2015.

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

The Company's consolidated spare parts and after-sales activity revenue was ₹4,088.74 crores in Fiscal 2016, compared to ₹4,053.46 crores in Fiscal 2015. 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. It'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 and 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 total wholesale volumes of Jaguar Land Rover vehicles (including the Chery Joint Venture) with a breakdown between Jaguar and Land Rover brand vehicles, in Fiscal 2016 and 2015 are set forth in the table below:

Category	Year ended March 31			
	Fiscal 2016		Fiscal 2015	
	Units	%	Units	%
Jaguar	102,106	18.8%	76,496	16.3%
Land Rover	441,979	81.2%	394,027	83.7%
Total	**544,085**	**100.0%**	**470,523**	**100.0%**

In Fiscal 2016, Jaguar Land Rover continued to experience growth with wholesale volumes of 544,085 units, up by 15.6%, as compared to Fiscal 2015, with strong growth in Europe, North America and the United Kingdom, up year-on-year by 45.2%, 37.7% and 26.2%, respectively.

Wholesale volumes in overseas markets in Fiscal 2016 were broadly in line with those of the last fiscal year, while wholesale volumes in China were 17.3% lower year-on-year primarily reflecting the softer economic conditions and financial market volatility experienced there at the beginning of the year as well as the timing of new product launches.

In Fiscal 2016, Jaguar wholesale volumes were 102,106 units, up 33.5% compared to Fiscal 2015, reflecting the launch of the new Jaguar XE at the beginning of the year and solid sales of the F-TYPE. Land Rover wholesale volumes (including sales from the China Joint Venture) were 441,979 units, up 12.2% compared to the prior fiscal year, driven by continuing strong sales of the Land Rover Discovery Sport as well as solid sales from the more established Land Rover Discovery and Range Rover Sport.

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

Retail volumes (including retail sales from the China Joint Venture) in Fiscal 2016 increased by 12.8% to 521,571 units from 462,209 units in Fiscal 2015 primarily driven by strong sales of the Jaguar XE and Land Rover Discovery Sport, as well as a solid performance by the iconic Land Rover Defender in its run out year. Retail volumes of more established models such as the Land Rover Discovery, Range Rover and Range Rover Sport also grew year-on-year while the sales of the more mature Jaguar XF and XJ were impacted by the launch of the new lightweight XF and refreshed 2016 model year XJ in September 2015 and December 2015, respectively. Retail sales of the Range Rover Evoque were down 10.8% in Fiscal 2016 compared to Fiscal 2015, due to the transition of localised production to the China Joint Venture as well as a general slowdown in the Chinese economy. However, total retail sales of the Evoque strengthened in the final quarter (up 6.2%) as sales increased in China, Europe and the UK year-on-year. By brand, Jaguar retail volumes increased by 22.8% to 94,449 units in Fiscal 2016, compared to 76,930 units in Fiscal 2015 whilst Land Rover retail volumes increased by 10.9% to 427,122 units in Fiscal 2016, from 385,279 units in Fiscal 2015.

United Kingdom

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

North America

Economic performance in North America (the United States and Canada) generally continued to strengthen over the year as unemployment continued to fall, lower inflation driven by lower energy prices increased disposable incomes and consumer confidence continued to grow, despite the rise in interest rates in the United States, contributing to an industry-wide increase in passenger car sales of 3.1% in the United States in Fiscal 2016 compared to Fiscal 2015. Jaguar Land Rover retail volumes in North America increased by 27.1% to 99,606 units in Fiscal 2016 from 78,372 units in Fiscal 2015, with a 35.1% increase in Land

Rover retail volumes primarily driven by the Land Rover Discovery Sport, Land Rover Discovery and Range Rover. Retail sales of the Range Rover Sport and Range Rover Evoque also grew, albeit more moderately, in Fiscal 2016. Jaguar retail volumes in North America decreased by 2.0% as the impact of the discontinued XK and also softer XJ sales were only partially offset by increased sales volumes of the XF and F-TYPE. The Jaguar XE and F-PACE have recently been launched in North America and both went on retail sale in May 2016.

Europe

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

China

Passenger car sales in China increased by 6.7% in Fiscal 2016 while Jaguar Land Rover retail volumes (including sales from the China Joint Venture) decreased by 16.4% to 96,912 units in Fiscal 2016 from 115,969 units in Fiscal 2015 as softer economic conditions in China as well as the timing of new product launches adversely impacted volumes in the first 9 months of the year. Retail sales of Land Rover decreased by 14.8% in Fiscal 2016, primarily driven by softer sales of the Evoque, Range Rover and Discovery, while Jaguar retail sales decreased by 23.9% primarily driven by softer sales of the XF and XJ due to the transition to sales of the new XF and refreshed XJ, which were only introduced in December 2015 and February 2016 respectively. However, sales in China improved during the last quarter of Fiscal 2016, and were up 18.9% as compared to the last quarter of Fiscal 2015 primarily driven by the continued success of new models such as the Discovery Sport and the imported Jaguar XE.

Other Overseas markets

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

In Fiscal 2016, 2,844 units of Jaguar Land Rover vehicles were sold in India, through its exclusive dealerships, up 0.6% compared to 2,827 units sold in Fiscal 2015, which was supported by the by the assembly of the Jaguar XE, XF, XJ, Range Rover Evoque and Land Rover Discovery Sport in India (vehicles manufactured and sold in India are not subject to certain import duties).

Jaguar Land Rover's Sales & Distribution

As at March 31, 2016, Jaguar Land Rover distribute its Jaguar vehicles in approximately 123 markets across the world and its Land Rover vehicles in approximately 153 markets across the world. Sales locations for vehicles are operated as independent franchises. Jaguar Land Rover is represented in its key markets through its National Sales Companies ("NSC") as well as third party importers. Jaguar and Land Rover have regional offices in select countries. These regional offices manage customer relationships and vehicle supplies and provide marketing and sales support to their regional importer markets. The remaining importer markets are managed from the United Kingdom.

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

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

Jaguar Land Rover — Competition

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

Jaguar Land Rover — Seasonality

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

Other Operations 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 ₹2,934.82 crores in Fiscal 2016, an increase of 6.8% from ₹2,747.79 crores in Fiscal 2015. Revenues from other operations represented 1.1% of total revenues, before inter-segment eliminations, in Fiscal 2015 and 2016.

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.

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

The Company uses a three-horizon strategy for managing its engineering and technology initiatives. The first-horizon involves products that it is currently working on to bring to the market. The second-horizon involves researching known technologies that the Company may not be entirely familiar with at the present time but are needed for future products. Finally, the third-horizon is for 'blue sky' research projects and projects aimed at fostering a culture of innovation in the company. Besides, its own ecosystem spanning across India, the UK and Italy, the Company also has tie-ups with various Universities based out of India, including the University of Warwick in the UK, and also institutions in the United States. The main endeavour which the Company has is to continuously search for innovative projects in the second and third horizon to integrate promising projects into the main stream projects in the first horizon.

The Company has constantly adopted new technologies and practices in the digital product development domain to improve the product development process. This has led to better front loading of product creation, validation and testing, which results in greater likelihood of timely delivery and ensuring that new products are properly developed from the beginning. Niche integration tools, systems and processes continue to be enhanced in the areas of CAx, Knowledge Based Engineering (KBE), Product Lifecycle Management (PLM) and Manufacturing Planning Management (MPM) for more efficient end-to-end delivery of the product development process. In terms of physical assets used for product validation and testing, The Company has state of the art facilities, such as Crash Lab, Engine development and Testing facilities, Prototype Shop and Noise, Vibration and Harshness (NVH) Refinement Facilities. These facilities are used extensively to physically validate the new products in a robust manner before they enter the market.

The Company will continue its endeavor in research and development space to develop technologies, skill set and competence, which will help the Company meet future product portfolio requirements. One of the main future initiatives in this direction would be platform approach creating bill of material and bill of process which has high degree of commonality to reduce complexity and enhance the scale. Also, the Company aims at timely and successful conclusion of the technology projects so that they start getting inducted in the mainstream products leading to a promising future product portfolio.

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 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. The majority of Jaguar Land Rover's products are designed and engineered in the United Kingdom and 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, including electrification, to further improve the environmental performance of its vehicles including the reduction of CO_2 emissions.

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

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 property from third parties 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, tyres, 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 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 two divisions, namely, Purchasing and Supplier Quality (P&SQ) and Supply Chain Management. P&SQ includes Purchase Programme Management (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 development of new components and 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 value for money 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 programme for assisting suppliers from whom the Company purchases raw materials or components to maintain quality. Preference is given to suppliers with TS 16949 certification. The Company also maintains a stringent quality assurance programme 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 supplier partners to eliminate 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 supplier management programme that includes supplier base rationalisation, supplier quality improvement and supplier 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, 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, such as paints, oils, thinner, welding consumables, chemicals, adhesives, sealants and fuels. Jaguar Land Rover also requires certain highly functional components such as axles, engines and gear boxes for its vehicles, which are mainly manufactured by strategic suppliers. Jaguar Land Rover has long-term purchase agreements for critical components such as transmissions with ZF Friedrichshafen AG and engines with Ford and the Ford-PSA Peugeot Citroën joint venture, or the Ford-PSA joint venture. The components and raw materials in Jaguar Land Rover cars include steel, aluminum, copper, platinum and other commodities. Jaguar Land Rover has established contracts with certain commodity suppliers, such as Novelis, to cover its own and its suppliers' requirements to mitigate the effect of high volatility in the prices of these commodities. Special initiatives are also undertaken to reduce material consumption through value engineering and value analysis techniques.

Jaguar Land Rover works with a range of strategic suppliers to meet its requirements for parts and components and endeavours to work closely with its suppliers to form short and medium-term plans for the business. 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. Jaguar Land Rover also outsources many of the manufacturing processes and activities to various suppliers.

When outsourcing, Jaguar Land Rover provides training to the outside suppliers who design and manufacture the required tooling and fixtures. 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 programme 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. Jaguar Land Rover has in the past worked, and is expected to continue to work, with its suppliers to optimize their procurements, including the sourcing of certain raw materials and component requirements from low-cost countries.

Although Jaguar Land Rover have commenced the production of its own "in house" four cylinder (2.0-liter) engines (first installed in the Jaguar XE, which went on sale in May 2015), at present Jaguar Land Rover continues to source a large proportion of its engines from Ford or the joint venture between Ford and PSA on an arm's-length basis.

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).

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 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 its existing business plan. This includes the EuCD platform, a shared platform consisting of shared technologies, common parts and systems and owned by Ford, which is shared among Land Rover, Ford and Volvo Cars.

Supply agreements, aligned to the business cycle plan and having end-stop dates reaching as far as December 2020, were entered into with Ford for (i) the long-term supply of engines developed by Ford, (ii) engines developed by Jaguar Land Rover but manufactured by Ford and (iii) engines from the Ford-PSA joint venture.

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:

The Company expects that sales of M&HCVs in India to grow in line with the continuing trend toward the replacement of ageing fleet vehicles and an anticipated increase 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 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, new product launches in the coming year with innovative features, design and competitive pricing will better position the Company in new height.

The Company is focusing on increasing its offerings in the defence sector from providing only pure logistics solutions to tactical and combat solutions. The Company believes these efforts will provide the opportunity to capture a larger share in a growing market.

Growing wealth in rural markets in India also provides an opportunity to expand sales reach and volumes. The sales reported in 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 is expected to change the way the transportation industry matures and as the Company expects 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 has the advantage of strong in-house design and development facilities and professionals. Thus the Company believes that its research and development group is capable of developing solutions for different regulatory and emission norms in accordance with market demands in timely manner.

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 to compete in new segments, for example, the new Jaguar XE sports saloon ensures that Jaguar Land Rover competes in the largest premium saloon segment with a class-leading product and the new Jaguar F-PACE luxury performance SUV, which went on sale in April 2016. In addition, Jaguar Land Rover expects to launch the Range Rover Evoque convertible in June 2016, further expanding the product offering to existing and new customers.

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 4.7% to ₹275,561.11 crores in Fiscal 2016 from ₹263,158.98 crores in Fiscal 2015. However, the Company's net income (attributable to shareholders of the Company) declined by 21.2% to ₹11,023.75 crores in Fiscal 2016 from ₹13,986.29 crores in Fiscal 2015. Overall, earnings before other income, interest and tax before inter-segment eliminations, were ₹19,825.99 crores in Fiscal 2016 compared to ₹25,997.39 crores in Fiscal 2015, a decrease of 23.7%.The decrease in net income was primarily driven by higher depreciation and amortization, as well as factors impacting the

Jaguar land Rover business, most notably less favourable market and model mix, an exceptional one time charge relating to vehicles destroyed or damaged in the Tianjin port explosion in August 2015, and one time reserves and charges for an industry-wide passenger airbag safety recall announced in the United States by National Highway Traffic System Administration (NHTSA) in respect of airbags from a supplier (Takata), provision for doubtful debts and previously capitalized investment.

The Company has pursued a strategy of increasing exports of Tata and other brand vehicles to new and existing markets. 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. Improved market sentiment in certain countries to which the Company exports and the strong sales performance of Jaguar Land Rover has enabled the Company to increase its sales in these international markets in Fiscal 2016. However, Jaguar Land Rover's sales in China, has decreased in Fiscal 2016 by 17.3% to 98,650 units, compared to 119,310 units in Fiscal 2015. This resulted in the proportion of the Company's net sales earned from markets outside of India decreased to 84.8% in Fiscal 2016 from 86.4% in Fiscal 2015.

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 2016		Fiscal 2015	
	(₹ in crores)	%	(₹ in crores)	%
India	41,979.43	15.2%	35,676.53	13.6%
China	53,123.58	19.3%	76,170.40	28.9%
UK	46,007.94	16.7%	35,484.92	13.4%
United States	43,692.61	15.9%	31,469.53	12.0%
Rest of Europe*	41,583.95	15.1%	31,791.99	12.1%
Rest of World*	49,173.60	17.8%	52,565.61	20.0%
Total	**275,561.11**	**100.0%**	**263,158.98**	**100.0%**

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

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 Fiscal 2016 and 2015 and the percentage change from period to period.

	Fiscal 2016	Fiscal 2015	Change
	(₹ in crores)		%
Automotive operations	274,138.50	261,839.73	4.7%
Others	2,934.82	2,747.79	6.8%
Inter-segment elimination	(1,512.21)	(1,428.54)	5.9%
Total	**275,561.11**	**263,158.98**	**4.7%**

Automotive operations

Automotive operations are the Company most significant segment, accounting for 99.5% of the Company's total revenues in Fiscal 2016 and 2015. In Fiscal 2016, revenue from automotive operations before inter-segment eliminations was ₹274,138.50 crores as compared to ₹261,839.73 crores in Fiscal 2015, an increase of 4.7%.

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 2016	Fiscal 2015	Change
			%
Total revenue (₹ in crores)	274,138.50	261,839.73	4.7%
Earning before other income, interest and tax (₹ in crores)	19,386.50	25,621.43	(24.3)%
Earning before other income, interest and tax (% to total revenue)	7.1%	9.8%	

The Company's automotive operations segment is further divided into Tata and other brand vehicles (including vehicle financing) and Jaguar Land Rover. In Fiscal 2016, Jaguar Land Rover contributed 81.9% of the Company's total automotive revenue compared to 83.2% in Fiscal 2015 and the remaining 18.1% was contributed by Tata and other brand vehicles in Fiscal 2016 compared to 16.8% in Fiscal 2015.

The Company's revenue from Tata and other brand vehicles (including vehicle financing) and Jaguar Land Rover in Fiscals 2016 and 2015 and the percentage change from period to period (before intra-segment eliminations) is set forth in the table below.

	Fiscal 2016	Fiscal 2015	Change
	(₹in crores)		%
Tata and other brand vehicles	49,742.80	44,118.13	12.7%
Jaguar Land Rover	224,471.12	217,828.44	3.0%
Intra-segment elimination	(75.42)	(106.84)	29.4%
Total	**274,138.50**	**261,839.73**	**4.7%**

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 2016	Fiscal 2015	Change (%)
Total revenue (₹ in crores)	2,934.82	2,747.79	6.8%
Earning before other income, interest and tax (₹ in crores)	439.49	375.96	16.9%
Earning before other income, interest and tax (% to total revenue)	15.0%	13.7%	

The other operations business segment includes information technology, machine tools and factory automation solutions. In Fiscal 2016, revenue from other operations before inter-segment eliminations was ₹2,934.82 crores compared to ₹2,747.79 crores in Fiscal 2015. Results for the other operations business segment before other income, finance cost, tax and exceptional items (before inter-segment eliminations) were ₹439.49 crores in Fiscal 2016 as compared to ₹375.96 crores for Fiscal 2015.

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 2016	Fiscal 2015
	(%)	(%)
Revenue from operations net of excise duty	100.0	100.0
Expenditure:		
Cost of material consumed (including change in stock)	58.9	60.8
Employee Cost	10.6	9.7
Manufacturing and other expenses (net)	21.9	19.4
Amount Capitalised	(6.0)	(5.9)
Total Expenditure	85.4	84.0
Other Income	0.4	0.3
Profit before Exceptional Items, Depreciation, Interest and Tax	15.0	16.3
Depreciation and Amortisation (including product development / engineering expenses written off)	7.4	6.2
Finance costs	1.7	1.8
Exceptional Item – Loss	0.8	0.1
Profit before Tax	5.1	8.2

Cost of materials consumed (including change in stock)

	Fiscal 2016	Fiscal 2015
	(₹ in crores)	
Consumption of raw materials and components	152,445.39	149,956.54
Purchase of product for sale	12,850.27	13,293.82
Change in inventories of finished goods, Work-in-progress and products for sale	(2,876.62)	(3,330.35)
Total	**162,419.04**	**159,920.01**

Cost of material consumed decreased from 61.4% of total revenue (excluding income from vehicle financing) in Fiscal 2015 to 59.5% in Fiscal 2016. For Tata Motors Standalone, costs of materials consumed was 69.8% of net revenue in Fiscal 2016 of total revenue as compared to 74.5% in Fiscal 2015, representing a decrease of 470 bps, which was mainly attributable to a change in product mix that includes a relatively higher proportion of M&HCV sales and cost reduction measures. For Jaguar Land Rover, costs of materials consumed was 58.8% of total revenue in Fiscal 2016 compared to 60.2% in Fiscal 2015, representing a decrease of 140 bps, driven by cost-reduction measures and the general weakening of the Euro in Fiscal 2016.

Employee Costs were ₹29,198.89 crores in Fiscal 2016 as compared to ₹25,548.96 crores in Fiscal 2015 an increase of 14.3%. At Jaguar Land Rover the increase in employee cost is by 17.6% to GB£2,368.62 million (₹23,349.68 crores) in Fiscal 2016 as compared to GB£2,013.22 million (₹19,792.27 crores) in Fiscal 2015, primarily reflects the increase in the employee head count to support the higher production volume in Fiscal 2016.

For Tata Motors Standalone, the employee cost decreased marginally by 2.1% to ₹3,026.75 crores as compared to ₹3,091.46 crores in Fiscal 2015. The increase due to annual increments was offset by the lower charge for defined benefit employee plans, as a result of stable discount rates.

Employee costs at TDCV were ₹672.16 crores in Fiscal 2016, as compared to ₹518.82 crores in the same period in Fiscal 2015, an increase of 29.6%. Fiscal 2015 cost included reversal of ₹264.19 crores 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. However, in Fiscal 2015, there was a loss in actuarial valuations of the severance plan at TDCV of ₹69.92 crores as compared to a gain of ₹61.22 crores in Fiscal 2016.

Manufacturing and Other Expenses includes all works operations, indirect manufacturing expenses, freight cost, fixed marketing costs and other administrative costs. These expenses have increased by 18.5% to ₹60,424.95 crores in Fiscal 2016 from ₹50,980.37 crores in Fiscal 2015. Each line item includes the element of foreign currency translation impact of Jaguar Land Rover operations of approximately ₹615.16 crores in aggregate in Fiscal 2016. The breakdown is provided below:

	Fiscal 2016	Fiscal 2015
	(₹ in crores)	
Processing charges	1,110.68	1,050.48
Stores, spare parts and tools consumed	2,097.24	1,782.94
Freight, transportation, port charges, etc.	9,787.41	7,754.97
Repairs to buildings	118.28	120.47
Repairs to plant, machinery, etc.	524.37	471.86
Power and fuel	1,169.44	1,121.75
Rent	453.20	516.04
Rates and taxes	376.77	380.53
Insurance	376.25	287.49
Publicity	8,847.93	8,501.36
Works operation and other expenses	35,549.51	28,832.38
Excise Duty on change in Stock-in-trade	13.87	160.10
Manufacturing and Other Expenses	**60,424.95**	**50,980.37**

Manufacturing and other expenses increased to 21.9% of total revenues in Fiscal 2016 compared to 19.4% in Fiscal 2015. 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 higher volumes, led to higher expenditures.

ii. Freight, transportation, port charges etc. have increased, mainly for Jaguar Land Rover, predominantly due to increased sales in certain geographies. As a percentage to total revenue, Freight, transportation and port charges etc. increased to 3.6% in Fiscal 2016 as compared to 2.9% in Fiscal 2015, due to increased freights charges.

iii. Publicity expenses remained flat and represented 3.2% of total revenues in Fiscal 2016 and 2015. In addition to routine product and brand campaigns, the Company incurred expenses relating to new product introduction campaigns for the new Jaguar XE, the all new Jaguar XF, refreshed 2016 Model year the Jaguar XJ, the new Jaguar F-PACE, the Range Rover Evoque (including convertible), the SIGNA range of trucks, the ACE Mega and "Made of Great" campaign at Tata Motors.

iv. Works operation and other expenses have increased to 13.0% of net revenue in Fiscal 2016 from 11.0% in Fiscal 2015. During Fiscal 2016, there was a net loss on the mark-to-market value of trading forward and options of ₹3,716.03 crores as compared to ₹39.48 crores in Fiscal 2015. Furthermore, engineering expenses at Jaguar Land Rover have increased, reflecting its increased investment in the development of new vehicles. A significant portion of these costs are capitalised and shown under the line item "Amount capitalised". This was offset by the provision and write off of various debtors, vehicle loans and advances (net), which has decreased to ₹893.33 crores in Fiscal 2016 as compared to ₹1,800.78 crores in Fiscal 2015, mainly reflect provisions for finance receivables, where rate of defaults increased in Fiscal 2015, due to prolonged and unanticipated deterioration in the economic environment in India, which severely affected fleet owners and transporters.

Amount capitalised represents expenditure transferred to capital and other accounts allocated out of employee cost and other expenses, incurred in connection with product development projects and other capital items. The expenditure transferred to capital and other accounts has increased by 8.5% to ₹16,718.43 crores in Fiscal 2016 from ₹15,404.18 crores in Fiscal 2015, 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 9.2% to ₹981.72 crores in Fiscal 2016 from ₹898.74 crores in Fiscal 2015, and mainly includes interest income of ₹755.66 crores in Fiscal 2016, compared to ₹714.96 crores in Fiscal 2015 and Profit on sale of investment increased to ₹181.39 crores in Fiscal 2016, compared to ₹119.57 crores in Fiscal 2015. The increase is primarily 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 is ₹41,218.38 crores in Fiscal 2016, representing 15.0% of revenue in Fiscal 2016 compared to ₹43,012.56 crores in Fiscal 2015.

Depreciation and Amortisation (including product development / engineering expenses written off): During Fiscal 2016, expenditures increased by 26.0% to ₹20,494.61 crores from ₹16,263.80 crores in Fiscal 2015. The increase in depreciation of 26.5% to ₹8,220.51 crores in Fiscal 2015 from ₹6,498.13 crores in Fiscal 2015 is due to full year depreciation of 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 amortisation expenses have increased by 27.6% to ₹8,793.67 crores in Fiscal 2016 from ₹6,890.50 crores in Fiscal 2015, and are attributable to new products introduced during the year. Expenditure on product development / engineering expenses written off increased by 21.1% to ₹3,480.43 in Fiscal 2016 from ₹2,875.17 in Fiscal 2015.

Finance Cost decreased by 4.9% to ₹4,623.35 crores in Fiscal 2016 from ₹4,861.49 crores in Fiscal 2015. The decrease was mainly achieved by refinancing certain senior notes and other long term loans with loans with lower interest rates and repayments of borrowings from proceeds of the Company's rights issue in Fiscal 2016.

Exceptional items

	Fiscal 2016	Fiscal 2015	Change
	(₹ in crores)		
Exchange loss (net) including on revaluation of foreign currency borrowings, deposits and loans	240.19	91.72	148.47
Employee separation cost	32.72	92.99	(60.27)
Provision for costs associated with closure of operations and impairment of intangibles of a subsidiary company	44.31	-	44.31
Impairment of capitalised fixed assets	163.94	-	163.94
Others	1,638.39	-	1,638.39
Total	**2,119.55**	**184.71**	**1,934.84**

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. Employee separation cost: The Company has given early retirement to various employees resulting in an expense both in Fiscal 2016 and 2015.

iii. In Fiscal 2016, the Company decided to close operations of a subsidiary company, triggered by under performance and challenging market conditions.

iv. In Fiscal 2016, ₹163.94 crores of capitalised assets relating to certain vehicle models were written off.

v. The carrying value of inventory (net of insurance recovery) of ₹1,638.39 crores (GB£157 million) was recognised in Fiscal 2016, following the assessment of the physical condition of the vehicles involved in the explosion at the port of Tianjin in China in August 2015.

Consolidated Profit Before Tax (PBT) decreased to ₹13,980.87 crores in Fiscal 2016, compared to ₹21,702.56 crores in Fiscal 2015. The reduction in PBT is primarily driven by less favourable market and model mix, an exceptional net charge relating vehicles destroyed or damaged in the Tianjin port explosion in August 2015, and one time reserves and charges for the U.S. recall of potentially faulty passenger airbags supplied by Takata, doubtful debts and previously capitalized investment impacting the Jaguar Land Rover business.

Tax Expense represents a net charge of ₹2,872.60 crores in Fiscal 2016, as compared to net charge of ₹7,642.91 crores in Fiscal 2015. 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 2016 was 20.6% as compared to 35.2% in Fiscal 2015. In Fiscal 2016, there was a reduction in the UK Corporation tax from 20% to 19% for Fiscal 2018 and to 18% thereafter, resulting in a deferred tax credit. In Fiscal 2015, there was tax charge of the Company's standalone performance due to write off of minimum alternate tax or MAT liability.

Consolidated Profit for the year declined by 21.2% to ₹11,023.75 crores in Fiscal 2016 from ₹13,986.21 crores in Fiscal 2015, after considering the profit from associate companies and shares of minority investees.

Consolidated Balance Sheet

Shareholders' fund was ₹80,782.67 crores and ₹56,261.92 crores as at March 31, 2016 and 2015, respectively, an increase of 43.5%.

Reserves increased by 44.0% from ₹55,618.18 crores as at March 31, 2015 to ₹80,103.49 crores as at March 31, 2016. Apart from the Profit for Fiscal 2016 of ₹11,023.75 crores, the increase in Reserves of ₹24,485.35 crores was primarily attributable to following reasons:

- Securities premium increased by ₹7,400.66 crores due to issuances of shares at premium in the Company's Rights offering in Fiscal 2016.
- Accumulated actuarial losses in Pension Reserve have decreased by 35.7% to ₹6,659.25 crores as at March 31, 2016 compared to ₹10,361.85 crores as at March 31, 2015, due to increase 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 ₹2,847.84 crores as at March 31, 2016, as compared to ₹4,227.07 crores as at March 31, 2015.
- Translation gain of ₹1,730.87 crores recognised in Translation Reserve on consolidation of subsidiaries further contributed to an increase in Reserves and Surplus.
- Partially offset by a reduction in Hedging Reserves by ₹693.76 crores, primarily due to mark-to-market losses on forwards and options in Jaguar Land Rover, primarily due to decline in the US dollar-GBP forward rates.

Borrowings:

	As at March 31,		
	2016	**2015**	**Change**
	(₹ in crores)		
Long term borrowings	51,876.31	56,071.34	(4,195.03)
Short term borrowings	11,223.63	13,140.14	(1,916.51)
Current maturities of long term borrowings	7,368.55	4,398.91	2,969.64
Total	**70,468.49**	**73,610.39**	**(3,141.90)**

- Current maturities of long-term borrowings represent the amount of loan repayable within one year.
- During the year TML Holdings Pte. Ltd., a subsidiary of the Company, has
  - Refinanced existing unsecured multi-currency loan of US$600 million (US$250 million and SG$62.8 million maturing in November 2017 and US$210 million and SG$114 million maturing in November 2019) with a new unsecured loan of US$600 million (US$300 million maturing in October 2020 and US$300 million maturing in October 2022); and
  - Refinanced the existing SG$350 million 4.25% Senior notes due in May 2018 with a new syndicated loan of US$250 million maturing in March 2020.
- Further, the Company has paid certain of its borrowings from the Rights issue.

Other long-term liabilities were ₹9,946.52 crores as at March 31, 2016, as compared to ₹9,141.92 crores as at March 31, 2015. These included ₹7,744.11 crores of derivative financial instruments, mainly attributable to Jaguar Land Rover as at March 31, 2016 compared to ₹7,721.94 crores as at March 31, 2015, reflecting notional liability due to the valuation of derivative contracts.

Trade payables were ₹63,632.89 crores as at March 31, 2016, as compared to ₹57,407.28 crores as at March 31, 2015.

Provisions (current and non-current) were made 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:

	As at March 31,		
	2016	2015	Change
	(₹ in crores)		
Long term provisions (Non-current)	11,817.30	15,134.27	(3,316.97)
Short term provisions (Current)	8,702.12	6,036.00	2,666.12
Total	**20,519.42**	**21,170.27**	**(650.85)**

i. Provision for warranty and product liability increased by ₹2,087.48 crores or 20.2% mainly on account of increased volumes at Jaguar Land Rover and M&HCV volume at TML.

ii. The provision for employee benefits obligations decreased by ₹2,823.1 crores or 30.3% on account of changes in actuarial factors.

Other current liabilities were ₹27,261.82 crores as at March 31, 2016 as compared to ₹23,688.58 crores as at March 31, 2015, representing an increase of 15.1%. 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 increase in current maturites of long-term borrowings.

Fixed Assets:

	As at March 31,		
	2016	2015	Change
	(₹ in crores)		
Tangible assets (including capital work-in-progress)	70,915.85	61,656.68	9,259.17
Intangible assets (including assets under development)	57,934.82	50,765.91	7,168.91
Total	**128,850.67**	**112,422.59**	**16,428.08**

The increase (net of depreciation) in the tangible assets mainly represented additions towards new product plans and the new engine manufacturing facility and Brazil plant at Jaguar Land Rover and the increase (net of amortisation) in the intangible assets was ₹7,168.91 crores, mainly attributable to new product developments projects and new product launches during Fiscal 2016.

Investments (Current + Non-current) were ₹20,466.09 crores as at March 31, 2016, as compared to ₹15,336.74 crores as at March 31, 2015. The details are as follows:

	As at March 31,		
	2016	2015	Change
	(₹ in crores)		
Mutual Funds	19,211.01	14,058.36	5,152.65
Investments in equity accounted investees (associate companies)	391.75	382.59	9.16
Quoted Equity shares	313.98	302.08	11.90
Unquoted Equity shares	381.46	386.99	(5.53)
Others	173.57	210.90	(37.33)
Provision for diminution in value of investments (net)	(5.68)	(4.18)	(1.50)
Total	**20,466.09**	**15,336.74**	**5,129.35**

The increase in mutual fund investments was mainly at the Company and at Jaguar Land Rover.

Deferred tax assets / liability: Deferred tax assets represent 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.

	As at March 31,	
	2016	2015
	(₹ in crores)	
Deferred tax assets (net)	2,726.43	2,733.20
Deferred tax liability (net)	3,166.08	1,343.20

Loans and Advances

	As at March 31,	
	2016	2015
	(₹ in crores)	
Long term loans and advances	13,940.82	14,948.31
Short term loans and advances	14,757.51	10,746.44
Total	**28,698.33**	**25,694.75**

Loans and advances include:

i. Receivables towards vehicle financing by TMFL increased to ₹18,999.38 crores as at March 31, 2016, as compared to ₹16,877.82 crores as at March 31, 2015, an increase of 12.6%, due to higher disbursements during the year;

ii. VAT, other taxes recoverable, statutory deposits and dues of ₹5,510.19 crores as at March 31, 2016, as compared to ₹5,442.38 crores as at March 31, 2015.

iii. Capital advances representing advances given capital purchases has increased to ₹470.31 crores as at March 31, 2016 from ₹234.93 crores as at March 31, 2015.

iv. Income tax assets have increased to ₹1,502.49 crores as at March 31, 2016 as compared to ₹1,159.78 crores as at March 31, 2015.

Inventories as at March 31, 2016, were ₹33,398.98 crores as compared to ₹29,272.34 crores as at March 31, 2015, an increase of 14.1%. Inventory at Tata and other brand vehicles (including vehicle financing) was ₹6,818.67 crores as at March 31, 2016 as compared to ₹6,155.33 crores as at March 31, 2015. Inventory at Jaguar Land Rover was ₹26,505.61 crores as at March 31, 2016, an increase of 15.9%, as compared to ₹22,877.62 crores as at March 31, 2015. In terms of number of days of sales, finished goods represented 34 inventory days in Fiscal 2016 as compared to 32 days in Fiscal 2015.

Trade Receivables (net of allowance for doubtful debts) were ₹12,989.96 crores as at March 31, 2016, representing an increase of 3.3% compared to ₹12,579.20 crores as at March 31, 2015. Trade Receivables have increased at Tata and other brand vehicles (including vehicle financing) to ₹2,882.54 crores as at March 31, 2016 as compared to ₹2,558.03 crores as at March 31, 2015. The allowances for doubtful debts were ₹1,240.35 crores as at March 31, 2016 compared to ₹737.86 crores as at March 31, 2015. The increase was mainly at Jaguar Land Rover for certain doubtful receivables.

Cash and bank balances were ₹32,879.98 crores, as at March 31, 2016 compared to ₹32,115.76 crores as at March 31, 2015, The Company holds cash and bank balances in Indian rupees, GBP, Chinese Renminbi, etc. The cash balances include bank deposits maturing within one year of ₹23,230.63 crores as at March 31, 2016, compared to ₹23,638.08 crores as at March 31, 2015.

Consolidated Cash Flow

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

	Fiscal 2016	Fiscal 2015	Change
	(₹in crores)		
Net Cash from Operating Activities	**39,166.71**	**35,531.26**	**3,635.45**
Profit for the year	11,023.75	13,986.29	
Adjustment for cash flow from operations	27,585.37	29,410.82	
Change in working capital	2,551.53	(3,671.81)	
Direct taxes paid (net)	(1,993.94)	(4,194.04)	
Net Cash used in Investing Activities	**(38,610.81)**	**(34,867.22)**	**(3,743.59)**
Payments for fixed assets (net)	(32,623.24)	(31,887.98)	
Net investments, short term deposit, margin money and loans given	(1,987.23)	1,853.14	
Investments in Mutual Funds sold/ (made) (net)	(4,714.73)	(5,450.10)	
investments in subsidiary/associate companies/ JV (net)	(111.44)	(160.00)	
Dividend and Interest received	825.83	777.72	
Net Cash (used in)/ from Financing Activities	**(3,192.95)**	**5,201.44**	**(8,394.39)**
Proceeds from Rights issue of shares (net of issue expenses)	7,433.22	-	
Proceeds from issue of preference shares to minority shareholders (net of issue expenses)	428.44	-	
Net borrowings (net of issue expenses)	(5,176.77)	12,228.79	
Interest Paid	(5,703.90)	(6,306.98)	
Dividend paid (including paid to minority shareholders)	(173.94)	(720.37)	
Net (decrease)/ increase in cash and cash equivalent	**(2,637.05)**	**5,865.48**	
Cash and cash equivalent, beginning of the year	21,128.33	16,627.98	
Cash and cash equivalent on acquisition of a subsidiary	-	0.46	
Effect of exchange fluctuation on cash flows	859.20	(1,365.59)	
Cash and cash equivalent, end of the year	**19,350.48**	**21,128.33**	

Analysis:

a. Cash generated from operations before working capital changes was ₹38,609.12 crores in Fiscal 2016, as compared to ₹43,397.11 crores in the previous year, representing a decrease in cash generated through consolidated operations, consistent with the reduction in profit on a consolidated basis. After considering the impact of working capital changes including the net movement of vehicle financing portfolio, the net cash generated from operations was ₹39,166.71 crores in Fiscal 2016, as compared to ₹35,531.26 crores in the previous year. The increase in trade receivables, inventories and other assets amounting to ₹7,845.79 crores mainly due to increase in sales was offset by increase in trade and other payables and provisions amounting to ₹10,397.32 crores.

b. The net cash outflow from investing activity increased to ₹38,610.81 crores in Fiscal 2016 from ₹34,867.22 crores in Fiscal 2015.

- Capital expenditure (net) was at ₹32,623.24 crores in Fiscal 2016 compared to ₹31,887.98 in Fiscal 2015, 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 was an outflow of ₹1,987.23 crores in Fiscal 2016 as compared to an inflow of ₹1,853.14 crores in Fiscal 2015, mainly at Jaguar Land Rover.

c. The net change in financing activity was an outflow of ₹3,192.95 crores in Fiscal 2016 as compared to an inflow of ₹5,201.44 crores in Fiscal 2015.

  - During Fiscal 2016, the Company raised ₹7,433.22 crores through rights issue of shares and ₹428.44 crores through issue of preference shares to minority shareholders.
  - In Fiscal 2015, ₹8,886.52 crores were raised from long-term borrowings (net) as compared to repayment of ₹3,074.08 crores (net) in Fiscal 2016 as described in further detail below.
  - Net decrease in short-term borrowings of ₹2,099.95 crores in Fiscal 2016 as compared to an increase of ₹3,351.58 crores in Fiscal 2015, mainly at Tata and other brand vehicles (including vehicle financing).

As at March 31, 2016, the Company's borrowings (including short-term debt) were ₹70,468.49 crores, compared to ₹73,610.39 crores as at March 31, 2015.

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 ₹32,879.98 crores as at March 31, 2016, as compared to ₹32,115.76 crores as at March 31, 2015. These enable the Company to cater to business needs in the event of changes in market conditions.

The Company's capital expenditures were ₹32,024.42 crores and ₹34,889.61 crores for Fiscal 2016 and 2015, respectively, and the Company currently plans to invest approximately ₹398 billion in Fiscal 2017 in new products and technologies. The Company intends to continue to invest in new products and technologies to meet consumer and regulatory requirements. 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.

With the ongoing need for investments in products and technologies, the Company (on a standalone basis) 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 2016 of ₹635.80 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 at March 31, 2016: 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 borrowings and for supporting long-term fund needs, the Company continued to raise funds in Fiscal 2015 and 2016, through issue of various debt securities and Rights issue of shares described below.

During Fiscal 2015, the Company issued US$500 million 4.625% senior unsecured notes due 2020 and US$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 US$500 million with the balance of the proceeds and other permitted purposes as per RBI ECB guidelines.

Further, in March 2015, the Company prepaid 2% NCDs of ₹1,250 crores (due March 31, 2016) with a redemption premium of ₹744.19 crores.

During Fiscal 2015, Jaguar Land Rover Automotive plc, an indirect subsidiary of the Company, issued US$500 million 4.250% senior notes due 2019, US$500 million 3.50% senior notes due 2020 and GB£400 million 3.875% senior notes due 2023. The proceeds were used for part prepayment of US$326 million 8.125% senior notes due 2021 and GB£442 million 8.250% senior notes due 2020 as well as for general corporate purposes, including support for the ongoing growth and capital spending plan. On March 15, 2016, Jaguar Land Rover Automotive plc redeemed the remaining GB£58 million of the 8.25% GBP notes due 2020 by exercising the bond's early redemption option. In addition, Jaguar Land Rover Automotive plc redeemed the remaining GB£84 million of the 8.125% USD notes due 2021 by exercising the bond's early redemption option on May 16, 2016.

During Fiscal 2016, the Company allotted 15,04,90,480 Ordinary shares (including 3,20,49,820 shares underlying the ADRs) of ₹2 each at a premium of ₹448 per share, aggregating ₹6,772.07 crores and 2,65,09,759 'A' Ordinary shares of ₹2 each at a premium of ₹269 per share, aggregating ₹718.42 crores pursuant to the Rights issue. 1,54,279 Ordinary shares and 20,531 'A' Ordinary shares have been kept in abeyance.

Out of the proceeds of the Rights issue, ₹500 crores have been used for funding expenditure towards plant and machinery, ₹1,500 crores towards research and product development, ₹4,000 crores towards repayment in full or in part of certain long-term and short-term borrowings, and ₹1,401.10 crores towards general corporate purposes.

During Fiscal 2016, TML Holdings Pte. Ltd., a subsidiary of the Company, has

- refinanced an existing unsecured multi-currency loan of US$600 million (US$250 million and SG$62.8 million maturing in November 2017 and US$210 million and SG$114 million maturing in November 2019) with a new unsecured loan of US$600 million (US$300 million maturing in October 2020 and US$300 million maturing in October 2022); and
- refinanced the existing SG$350 million 4.25% Senior notes due in May 2018 with a new syndicated loan of US$250 million maturing in March 2020.

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 various banks in India as at March 31, 2016. 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 refinanced its revolving credit facility with a syndicate of more than 28 banks, increasing the size of revolving credit facility to GB£1.8 billion, all maturing in 5 years (2020) and subsequently upsized the facility to GB£1.87 billion in September 2015, by including an additional bank. The outstanding balance under the facility which is completely undrawn, is GB£1.87 billion as at March 31, 2016.

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.

Cash and liquidity at Jaguar Land Rover is located at various subsidiaries in different jurisdictions as well as with balances in India. The cash in some of these jurisdictions is subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends. However, annual dividends are generally permitted and the Company does not believe that these restrictions have, or are expected to have, any impact on Jaguar Land Rover's ability to meet its cash obligations.

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 at March 31, 2016, the estimated amount that is available for dividend payments, other distributions and restricted payments outside the Jaguar Land Rover group of companies is approximately GB£3,458 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 ₹42,369.82 crores in Fiscal 2016, as compared to ₹36,301.63 crores in Fiscal 2015, representing an increase of 16.7%, mainly due to an increase in the volume of M&HCV sales by 24.3% as compared to Fiscal 2015. However, the total number of vehicles sold in India during the Fiscal 2016 was flat at 453,873 vehicles compared to 454,433 vehicles in Fiscal 2015. The export volumes grew by 16.3% to 58,058 vehicles in Fiscal 2016 compared to 49,936 vehicles in Fiscal 2015.

Due to the increase in revenue in Fiscal 2016, the Company has achieved a positive operating margin of 6.5% as compared to a negative margin of 2.2% of sales in Fiscal 2015. As a result the Profit before Tax in Fiscal 2016 was ₹150.39 crores as compared to loss before tax of ₹3,974.72 crores in Fiscal 2015. Furthermore, there was a tax credit of ₹83.84 crores in Fiscal 2016 as compared to a charge of ₹764.23 crores due to the write-off of MAT credit in Fiscal 2015. The profit after tax in Fiscal 2016 was ₹234.23 crores as compared to a loss of ₹4,738.95 crores in Fiscal 2015. The analysis of performance is given below as a percentage to revenue from operations.

	Fiscal 2016	Fiscal 2015
	(%)	(%)
Revenue from operations (net of excise duty)	100.0	100.0
Expenditure:		
Cost of material consumed (including change in stock)	69.8	74.5
Employee Cost	7.1	8.5
Manufacturing and other expenses (net)	19.0	22.3
Amount Capitalised	(2.4)	(3.1)
Total Expenditure	**93.5**	**102.2**
Other Income	5.0	5.2
Profit before Exceptional Items, Depreciation, Interest and Tax	11.5	3.0
Depreciation and Amortisation (including product development / engineering expenses written off)	6.7	8.4
Finance costs	3.5	4.4
Exceptional Item – Loss	0.9	1.1
Profit before Tax	**0.4**	**(10.9)**

Cost of materials consumed (including change in stock)

	Fiscal 2016	Fiscal 2015
	(₹ in crores)	
Consumption of raw materials and components	24,313.08	22,155.23
Purchase of product for sale	5,259.27	5,765.24
Change in inventories of finished goods, Work-in-progress and products for sale	22.94	(878.82)
Total	**29,595.29**	**27,041.65**

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

Employee costs decreased by 2.1% in Fiscal 2016 to ₹3,026.75 crores compared to ₹3,091.46 crores in Fiscal 2015. The decrease was primarily due to no changes in the discount rate assumptions for defined employee benefit plans in Fiscal 2016, as compared to lower discount rate in Fiscal 2015. Further, due to higher revenues, the percentage of employee cost to revenue reduced in Fiscal 2016 to 7.1% as compared to 8.5% in Fiscal 2015.

Manufacturing and Other 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 were flat at ₹8,041.81 crores in Fiscal 2016 compared to ₹8,087.28 crores in Fiscal 2015. It represented 19.0% of the revenue in Fiscal 2016 compared to 22.3% of the revenue in Fiscal 2015. Freight, transportation and port charges, represented 3.0% and 2.9% of total revenues for Fiscal 2016 and Fiscal 2015, respectively. The increase in freight and transportation expenses is primarily due to trailers used for the transportation of vehicles. Publicity expenses represented 1.6% and 2.1% of total revenues in Fiscal 2016 and Fiscal 2015, respectively. In addition to routine product and brand campaigns and Auto Expo, the Company incurred expenses relating to new product introductions, namely, SIGNA and "Made of Great" campaign in Fiscal 2016. Warranty expenses increased to ₹482.72 crores in Fiscal 2016 as compared to ₹428.68 crores in Fiscal 2015, due to increased M&HCV sales during Fiscal 2016. In Fiscal 2015, manufacturing and other expenses included a provision for carrying capital cost of building at the Singur plant amounted to ₹309.88 crores.

Amount capitalised 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 decreased by 7.6% to ₹1,034.18 crores in Fiscal 2016 from ₹1,118.75 crores in Fiscal 2015, mainly related to ongoing development of new products and product variants.

Other Income totaled ₹2,132.92 crores in Fiscal 2016 compared to ₹1,881.41 crores in Fiscal 2015. This includes profit of ₹656.36 crores from divestment of investments in subsidiary companies and dividend income of ₹1,005.53 crores from subsidiary companies.

Profit before Exceptional Item, Depreciation, Interest and Tax (PBDIT) was ₹4,873.07 crores in Fiscal 2016, compared to ₹1,081.40 crores in Fiscal 2015. Increased M&HCV volumes coupled with improved market conditions resulted in an increase in operating profit as compared to the previous year.

Depreciation and Amortisation expense (including product development / engineering expenses) decreased by 5.3% in Fiscal 2016 to ₹2,878.36 crores compared to ₹3,040.69 crores in Fiscal 2015. Depreciation decreased by ₹113.34 crores, whereas amortization decreased by ₹36.13 crores in Fiscal 2016.

Finance costs decreased by 8.1% to ₹1,481.11 crores in Fiscal 2016 from ₹1,611.68 crores in Fiscal 2015, mainly due to reduction in borrowings as well as reduced interest rate.

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 ₹91.37 crores in Fiscal 2016 compared to ₹320.50 crores in Fiscal 2015.

b) In Fiscal 2016, impairment of capitalized assets pertaining to certain vehicle models of ₹163.94 crores has been debited to the statement of profit and loss.

c) Exceptional items also include ₹97.86 crores provided for investments and cost associated with closure of a foreign subsidiary company.

d) Employee separation cost: The Company has given early retirement to various employees which resulted in a charge of ₹10.04 crores in Fiscal 2016 compared to ₹83.25 crores in Fiscal 2015.

Profit before tax was ₹150.39 crores in Fiscal 2016 as compared to loss before tax of ₹3,974.72 crores in Fiscal 2015. The profit was mainly attributable to higher sales volumes of M&HCV and effective cost management through various cost reduction initiatives, resulted in higher operating margins and profit on sale of certain investments.

Tax expenses - There was a tax credit of ₹83.84 crores in Fiscal 2016 as compared to tax expense of ₹764.23 crores in Fiscal 2015.

Profit after tax was ₹234.23 crores in Fiscal 2016 as compared to loss of ₹4,738.95 crores in Fiscal 2015. Consequently, basic Earnings Per Share (EPS) returned to a positive ₹0.68 in Fiscal 2016 as compared to negative ₹14.57 in Fiscal 2015 for Ordinary Shares and to positive ₹0.78 in Fiscal 2016 as compared to negative ₹14.57 in Fiscal 2015 for 'A' Ordinary Shares.

Standalone Balance Sheet

Shareholders' funds increased to ₹22,368.08 crores as at March 31, 2016 compared to ₹14,862.59 crores as at March 31, 2015.

Reserves increased to ₹21,688.90 crores as at March 31, 2016 from ₹14,218.81 crores as at March 31, 2015, primarily due to increase in the securities premium account of ₹7,400.66 crores for the premium from the Company's rights offering in Fiscal 2016 and profit after tax in Fiscal 2016 of ₹234.23 crores, offset by the debit balance in Foreign Currency Translation Reserve Account of ₹82.50 crores (net) and the proposed dividend of ₹73.00 crores in Fiscal 2016.

Borrowings:

	As at March 31,		
	2016	**2015**	**Change**
	(₹ in crores)		
Long term borrowings	10,687.94	12,318.96	(1,631.02)
Short term borrowings	3,351.74	7,762.01	(4,410.27)
Current maturities of long term borrowings	1,847.57	1,053.44	794.13
Total	**15,887.25**	**21,134.41**	**(5,247.16)**

During Fiscal 2016, the reduction in borrowings was due to repayment of commercial paper issuances from the proceeds of Rights issue.

Trade payables were ₹8,916.60 crores as at March 31, 2016 as compared to ₹8,852.65 crores as at March 31, 2015, representing minor movement in Fiscal 2016.

Provision (current and non-current) were ₹2,624.54 crores as at March 31, 2016 and ₹2,717.28 crores as at March 31, 2015. The provisions were mainly towards warranty, employee retirement benefits, delinquency and proposed dividends.

Fixed Assets include tangible and intangible assets. The tangible assets (net of depreciation and including capital work in progress) increased marginally to ₹13,722.49 crores as at March 31, 2016 compared to ₹13,610.45 crores as at March 31, 2015. The intangible assets (net of amortisation, including the projects under development), increased to ₹8,522.37 crores as at March 31, 2016 compared to ₹8,213.57 crores as at March 31, 2015. The intangible assets under development were ₹5,011.18 crores as at March 31, 2016, and relate to new products planned in the future.

Investments (Current + Non-current) increased by 10.2% to ₹18,711.46 crores as at March 31, 2016 as compared to ₹16,987.17 crores as at March 31, 2015 due to investment in mutual funds of ₹1,736.00 crores

Inventories increased by 2.1% to ₹4,902.20 crores as at March 31, 2016 compared to ₹4,802.08 crores as at March 31, 2015. However, the total inventory decreased to 38 days of sales in Fiscal 2016 as compared to 44 days in Fiscal 2015 due to increase in sales volumes in Fiscal 2016.

Trade Receivables (net of allowance for doubtful debts) increased by 40.7% to ₹1,568.46 crores as at March 31, 2016 compared to ₹1,114.48 crores as at March 31, 2015. The receivables represented 14 days as at March 31, 2016 compared to 11 days as at March 31, 2015. The amount outstanding for more than six months (gross) increased to ₹870.19 crores as at March 31, 2016 from ₹759.23 crores as at March 31, 2015. 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 ₹598.04 crores as at March 31, 2016, compared to ₹572.27 crores as at March 31, 2015, an increase of 4.5%.

Cash and bank balances decreased to ₹452.08 crores as at March 31, 2016 compared to ₹944.75 crores as at March 31, 2015, mainly due to utlisation of proceeds from Senior Notes, issued in Fiscal 2015.

Standalone cash Flow

	Fiscal 2016	Fiscal 2015	Change
	(₹ in crores)		
Net Cash from/(used in) Operating Activities	**2,346.18**	**(2,214.30)**	**4,560.48**
Profit / (Loss) for the year	234.23	(4,738.95)	
Adjustment for cash flow from operations	2,454.23	4,119.36	
Change in working capital	(373.29)	(1,517.10)	
Direct taxes paid / (credit) (net)	31.01	(77.61)	
Net Cash (used in)/from Investing Activities	**(2,925.96)**	**253.37**	**(3,179.33)**
Payments for fixed assets (net)	(2,981.98)	(3,054.79)	
Net investments, short term deposit, margin money and loans given	(1,08.24)	(60.33)	
investments in mutual funds (purchased) sold / (net)	(1,668.51)	66.98	
Sale / redemption of investments in subsidiary / associate companies	746.90	1,803.90	
Sale of occupancy rights	7.32	14.64	
Investments / loans in subsidiary / associates / JV (net)	(211.06)	(295.64)	
Dividend and Interest received	1,289.61	1,778.61	
Net Cash (used in)/from Financing Activities	**(71.14)**	**2,631.53**	**(2,702.67)**
Dividend and interest paid	(2,015.72)	(2,493.67)	
Proceeds from Rights issue of shares (net of issue expenses)	7,433.22	-	
Net borrowings (net of issue expenses)	(5,488.64)	5,125.20	
Net (decrease)/ increase in cash and cash equivalent	**(650.92)**	**670.60**	
Cash and cash equivalent, beginning of the year	861.95	198.68	
Effect of exchange fluctuation on cash flows	0.71	(7.33)	
Cash and cash equivalent, end of the year	**211.74**	**861.95**	

a. Increase in net cash generated from operations reflects profit in Fiscal 2016. The cash generated in operations before working capital changes was ₹2,688.46 crores in Fiscal 2016 compared to cash used in operations of ₹619.59 crores in Fiscal 2015. There was a net outflow of ₹373.29 crores in Fiscal 2016 towards working capital changes mainly attributable to the increase in trade receivables and inventories.

b. The net cash used in investing activity was ₹2,925.96 crores in Fiscal 2016 compared to a cash inflow of ₹253.37 crores in Fiscal 2015, mainly attributable to:

- Inflow by way of divestments in subsidiary companies resulting in cash inflow of ₹746.90 crores in Fiscal 2016 compared to ₹1,803.90 crores in Fiscal 2015.
- Inflow due to dividends and interest was ₹1,289.61 crores in Fiscal 2016 compared to ₹1,778.61 crores in Fiscal 2015;
- Investment in Mutual fund (net) during Fiscal 2016 was ₹1,668.51 crores.
- The cash used for payments for fixed assets was ₹2,981.98 crores (net) in Fiscal 2016 compared to ₹3,054.79 crores in Fiscal 2015; and
- There was an outflow (net) of ₹211.06 crores in Fiscal 2015 compared to ₹295.64 crores for Fiscal 2015 towards investments in subsidiary, joint ventures and associates companies.

c. The net change in financing activity was an outflow of ₹71.14 crores in Fiscal 2016 against inflow of ₹2,631.53 crores in Fiscal 2015. The inflow is attributable to the following:

- During Fiscal 2016, the Company raised ₹7,433.22 crores through rights issue of shares.
- Long-term borrowings (net) – outflow of ₹1,120.48 crores in Fiscal 2016 as compared inflow of ₹2,227.38 crores to Fiscal 2015; and
- Short-term borrowings – net outflow of ₹1,838.66 crores in Fiscal 2016 compared to outflow of ₹1,665.12 crores in Fiscal 2015.
- Net change in other short-term borrowing – net outflow of ₹2,529.60 crores in Fiscal 2016 compared to inflow of ₹4,620.20 crores in Fiscal 2015.

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 2016 were GB£22,208 million, an increase of 1.6% compared to GB£21,866 million in Fiscal 2015, driven primarily by increased wholesale volumes and offset by a less favourable market and market mix.

Material and other cost of sales in Fiscal 2016 remained flat at GB£13,303 million compared to GB£13,185 million in Fiscal 2015. the increase is mainly due to exceptional charge realting to vehicle destroyed or damaged in the Tianjin port explosion in August 2015. As a proportion of revenue, it decreases to 59.9% as compared to 60.3% in Fiscal 2015, driven by cost reduction measures and a generally weaker Euro in Fiscal 2016.

Employee costs increased by 17.4% to GB£2,321 million in Fiscal 2016 as compared to GB£1,977 million in Fiscal 2015, primarily reflecting, increased headcount required to support the increase production volumes.

Other expenses (net of income) increased by 14.6% to GB£4,546 million in Fiscal 2016 compared to GB£3,966 million in Fiscal 2015, primarily reflecting, higher costs related to freight and distribution, warranty selling and fixed marketing expense, launch costs and GB£166 million of one-time reserves and charges for the US recall of potentially faulty passenger airbags supplied by Takata, doubtful debts and previously capitalized investment.

Product development costs capitalised increased by 7.3% to GB£1,242 million in Fiscal 2016 compared to GB£1,158 million in Fiscal 2015, due to increased expenditure on the development of future products and technologies.

Profit before tax ("PBT") decreased by 40.4% to GB£1,557 million in Fiscal 2016 as compared to GB£2,614 million in Fiscal 2015, primarily reflecting the items mentioned above as well as an increase in depreciation and amortization of GB£367 million and an exceptional net charge of GB£157 million related to vehicles destroyed or damaged in the Tianjin port explosion in August 2015. The GB£347 million more favourable revaluation of US Dollar denominated debt and unrealized foreign exchange and commodity derivatives as well as the GB£35 million lower interest expense (net) in Fiscal 2016 compared to Fiscal 2015 partially offset the unfavourable factors impacting PBT described above. In addition, the profit of GB£64 million primarily earned this fiscal year primarily by Jaguar Land Rover's China Joint Venture (compared to a loss of GB£6 million in Fiscal 2015) also helped support the solid PBT in Fiscal 2016.

Consequently, the **Profit after tax ("PAT")** decreased by 35.6% to GB£1,312 million in Fiscal 2016 compared to GB£2,038 million in Fiscal 2015. However, the effective tax rate of 16% in Fiscal 2016 was notably lower than the 22% in Fiscal 2015 due to a GB£74 million deferred tax credit resulting from tax deductions available under the UK's Patent Box tax legislation and a favourable one-time deferred tax credit of GB£63 million arising as a result of enacted future reductions in the rate of UK Corporation Tax (from 20% to 19% for Fiscal 2018 – Fiscal 2020 and 18% thereafter).

Cash Flow: Net cash from operating activities was GB£3,560 million in Fiscal 2016. The strong cash flow was driven by solid profitability and positive working capital and non-cash accruals of GB£579 million (negative working capital and non-cash accruals of GB£116 million in Fiscal 2015). After GB£166 million of tax paid in Fiscal 2016, GB£2,817 million of investment spending (excluding GB£318 million of R&D expensed through the income statement) and GB£48 million of other income (primarily interest received) free cash flow before financing was GB£791 million. A GB£111 million reduction in debt primarily reflects the redemption of the remaining GB£ 8.25% notes due 2020 (GB£58 million) and the lower utilization of the invoice discounting facility (GB£40 million) whilst the GB£142 million finance expenses and fees primarily relates to interest payments on the outstanding bonds and fees relating to the financing facilities (including the refinanced revolving credit facility). A dividend of GB£150 million was also paid to TML Holdings Pte Ltd, Sigapore in June 2015. As at March 31, 2016, Jaguar Land Rover had a total cash balance of GB£4,651 million (comprised of GB£3,399 million of cash and cash equivalents and GB£1,252 million of financial deposits) compared to GB£4,263 million of total cash as at March 31, 2015 (comprised of GB£3,208 million of cash and cash equivalents and GB£1,055 million of financial deposits). With total cash of GB£4,651 million and an undrawn revolving credit facility of GB£1,870 million, total liquidity at Jaguar Land Rover was GB£6,521 million as at March 31, 2016, compared to GB£5,748 million as at March 31, 2015.

Financial performance of TMFL (Consolidated)

During Fiscal 2016, TMFL earned a total income of ₹2,967.73 crores compared to ₹2,742.88 crores earned in Fiscal 2015, reflecting an increase of 8.2%, primarily due to increase in the commercial vehicle segment, improvement due to discontinuation of Low Down Payment (LDP) schemes, improved market conditions and highly focused collection efforts. The expansion of spoke branches (Tier 2 and 3 towns) has helped in reaching out to the customer more quickly and in improving customer satisfaction. The profit before tax was ₹301.64 crores in Fiscal 2016 as compared to loss of ₹845.01 crores in Fiscal 2015. The profit after tax was ₹267.03 crores in Fiscal 2016, as compared to a loss of ₹611.16 crores in the previous year.

Financial performance of TDCV (as per Korean GAAP)

In Fiscal 2015, TDCV's total revenue declined by 11.0% to KRW 879.66 billion (₹5,096.46 crores) compared to KRW 987.95 billion (₹5,563.03 crores) in Fiscal 2015, mainly due to lower export sales partially offset by increase in domestic sales. The profit after tax was KRW 45.56 Billion (₹263.96 crores) compared to KRW 54.00 Billion (₹304.09 crore) of previous year which included one-time reversal of provisions pertaining to ordinary wage lawsuit KRW 24.20 Billion (₹136.27 crores). Better profitability of Euro 6 vehicles, better mix, favorable exchange realizations, continuous material cost reduction, various cost control and inventory initiatives helped in improving profits.

Financial performance of TTL

The consolidated revenue of TTL in Fiscal 2016 increased 2.6% to ₹2,713.60 crores compared to ₹2,644.23 crores in Fiscal 2015. The profit before tax increased 7.2% to ₹460.89 crores in Fiscal 2016 compared to ₹429.76 crores in Fiscal 2015. The profit after tax increased by 14.2% to ₹381.66 crores in Fiscal 2016 compared to ₹334.07 crores in Fiscal 2015.

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 interest's 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 2016, the Company conducted an assessment of the effectiveness of the Internal Control over Financial Reporting and has determined that the Company's Internal Control over Financial Reporting as at March 31, 2016 is effective.

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 programmes to improve industry- and function-specific skills.
- Introduction of the annual Employee Pulse Survey to gauge the engagement levels of employees followed by action planning to make Tata Motors a more caring and engaging employer.

The Company employed approximately 76,598 and 73,485 permanent employees as at March 31, 2016 and 2015 respectively. The average number of flexible (temporary, trainee and contractual) employees for Fiscal 2016, was approximately 40,205 (including joint operations) compared to 40,213 in Fiscal 2015.

The following table set forth a breakdown of persons employed by the Company's business segments and by geographic location as at March 31, 2016 and 2015.

	As at March 31,	
	2016	**2015**
Segment	**No. of Employees**	**No. of Employees**
Automotive	68,089	66,101
Other	8,509	7,384
Total	**76,598**	**73,485**
Location	**No. of Employees**	**No. of Employees**
India	42,238	43,313
Abroad	34,360	30,172
Total	**76,598**	**73,485**

Union Wage Settlements: The Company has labour unions for operative grade employees at all its plant across India, except at the 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 to four 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, 2019
Jaguar Land Rover	October 31, 2016

The wage agreement at Pune commercial vehicles and Mumbai has expired and negotiations are in progress for the new wage agreement. The Pune passenger vehicles and Jamshedpur agreement expired in the month of March 2016 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.

OUTLOOK

The Company expects the M&HCV truck segment in India to grow in Fiscal 2017, driven by continuing trends towards the replacement of ageing fleet vehicles and anticipated 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 and the introduction of technologies, such as anti-lock braking systems. The Company also expect the LCV segment to witness positive growth in Fiscal 2017.

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.

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 also focuses on reviewing the channel partner scoreboard for effective performance management and direct oversight oversight on the operations to drive volume growth and increase customer satisfaction and thereby driving dealership profitability.

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.