MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY OVERVIEW

INDIA

The Indian economy in Fiscal 2017, on a macro-economic level stayed fairly robust and stable. India was one of the faster growing large economies in the world, with a currency that performed better than most other emerging markets. There was a significant upturn in commodity prices after a year of deflation. Consumer spending remained subdued during the early part of the year impacted by two years of drought. This year was marked by the way for the long awaited and transformational Goods and Services Tax (GST).

Fiscal 2017 was an eventful year for automobile sector due to: i) Ban on diesel cars, ii) Demonetization, iii) Ban on sale and registration of BSIII vehicles. The demonetization affected the Indian economy, which resulted in decline in sale of passenger and commercial vehicles by 2.3% in December 2016. Further, ban on sale and registration of BSIII vehicles has resulted in higher discounts by the automobile companies at the end of Fiscal 2017 and inventories to be either converted into BSIV vehicles or scrapped, affecting the profits.

As per the advance estimates, in Fiscal 2017, India's GDP increased by 7.1%, as compared to an increase of 7.9% in Fiscal 2016 (based on second advanced estimate data from the Ministry of Statistics and Programme Implementation). Agriculture sector registered a 4.4% growth in Fiscal 2017 as compared to 0.8% in Fiscal 2016. According to the new base year (2011-12), the Index of Industrial Production (IIP) recorded 5.0% growth in Fiscal 2017, as compared to 3.4% in Fiscal 2016. Significant factors influencing IIP growth in Fiscal 2017 included a 4.9% increase in the manufacturing sector, compared to 3.0% in Fiscal 2016, which was due to a better performance of sectors like motor vehicles, other transport equipment and pharmaceuticals. The IIP of the mining & quarrying sector increased by 5.3%, compared to 4.3% in Fiscal 2016, and electricity services recorded moderate increase of 5.8% in Fiscal 2017, as compared to 5.7% in Fiscal 2016. The consumer durables sector grew by 6.1% in Fiscal 2017, as compared to 4.3% in Fiscal 2016. (Source: Ministry of Statistics and Program Implementation).

However, real GDP growth was lower than Fiscal 2016. Nominal GDP growth recovered to respectable levels, reversing the sharp and worrisome dip that had occurred. The Consumer Price Index (CPI)-New Series inflation, displayed a downward trend since July 2016. The rising international oil prices resulted in reversal of WPI. Core inflation, however, was more stable. The current account deficit declined in the first half of Fiscal 2017. The trade deficit declined for majority of period. During the first half of the fiscal, there was a contraction in imports, which was far steeper than the fall in exports but during later half both exports and imports started a long-awaited recovery.

WORLD

The below par performance of global economy was reflected in a continued slowdown in growth in most of the emerging and developing markets. Activity rebounded strongly in the United States in second half of 2016 after a weak first half. However, output remained below potential in a number of other advanced economies, notable in the euro area. The picture for emerging market and developing economies remained much more diverse. The growth rate in China was a bit stronger than expected, supported by continued policy stimulus. However, activity was weaker than expected in some Latin American countries such as Brazil. Activity in Russia was slightly better than expected, in part reflecting firmer oil prices.

During 2016, prices of base metals have also strengthened, with strong infrastructure and real estate investment in China as well as expectations of fiscal easing in the US. Oil prices increased later half of 2016, reflecting an agreement among major producers to trim supply.

The UK secured its seventh consecutive year of growth since the recession, and have been the fastest growing of the group of seven leading industrial economies in 2016. Sterling suffered two sharp devaluations this year — immediately after the EU referendum in June and in October as statements made at the Conservative party conference stoked fears of a "hard Brexit". The Eurozone had marginal GDP growth in 2016; however, rising inflation poses a risk on growth and may reduce consumer spending. France and Spain had better prospects with GDP growing at decent rates, while Germany and Italy showed no change with GDP growth rates same as last year.

The GDP for China showed a steady performance. The real estate sector has seen an increased investment by government. The Consumer Price Index increased in 2016. Russia's GDP grew as it continues to recover form crisis brought by low oil prices and western sanctions that closed access to international market. Its inflation is on track to reach projected target of CBR (Central Bank of Russia).

Japan's economic growth is on back of weaker Yen and government steps to stimulate sluggish completion, the GDP grew in 2016 and unemployment rate declined. South Africa had GDP increase, mainly due to marginally higher global growth, Stabilized commodity prize, Business and Consumer confidence and Improved Labor Relations.

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 Indian automotive industry could be affected materially by the general economic conditions in India and around the world. 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, environment policies, tax policies, increase in freight rates and fuel prices could materially and adversely affect the Company's automotive sales in India and results of operations.

In addition, investors' reactions to economic developments or a loss of investor confidence in the financial systems of other countries may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability, including withdrawal from trade pacts by countries in which the Company operates, could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. In the event global economic recovery is slower than expected, or if there is any significant financial disruption, this could have a material adverse effect on 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 and 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. The automotive market in China experienced strong growth in Fiscal 2017, with positive growth also in Europe, the UK and the US. Conditions remained challenging in emerging markets such as Brazil, Russia and South Africa where automotive sales deteriorated during Fiscal 2017. Jaguar Land Rovers' growth plans may not quite materialize as expected which could have a significant adverse impact on company's financial performance. If automotive demand softens because of lower or negative economic growth in key markets (notably China) or due to other factors, Jaguar Land Rover's operations and financial condition could be materially and adversely affected as a result.

The Brexit vote, the June 8, 2017 U.K.-election results and the ongoing negotiations between the United Kingdom and the European Union to finalize terms of the United Kingdom's exit from the European Union has created significant uncertainty with respect to the United Kingdom's future relationship with the European Union, the economic and political future of the United Kingdom and the legal structure applicable to companies doing business in the United Kingdom. This uncertainty, along with any real or perceived impact of Brexit, could have a material adverse effect on the Company's Jaguar Land Rover business, results of operations and financial condition. Deterioration in key economic factors, such as GDP growth rates, interest rates and inflation, as well as the reduced availability of financing for vehicles at competitive rates in countries where Jaguar Land Rover has sales operations may result in a decrease in demand for automobiles. A decrease in demand would, in turn, cause automobile prices and manufacturing capacity utilization rates to fall. Such circumstances have in the past materially affected, and could in the future, materially affect, the Company's business, results of operations and financial condition.

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 globalization and consolidation. Competition is especially likely to increase in the premium automotive categories as each market participant intensifies its efforts to retain its position in established markets while also expanding in emerging markets, such as China, India, Russia, Brazil and parts of Asia. Factors affecting competition include product quality and features, innovation and the development time for introduction of new products, cost control, pricing, reliability, safety, fuel economy, environmental impact and perception thereof, customer service and financing terms. In light of the impending Brexit, some of the Company's EU-based competitors may gain a competitive advantage that would enable them to benefit from their access to the European Union single market post-Brexit. 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 growth prospects, compared to those of other mature markets, has attracted a number of international

companies to India either through joint arrangements 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 the Company's future strategies in a way that will mitigate the effects of increased competition on the Indian automotive industry.

Designing, manufacturing and selling vehicles is capital intensive and requires substantial investments in manufacturing, machinery, research and development, product design, engineering, technology and marketing in order to meet both consumer preferences and regulatory requirements. If competitors consolidate or enter into other strategic agreements such as alliances, they may be able to take better advantage of economies of scale. The Company believes that competitors may 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. Competitors could use consolidation or alliances as a means of enhancing their competitiveness (including through the acquisition of technology), which could also materially adversely affect Company's business. Further the Company's growth strategy relies on the expansion of the Company's operations in less mature markets abroad, where the Company may face significant competition and higher than expected costs to enter and establish themselves.

If the Company is unable to effectively implement or manage the Company's strategy, it's operating results and financial condition could be materially and adversely affected.

As part of its strategy, the Company may open new manufacturing, research or engineering facilities, expand existing facilities, add additional product lines or expand its businesses into new geographical markets. There is a range of risks inherent in such a strategy that could adversely affect its ability to achieve these objectives, including, but not limited to, the potential disruption of the Company's business; the uncertainty that new product lines will generate anticipated sales; the uncertainty that a new business will achieve anticipated operating results; the diversion of resources and management's time; the cost reduction efforts, which may not be successful; the difficulty of managing the operations of a larger Company; and the difficulty of competing for growth opportunities with companies having greater financial resources than the Company has.

More specifically, the international businesses of the Company face a range of risks and challenges, including, but not limited to, the following: language barriers, cultural differences, difficulties in staffing and managing overseas operations, inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of foreign countries, the risk of non-tariff barriers, regulatory and legal requirements affecting the Company's ability to enter new markets through joint ventures with local entities, difficulties in obtaining regulatory approvals, environmental permits and other similar types of governmental consents, difficulties in negotiating effective contracts, obtaining the necessary facility sites or marketing outlets or securing essential local financing, liquidity, trade financing or cash management facilities, export and import restrictions, multiple tax regimes (including regulations relating to transfer pricing and withholding and other taxes on remittances and other payments from subsidiaries), foreign investment restrictions, foreign exchange controls and restrictions on repatriation of funds, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws and regulations. Furthermore, as part of global activities, the Company may engage with third-party dealers and distributors, which the Company do not control but which, nevertheless, take actions that could have a material adverse impact on the Company's reputation and business; 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 risks related to its expansion and growth in other parts of the world and therefore fail to establish a strong presence in those higher growth markets, its business, results of operations and financial condition could be adversely affected or its investments could be lost.

Furthermore, the Company is subject to risks associated with growing its business through mergers and acquisitions. The Company believes that its acquisitions provide it opportunities to grow significantly in the global automobile markets by offering premium brands and products. The Company's 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 its acquisitions present significant challenges, and the Company may be unable to integrate the relevant subsidiaries, divisions and facilities effectively within its expected schedule. An acquisition may not meet its expectations and the realization of the anticipated benefits may be blocked, delayed or reduced as a result of numerous factors, some of which are outside the Company's control.

For example, the Company acquired the Jaguar Land Rover business from Ford in June 2008, and since then Jaguar Land Rover has become a significant part of its business, accounting for approximately 79% of its total revenues in Fiscal 2017. 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 materialize or if the Company is unable to manage any of the associated risks successfully, the business, financial condition and results of operations could be materially and adversely affected.

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, results of operations and financial condition. Unanticipated delays or cost overruns in implementing new product launches, expansion plans or capacity enhancements could also materially and adversely impact the Company's financial condition and results of operations.

Climate change concerns and the promotion of new technologies, such as autopilot, encourage customers to look beyond standard factors (such as price, design, performance, brand image or comfort and features) in favor of more fuel efficient, convenient and environmentally friendly vehicles. As a result of the public discourse on climate change and volatile fuel prices, the Company faces more stringent government regulations, imposition of speed limits and higher taxes on sports utility vehicles or premium automobiles. The Company endeavours to take account these factors, and is focused on researching, developing and producing new drive technologies, such as hybrid engines and electric cars. The Company also investing in development programs to reduce fuel consumption through the use of lightweight materials, reducing parasitic losses through the driveline and improving aerodynamics. Coupled with consumer preferences, a failure to achieve the Company's planned objectives or delays in developing fuel efficient products could materially affect the Company's ability to sell premium passenger cars and large or medium-sized all-terrain vehicles at current or targeted volume levels, and could have a material adverse effect on the Company's general business activity, net assets, financial position and results of operations. In addition, a deterioration in the quality of the Company's vehicles could force the Company to incur substantial costs and damage its reputation. There is a risk that competitors or joint ventures set up by competitors will develop better solutions and will be able to manufacture the resulting products more rapidly, in larger quantities, with a higher quality and/or at a lower cost. It is possible that the Company could then be compelled to make new investments in researching and developing other technologies to maintain its existing market share or to win back the market share lost to competitors. Finally, the Company's manufacturing operations and sales may be subject to potential physical impacts of climate change, including changes in weather patterns and an increased potential for extreme weather events, which could affect the manufacture and distribution of the Company's products and the cost and availability of raw materials and components.

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. Furthermore, non-traditional market participants may dependency on the private automobile altogether. A shift in consumer preferences away from private automobiles would have a material adverse effect on the Company's general business activity and on sales, prospects, financial condition and results of operations.

To stimulate demand, competitors in the automotive industry have offered customers and dealers price reductions on vehicles and services, which has led to increased price pressures and sharpened

competition within the industry. As a provider of numerous high-volume models, the Company's profitability and cash flows are significantly affected by the risk of rising competitive price pressures. Special sales incentives and increased price pressures in the new car business also influence price levels in the used car market, with a negative effect on vehicle resale values. This may have a negative impact on the profitability of the used car business in the Company's dealer organization.

There can be no assurance that the Company's new models will meet its sales expectations, in which case the Company may be unable to realize the intended economic benefits of the Company's investments, which would in turn materially affect the Company's business, results of operations and financial condition. In addition, there is a risk that the Company's quality standards can be maintained only by incurring substantial costs for monitoring and quality assurance. For the Company's customers, one of the determining factors in purchasing its vehicles is the high quality of the products.

A decrease in the quality of the Company's vehicles (or if the public were to have the impression that such a decrease in quality had occurred) could damage the Company's image and reputation as a premium automobile manufacturer and in turn materially affect the Company's business, results of operations and financial condition.

In addition, product development cycles can be lengthy, and there is no assurance that new designs will lead to revenues from vehicle sales, or that the Company will be able to accurately forecast demand for its vehicles, potentially leading to inefficient use of the Company's production capacity. Additionally, the Company's high proportion of fixed costs, due to the Company's significant investment in property, plant and equipment, further exacerbates the risks associated with incorrectly assessing demand for its vehicles.

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

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

Furthermore, the Company may also be subject to class actions or other large-scale product liability or other lawsuits in various jurisdictions in which the Company may have a significant presence. The use of shared components in vehicle production increases this risk because individual components are deployed in a number of different models across the Company's brands. Any costs incurred or lost sales caused by product liability, warranties and recalls could materially adversely affect the Company's business.

Any disruption in the supply of automobile components could have a material adverse impact on the Company's results of operations.

Adverse economic conditions, a decline in automobile demand and lack of access to sufficient financing arrangements, among others, could have a negative financial impact on the Company's suppliers, thereby impairing timely availability of components to the Company or causing increase in the costs of components. 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.

The Company's Jaguar Land Rover has also entered into supply agreements with Ford and certain other third parties for critical components and remain reliant upon Ford and the Ford-PSA joint venture for a portion of Jaguar Land Rover engines. However, following the launch of the EMC in Wolverhampton, Jaguar Land Rover now also manufactures its own "in-house" engines. The Company may not be able to manufacture certain types of engines or find a suitable replacement supplier in a timely manner in the event of any disruption in the supply of engines, or parts of engines, and other hardware or services provided to Jaguar Land Rover by Ford or the Ford-PSA joint venture and such disruption could have a material adverse impact on the Company's operations, business and/or financial condition.

A change in requirements under long-term supply arrangements committing Jaguar Land Rover to purchase minimum or fixed quantities of certain parts, or to pay a minimum amount to the seller, could have a material adverse impact on the Company's financial condition or results of operations. The Company have entered into a number of long-term supply contracts that require Jaguar Land Rover to purchase a fixed quantity of parts to be used in the production of Jaguar Land Rover vehicles (e.g., "take-or-pay" contracts). If the need for any of these parts were to lessen, Jaguar Land Rover could still be required to purchase a specified quantity of the part or pay a minimum amount to the seller pursuant to the take-or-pay contract, which could have a substantial adverse effect on the Company's financial condition or results of operations.

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

In Fiscal 2017 and 2016, the consumption of raw materials, components and aggregates and purchase of products for sale (including changes in inventory) constituted approximately 60.4% and 58.8%, respectively, of the Company's total revenues. Prices of commodity items used in manufacturing automobiles, including steel, aluminum, copper, zinc, rubber, platinum, palladium and rhodium, have become increasingly volatile in recent years. Further price movements would closely depend on the evolving economic scenarios across the globe. While the Company continues to pursue cost reduction initiatives, an increase in price of input materials could severely impact the Company's profitability to the extent such increase cannot be absorbed by the market through price increases and/or could have a negative impact on 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 or pass price increases on to customers, or to safeguard the supply of scarce raw materials, the Company's vehicle production, business, financial condition and results of operations could be materially and adversely affected.

The Company manages these risks through the use of fixed supply contracts with tenor upto 12 months and the use of financial derivatives pursuant to a defined hedging policy. The Company enters into a variety of foreign currency, interest rates and commodity forward contracts and options to manage the Company's exposure to fluctuations in foreign exchange rates, interest rates and commodity price risk. These financial exposures are managed in accordance with the Company's risk management policies and procedures. The Company uses foreign currency forward and option contracts to hedge risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company also enters into interest rate swaps and interest rate currency swap agreements, mainly to manage exposure on the Company's fixed rate or variable rate debt. The Company further uses interest rate derivatives or currency swaps to hedge exposure to exchange rate fluctuations on principal and interest payments for borrowings denominated in foreign currencies. Specific transactional risks include risks like liquidity and pricing risks, interest rate and exchange rate fluctuation risks, volatility risks, counterparty risks, settlement risks and gearing risks. However, the hedging transactions may not adequately protect the Company against these risks. In addition, if markets move adversely, the Company may incur financial losses on such hedging transactions, the financial condition and results of operations may be adversely impacted.

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

The Company and Jaguar Land Rover, relies on the United Kingdom, Chinese, North American and continental European markets. Any decline in demand for the Company's and Jaguar Land Rover's vehicles in these key markets may significantly impact the Company's business, growth prospects, financial position and results of operations. Further, decreased demand for the Company's and Jaguar Land Rover's products may not be sufficiently mitigated by new product launches and expansion into growing markets, which could have a significant adverse impact on the Company's financial performance.

The Company is exposed to liquidity risks.

The Company's main sources of liquidity are cash generated from operations, the existing notes, external debt in the form of factoring discount facilities and other revolving credit facilities. However, adverse changes in the global economic and financial environment may result in lower consumer demand for vehicles, and prevailing conditions in credit markets may adversely affect both consumer

demand and the cost and availability of finance for the Company's business and operations. If the global economy goes back into recession and consumer demand for the Company's vehicles drops, as a result of higher oil prices, excessive public debt or for any other reasons, and the supply of external financing becomes limited, the Company may again face significant liquidity risks.

The Company is also subject to various types of restrictions or impediments on the ability of companies in its Group in certain countries to transfer cash across the Group through loans or interim dividends. These restrictions or impediments are caused by exchange controls, withholding taxes on dividends and distributions and other similar restrictions in the markets in which the Company operates. The cash in some of these jurisdictions is subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends.

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 it operates. The Company imports capital equipment, raw materials and components from, manufacture vehicles in, and sell vehicles into, various countries, and therefore, its revenues and costs have significant exposure to the relative movements of the GB£, the U.S. dollar, the Euro, the Russian Ruble, the Chinese Renminbi, the Singapore dollar, the Japanese Yen, the Australian dollar, the South African rand, the Thai baht, the Korean won and the Indian rupee.

The United Kingdom's exit from the European Union could also have a negative impact on the growth of the UK economy and cause greater volatility in the pound sterling. This could directly impact the Company's sales volumes and financial results, as the Company derives the majority of its revenues from overseas markets and source significant levels of raw materials and components from Europe, which may result in decrease in profits to the extent of non-British pound costs, are not fully mitigated by non-British pound sales.

Moreover, the Company has an outstanding foreign currency denominated debt and is sensitive to fluctuations in foreign currency exchange rates. The Company has experienced and could expect in the future to experience foreign exchange losses on obligations denominated in foreign currencies in respect of its borrowings and foreign currency assets and liabilities due to currency fluctuations.

The Company has both 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. Although the Company engages in managing its interest and foreign exchange exposure through use of financial hedging instruments, such as forward contracts, swap agreements and option contracts, higher interest rates and a weakening of the Indian rupee against major foreign currencies could significantly increase its cost of borrowing, which could have a material adverse effect on the Company's financial condition, results of operations and liquidity.

The Company is exposed to the risk that appropriate hedging lines for the type of risk exposures it is subjected to may not be available at a reasonable cost, particularly during volatile rate movements, or at all. Moreover, there are risks associated with the use of such hedging instruments. Whilst mitigating to some degree the Company's exposure to fluctuations in currency exchange rates, the Company potentially forgo benefits that might result from market fluctuations in currency exposures. These hedging transactions can also result in substantial losses. Such losses could occur under various circumstances, including, without limitation, any circumstances in which a counterparty does not perform its obligations under the applicable hedging arrangement (despite having ISDA agreements in place with each of the Company's hedging counterparties), currency fluctuations, the arrangement is imperfect or ineffective, or the Company's internal hedging policies and procedures are not followed or do not work as planned. In addition, because the Company's potential obligations under the financial hedging instruments are marked to market, the Company may experience quarterly and annual volatility in its operating results and cash flows attributable to its financial hedging activities.

A decline in retail customers' purchasing power or consumer confidence or in corporate customers' financial condition and willingness to invest could materially and adversely affect the Company's business.

Demand for vehicles for personal use generally depends on consumers' net purchasing power, their confidence in future economic developments and changes in fashion and trends, while demand for vehicles for commercial use by corporate customers (including fleet customers) primarily depends on the customers' financial condition, their willingness to invest (motivated by expected future business prospects) and available financing. A decrease in potential customers' disposable income or their financial flexibility or an increase in the cost of financing will generally have a negative impact on demand for the Company's

products. A weak macroeconomic environment, combined with restrictive lending and a low level of consumer sentiment generally, may reduce consumers' net purchasing power and lead existing and potential customers to refrain from purchasing a new vehicle, to defer a purchase further or to purchase a smaller model with less equipment at a lower price. A deteriorating macroeconomic environment may disproportionately reduce demand for luxury vehicles. It also leads to reluctance by corporate customers to invest in vehicles for commercial use and/or to lease vehicles, resulting in a postponement of fleet renewal contracts.

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

The sale of Company's commercial and passenger vehicles is heavily dependent on funding availability for its 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.

In India, the Company is subjected to risks associated with its automobile financing business. Any default by its 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. In addition, any downgrade in the Company's credit ratings may increase its borrowing costs and restrict its access to the debt markets. Over time, and particularly in the event of any credit rating downgrade, market volatility, market disruption, regulatory changes or otherwise, the Company may need to reduce the amount of financing receivables it originates, which could severely disrupt its ability to support the sale of its vehicles.

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

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 relies on third parties to supply it with the raw materials, parts and components used in the manufacture of the Company's 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 the Company's control. While the Company manages its supply chain as part of its vendor management process, any significant problems with the Company's supply chain in the future could disrupt its business and materially and adversely affect the Company's results of operations, as well as its sales, net income and financial condition.

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

If dealers or importers encounter financial difficulties and the Company's products and services cannot be sold or sold only in limited numbers, this would have a direct effect on the sales of such dealers and importers. Additionally, if the Company cannot replace the affected dealers or importers with other franchises, the financial difficulties experienced by such dealers or importers could have an indirect effect on the Company's vehicle deliveries.

Consequently, the Company could be compelled to provide additional support for dealers and importers and, under certain circumstances, may even take over their obligations to customers, which would adversely affect the Company's financial position and results of operations in the short term.

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, and if the business or operations of any of these subsidiaries, joint ventures

and affiliates deteriorate, the value of the Company's investments may decline substantially. Operating a business as a joint venture often requires additional organizational formalities and requirement of information sharing. The Company is also subjected 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 its joint ventures or affiliates may not be implemented successfully, any of which may significantly reduce the value of its investments or relationship with the co-owner may be deteriorated, and, which may, in turn, have a material adverse effect on the Company's reputation, business, financial position or results of operations.

The Company may be adversely impacted by political instability, wars, terrorism, multinational conflicts, countries resorting to protectionism natural disasters, fuel shortages/ prices, epidemics, labour strikes and other risks in the markets in which the Company operates.

The Company's products are exported to a number of geographical markets and the Company plans to expand its international operations further in the future. Consequently, the Company is subjected to various risks associated with conducting its business both within and outside its domestic market and the Company's operations may be subject to political instability, wars, terrorism, regional and/or multinational conflicts, natural disasters, fuel shortages/prices, epidemics and labour strikes. Any disruption of the operations of the Company's manufacturing, design, engineering, sales, corporate and other facilities could materially and adversely affect the Company's business, financial condition and results of operations. In addition, conducting business internationally, especially in emerging markets, exposes the Company to additional risks, including adverse changes in economic and government policies, unpredictable shifts in regulation, inconsistent application of existing laws and applicability of retrospective taxes/sanction, programs unclear regulatory and taxation systems and divergent commercial and employment practices and procedures. Any significant or prolonged disruptions or delays in the Company's operations related to these risks could adversely impact its 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 and the business and profitability of the Company. India has from time to time experienced social and civil unrest and hostilities and adverse social, economic or political events, including terrorist attacks and local civil disturbances, riots and armed conflict with neighboring countries. Events of this nature in the future could influence the Indian economy and could have a material adverse effect on the Company's business, as well as the market for securities of Indian companies, including the Company's Shares and ADSs. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have a material adverse effect on the Company's business, results of operations and financial condition, and also the market price of the Company's Shares and ADSs.

The Company is vulnerable to supply chain disruptions resulting from natural disasters or man-made accidents. For example, on August 12, 2015, there was an explosion in the city port of Tianjin, one of three major ports in China through which the Company's Jaguar Land Rover imports its vehicles. Approximately 5,800 of Jaguar Land Rover vehicles were stored at various locations in Tianjin at the time of the explosion, and, as a result, Jaguar Land Rover recognized an exceptional charge of GBP245 million in the three months ended September 30, 2015. Subsequently, GBP 274 million of net insurance proceeds and other recoveries have been received till March 31, 2017 , including £35 million related to other costs associated with Tianjin including lost and discounted vehicle revenue. A significant delay or sustained interruption in the supply of key inputs sourced from areas affected by disasters or accidents could materially and adversely affect the Company's ability to maintain the Company's current and expected levels of production, and therefore negatively affect the Company's revenues and increase the operating expenses.

The Company is a global organization, and is therefore vulnerable to shifts in global trade and economic policies and outlook. Policies that result in countries withdrawing from trade pacts, increasing protectionism and undermining free trade could substantially affect the Company's ability to operate as a global business. Additionally, negative sentiments towards foreign companies among the Company's overseas customers and employees could adversely affect our sales as well as the Company's ability to hire and retain talented people. A negative shift in either policies or sentiment with respect to global trade and foreign businesses could have a material adverse effect on the Company's business, results of operations and financial condition.

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

The sales volumes and prices for the Company's vehicles are influenced by the cyclicality and seasonality of demand for these

products. The automotive industry has been cyclical in the past and the Company expects this cyclicality to continue.

In the Indian market, demand for 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 as customers defer purchases to the New Year.

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. Furthermore, in the United States there is some seasonality in the purchasing patterns of vehicles in northern states, notably for Jaguar when vehicle sales are concentrated in the spring and summer months and for Land Rover where the trend for purchasing 4x4 vehicles is concentrated in the autumn and winter months. Markets in China tend to experience higher demand for vehicles around the 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. As a result, the profile of operating results differs between each reporting period.

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 and/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 the Company 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, the Company may be forced to forego or alter the Company's plans, which could materially and adversely affect the Company's results of operations and financial condition.

In the event the Company breach these covenants, the outstanding amounts due under such financing agreements could become due and payable immediately and/or result in increased costs. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such other financing agreements becoming due and payable immediately. Defaults under one or more of the Company's financing agreements could have a material adverse effect on the Company's 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 the Company's trade names and trademarks are a crucial factor in marketing the Company's 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, or Tata Sons. If Tata Sons, or any of its subsidiaries or affiliated entities, or any third party uses the trade name "Tata" in ways that adversely affect such trade name or trademark, its reputation could suffer damage, which, in turn, could have a material adverse effect on its business, financial condition and results of operations.

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

The Company owns or otherwise have rights in respect of a number of patents relating to the products it 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 its businesses as being dependent upon any single patent or related group of patents, an inability to protect this intellectual property generally, or the illegal breach of some or a large group of the Company's intellectual property rights, would have a materially

adverse effect on its 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 the Company may be held legally liable for the infringement of the intellectual property rights of others in its products.

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

The Company may be adversely affected by labour unrest.

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

In general, the Company considers its 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 its 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 lockouts at the Company's facilities or at the facilities of the Company's major vendors occur or continue for a long period of time, the Company's business, financial condition and results of operations may be materially and adversely affected. The Company did recently face two minor standalone incidents of labour unrest, one in the Dharwad plant in Karnataka, India and the other in the Company's Sanand plant in Gujarat, India, both of which were amicably resolved.

The Company's business and prospects could suffer if the Company loses one or more key personnel or if the Company is unable to attract and retain the Company's 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 the Company's ability to implement its business strategy. In view of intense competition, any inability to continue to attract, retain and motivate the Company's workforce could materially and adversely affect the Company's business, financial condition, results of operations and prospects.

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

For Jaguar Land Rover, the arrangements with the trustees of the defined benefit pension schemes, an actuarial valuation of the assets and liabilities of the schemes is undertaken every three years. The most recent valuation, as at April 2015 and completed in 2016, indicated a shortfall in the assets of the schemes as at that date, versus the actuarially determined liabilities as at that date, of GB£ 789 million (compared to GB£ 702 million as at April 2012).

As part of the valuation process, the Company agreed to a schedule of contributions with the trustee of the schemes, which, together with the expected investment performance of the assets of the schemes, is expected to eliminate the deficit by 2025. As part of this schedule of contributions, the Company paid GB£ 69 million into the pension schemes in March 2016 as advance payments towards deficit contributions due during Fiscal 2017. As at March 31, 2017, the UK defined benefit pension accounted deficit had increased to GB£ 1.46 billion, as compared to GB£ 567 million as at March 31, 2016. This increase has primarily been driven by a decline in AA-negative rated UK corporate bond yields following Brexit and even though the accounted deficit position does not affect cash contributions, movements in the associated balance sheet liability may have other impacts notably on the Company's results of operations and financial condition.

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 unauthorized access to or misuse of data on the Company's information technology systems, human errors or technological or process failures of any kind or any failure in its protection measures could severely disrupt the Company's operations, including its manufacturing, design and engineering processes, and could have a material adverse effect on the Company's reputation, 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 reputation, business, financial condition, results of operations and cash flows.

The Company's insurance coverage may not be adequate to protect 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 the Company's insurance coverage will be sufficient, that any claim under its insurance policies will be honored fully or in a timely manner, or that the Company's insurance premiums will not increase substantially. There can be no assurance that any claim under the Company's insurance policies will be honoured fully or timely, the Company's insurance coverage will be sufficient in any respect or its insurance premiums will not change substantially. Accordingly, to the extent that the Company suffers loss or damage that is not covered by insurance or that exceeds the Company's insurance coverage, or are required to pay higher insurance premiums, the Company's business, financial condition and results of operations may be materially and adversely affected.

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

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

Political and Regulatory Risks

India's obligations under the World Trade Organization 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 sales, business, financial condition and results of operations.

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

As an automobile company, the Company is subjected to extensive governmental regulations regarding vehicle emission levels, noise, safety and levels of pollutants generated by its production facilities. 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 China, further regulations are being introduced by Chinese government in the short to medium term future relating to greenhouse gas emissions and other environmental concerns. While the Company is pursuing various technologies in order to meet the required standards in the various countries in which it sells its vehicles, the costs for compliance with these required standards may be significant to the Company's operations and may adversely impact its results

of operations. They may also result in limiting the type of vehicles the Company sells and where the Company sells them, which may affect the Company's revenues.

In order to comply with current and future safety and environmental norms, the Company may have to incur additional capital expenditure and Research & Development expenditure to (i) operate and maintain the Company's production facilities, (ii) install new emissions controls or reduction technologies, (iii) purchase or otherwise obtain allowances to emit greenhouse gases, (iv) administer and manage the Company's greenhouse gas emissions program, and (v) invest in Research and Development to upgrade products and manufacturing facilities. If the Company is unable to develop commercially viable technologies or otherwise unable to attain compliance within the time frames set by the new standards, the Company could face significant civil penalties or be forced to restrict product offerings significantly. For example, in the United States, manufacturers are subject to substantial civil penalties if they fail to meet federal Corporate Average Fuel Economy, or CAFE, standards. These penalties are calculated at $5.50 for each tenth of a mile below the required fuel efficiency level for each vehicle sold in a model year in the U.S. market. As with many European manufacturers, since 2010, Jaguar Land Rover has paid total penalties of US$46 million for its failure to meet CAFE standards. Jaguar Land Rover could incur a substantial increase in these penalties, including as a result of announced increases in CAFE civil penalties to adjust for inflation. Moreover, safety and environmental standards may at times impose conflicting imperatives, which pose engineering challenges and would, among other things, increase the Company's costs.

The Motor Vehicles (Amendment) Bill, 2017 has been passed in Lok Sabha on April 10, 2017 and presently the Bill is under scrutiny of the Rajya Sabha. This Bill addresses various issues regarding road safety, traffic management & other matters. It provides for the imposition of hefty penalties on vehicle manufacturers found producing faulty vehicles. The Bill proposes for a National Road Safety Board, to be created by the Central Government through a notification. The Board will provide advice to the Central and State Governments on all aspects of road safety and traffic management.

The Government of India had proposed a comprehensive national goods and services tax, or GST, regime that would combine taxes and levies by the central and state governments into one unified rate structure. While both the Government of India and state governments of India have publicly announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information on incentives and refunds, 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 Central Goods and Services Tax Bill (CGST), the Integrated Goods and Services Tax Bill (IGST) the Goods and Services Tax (Compensation to States) Bill and the Union Territory Goods and Services Tax Bill (UTGST) were passed by Lok Sabha on April 6, 2017 and so far 17 States have passed SGST Laws as on May 23, 2017. The Government of India has publicly announced its intention to implement the GST on July 1 2017. With the progress made so far, this seems to be a realistic timeline.

Imposition of any additional taxes and levies designed to limit the use of automobiles could adversely affect the demand for the Company's vehicles and the Company's results of operations. Changes in corporate and other taxation policies as well as changes in export and other incentives given by various governments or import or tariff policies could also adversely affect the Company's results of operations. For instance, the United Kingdom's exit from the European Union would result in material changes to the UK's tax, tariff and fiscal policies. In addition, the incoming U.S. presidential administration could seek to introduce changes to laws and policies governing international trade and impose additional tariffs and duties on foreign vehicle imports, which could have a material adverse effect on the Company's sales in the United States. Furthermore, Brazil in recent years increased import duty on foreign vehicles, which put pressure on sales margins in Brazil and prompted the Company to enter into discussions with the Brazilian government to exempt a certain number of imported vehicles from the increased tariff. Such government actions may be unpredictable and beyond the Company's control, and any adverse changes in government policy could have a material adverse effect on the Company's business prospects, results of operations and financial condition.

Evaluating and estimating the Company's provision and accruals for the Company's taxes requires significant judgement. As the Company conducts its business, the final tax determination may be uncertain. The Company operates in multiple geographical markets and the Company's operations in each market are susceptible to additional tax assessments and audits. The Company's collaborations with business partners are similarly susceptible to such tax assessments.

Authorities may engage in additional reviews, inquiries and audits that disrupt the Company's operations or challenge the Company's conclusions regarding tax matters. Any resulting tax assessment may be accompanied by a penalty or additional fee for failing to

make the initial payment. The Company's tax rates may be affected by earnings estimation errors, losses in jurisdictions that do not grant a related tax benefit, changes in currency rates, acquisitions, investments, or changes in laws, regulations, or practices. Additionally, government fiscal pressures may increase the likelihood of adverse or aggressive interpretations of tax laws or regulations or the imposition of arbitrary or onerous taxes, interest charges and penalties. Tax assessments may be levied even where the Company considers its practices to comply with tax laws and regulations. Should the Company challenge such taxes or believe them to be without merit, the Company may nonetheless be required to pay them? These amounts may be materially different from the Company's expected tax assessments and could additionally result in expropriation of assets, attachment of additional securities, liens, imposition of royalties or new taxes and requirements for local ownership or beneficiation.

Regulations in the areas of investments, taxes and levies may also have an impact on Indian securities, including the Company's Shares and ADSs.

In 2014, the antitrust regulator in China, the Bureau of Price Supervision and Anti-Monopoly of the National Development and Reform Commission (the "NDRC"), launched an investigation into the pricing practices of more than 1,000 Chinese and international companies in the automotive industry, including Jaguar Land Rover and many of its competitors. The NDRC has reportedly imposed fines on certain of the Company's international competitors as a result of anti-competitive practices pertaining to vehicle and spare-part pricing. In response to this investigation, Jaguar Land Rover established a process to review our pricing in China and announced reductions in the manufacturer's suggested retail price for the 5.0-liter V8 models, which include the Range Rover, Range Rover Sport and F-Type and the price of certain of our spare parts. Further imposition of price reductions and other actions taken in relation to Jaguar Land Rover's products may significantly reduce its revenues and profits generated by operations in China and have a material adverse effect on the Company's financial condition and results of operations. As a result, the Jaguar Land Rover's attempts to offset the potential decline in revenue and profits by increasing operational efficiencies and leveraging economies of scale (for example, through local production in China) may fail or not be as successful as expected. Furthermore, any regulatory action taken or penalties imposed by regulatory authorities may have significant adverse financial and reputational consequences on the Company's business and have a material adverse effect on the Company's results of operations and financial condition.

On March 29, 2017, the Supreme Court of India prohibited the sale and registration of Bharat Stage III vehicles from April 1, 2017. The Supreme Court's judgment overturned a government regulation, and was unexpected. The Government of India has applied to the Supreme Court for a grant of appropriate time for manufacturers to dispose Bharat Stage III vehicles in their inventory. This application is currently pending. Similarly a review petition filed by the Society of Indian Manufacturers, or SIAM, is also currently pending. The Supreme Court's decision resulted in a provision of ₹148 crores for the unsold inventory of BSIII vehicles at the year end of March 31, 2017. The Company cannot guarantee a favorable outcome for either the Government of India's application or SIAM's review petition. Any future potential or real unexpected change in law could havecould have a material adverse effect on the Company's business prospects, results of operations and financial condition.

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

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

to Combinations) Regulations, 2011 (as amended), which sets out the mechanism for the implementation of the merger control regime in India.

Furthermore, the CCI has extraterritorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. The CCI has initiated an inquiry against 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 adversely affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it could adversely affect the Company's 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 the Company's costs of compliance.

The Company is subjected to a complex and continuously changing regime of laws, rules, regulations and standards relating to accounting, corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002 and U.S. Securities and Exchange Commission, or SEC, regulations, Securities and Exchange Board of India, or SEBI, regulations, New York Stock Exchange, or NYSE, listing rules, and the Companies Act, as well as Indian stock market listing regulations. New or changed laws, rules, regulations and standards may lack specificity and are subject to varying interpretations. As an example, pursuant to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, which contains significant corporate governance and executive compensation-related provisions, the SEC has adopted additional rules and regulations in areas such as "say on pay". Similarly, under applicable Indian laws, for example, remuneration packages may, in certain circumstances, require shareholders' approval. 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, the Company's efforts to comply with evolving laws, rules, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management resources and time.

The Companies Act has effected significant changes to the existing Indian Company law framework, which may subject the Company to higher compliance requirements and increase the Company's compliance costs. The Companies Act brought into effect significant changes to the Indian Company law framework, such as in the provisions related to the issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in offering documents, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian Company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading, including restrictions on derivative transactions concerning a Company's securities by directors and key managerial personnel. The Company is also required to spend, in each financial year, at least 2% of the Company's average net profits during the three immediately preceding financial years, calculated for Tata Motors Limited on a standalone basis under Ind AS, toward corporate social responsibility activities. Furthermore, the Companies Act imposes greater monetary and other liability on the Company and it's directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, the Company may need to allocate additional resources, which may increase the Company's regulatory compliance costs and divert management's attention. The Company may also face challenges in interpreting and complying with certain provisions of the Companies Act due to limited relevant jurisprudence. In the event that the Company's interpretation of the Companies Act 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. In addition, some of the provisions of the Companies Act overlap with other existing laws and regulations (such as corporate governance provisions and insider trading regulations issued by SEBI). The SEBI recently promulgated the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, or the Listing Regulations, which are applicable to all Indian

companies with listed securities or companies intending to list its securities on an Indian Stock Exchange, and the Listing Regulations became effective on December 1, 2015. Pursuant to the Listing Regulations, the Company is required to ensure that the Company's board of directors includes at least one female director at all times, to establish and maintain a vigilance mechanism for directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy under the Company's whistleblower policy, to implement increased disclosure requirements for price sensitive information.

The Company is subject to risks associated with legal proceedings and governmental investigations, including potential adverse publicity as a result thereof.

The Company is and may be involved from time to time in civil, labour, administrative or tax proceedings arising in the ordinary course of business. It is not possible to predict the potential for, or the ultimate outcomes of, such proceedings, some of which may be unfavorable to the Company. In such cases, the Company may incur costs and any mitigating measures (including provisions taken on the Company's balance sheet) adopted to protect against the impact of such costs may not be adequate or sufficient. In addition, adverse publicity surrounding legal proceedings, government investigations or allegations may also harm the Company's reputation and brands.

The Company may have to comply with more stringent foreign investment regulations in India in the event of an increase in shareholding of non-residents or if 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. 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 have obtained an industrial license from the Department of Industrial Policy. The Consolidated FDI policy applies different foreign investment restrictions to companies based upon the sector in which they operate. While 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 it, 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 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 periods. For some of the approvals, which may have expired, the Company either has made, or is in the process of making, an application for obtaining the approval or its renewal. While the Company has applied for renewal for such approvals, registrations and permits, the Company cannot assure you that it will receive them in a timely manner or at all. The Company can make no assurances that the approvals, licenses, registrations and permits issued to it 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, its business, financial condition and results of operations could be materially and adversely affected.

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

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies could 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 a

material adverse effect on the Company's financial results, business prospects, ability to obtain financing for capital expenditures and the price of the Company's Shares and ADSs.

Business Summary

The Company primarily operates in the automotive segment. 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 car market in developed markets such as the United Kingdom, the United States, Europe and China as well as several emerging markets such as Russia, Brazil and South Africa amongst others. 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 Company's business segments are (i) automotive operations and (ii) all other operations. The Company provide financing for vehicles sold by dealers in India. The vehicle financing is intended to encourage sales of vehicles by providing financing to the dealers' customers and as such is an integral part of the Company's automotive business. The Company's automotive operations are further subdivided into Tata and other brand vehicles (including vehicle financing) and Jaguar Land Rover. Tata and other brand vehicles consist of vehicles manufactured under Tata, Daewoo and Fiat brands, and exclude vehicles manufactured under Jaguar Land Rover brands.

The Company's produce a wide range of automotive products, including:

- **Passenger Cars:** The Company's range of Tata-branded passenger cars include the Nano (micro), the Indica, the Bolt, the Tiago (compact) in the hatchback category the Indigo eCS, and the Zest (mid-sized) and Tigor 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. Current cars lines manufactured under the Jaguar brand name, include the F-TYPE two-seater sports car coupe and convertible, the XF sedan (including the long wheel base XFL), the XJ saloon, the XE sports saloon and Jaguar's luxury performance SUV the F-PACE.
- **Utility Vehicles:** The Company manufactures a range of Tata brand utility vehicles, including the Hexa a crossover, the Sumo and the Safari, which are SUVs and the Venture, a multipurpose utility vehicle. The Company offers two variants of the Safari: the Dicor and the Storme. The Company also offer a variant of the Sumo, the Sumo Gold, which is an entry level UV. Current lines manufactured under the Land Rover brand include the Range Rover, Range Rover Sport, Range Rover Evoque (including the Evoque convertible), the all new Land Rover Discovery (which went on sale in February 2017) and the Land Rover Discovery Sport. The new Range Rover Velar was revealed to the public in March 2017, and is the fourth Range Rover model, positioned between the Range Rover Evoque and the Range Rover Sport. The Velar is expected to commence sale during the summer of 2017.
- **Light Commercial Vehicles:** The Company manufacture a variety of light commercial vehicles, including pickup trucks and small commercial vehicles. This includes the Tata Ace, India's first indigenously developed mini-truck, with a 0.7 ton payload with different fuel options; the Super Ace, with a 1-ton payload; the Ace Zip, with a 0.6 ton payload; the Magic and the Magic Iris, including an electric variant, both of which are passenger variants for commercial transportation developed on the Tata Ace platform; and the Winger. In addition, the Company launched the Xenon Yodha pickup truck and Magic Mantra passenger carrier in Fiscal 2017.
- **Medium and Heavy Commercial Vehicles:** The Company manufactures a variety of medium and heavy commercial vehicles, which include trucks, tractors, buses, tippers, and multi-axle vehicles, with GVWs (including payload) of between 8 tons and 49 tons. In addition, through Tata Daewoo Commercial Vehicle Co. Ltd., or TDCV, 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 company's signature product is the Prima and Prima LX range of trucks, which are sold in India and South Korea as well as exported to a number of countries in South Asia, Middle East and Africa. The SIGNA range of new M&HCV trucks launched in 2016 has been extended to several additional tractor and tipper variants. 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. In Fiscal 2017, the Company introduced a range of electric and hybrid passenger products including the Starbus Electric 9m/12m and Starbus Hybrid 12m.

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

The Company's Strategy

The Company intends to further strengthen its position in the Indian automobile industry by launching new products, investing in research and development, strengthening Company's financial position and expanding its manufacturing and distribution network. The Company have pursued a strategy of increasing its presence in the global automotive markets and enhancing its product range and capability through strategic acquisitions and alliances. The Company's goal is 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: The Company's recent product launches and anticipated product launches include the following:

- Xenon Yodha Pickup: The Xenon Yodha is a reliable new Pick-up range, with high levels of performance at a low operating cost.
- SIGNA range of M&HCVs: The SIGNA range offers improved cab experience, connected vehicle-related functionalities and an improved driveline, as compared to prior models. This range is being extended across the heavy product line.
- Magic Mantra: The Magic Mantra is a small passenger vehicle in the SCV segment, which offers performance combined with fuel efficiency and a low cost of ownership.
- Electric and Hybrid Bus range: Tata Motors launched two variants of its emission-free, ultra-quiet and efficient STARBUS ELECTRIC buses and the STARBUS HYBRID diesel-electric hybrid bus. The STARBUS HYBRID is the most advanced bus in India
- Hexa: Contemporary SUV was launched in January 2017.
- Tigor: Subcompact sedan was launched in March 2017
- Nexon: Subcompact SUV is expected to go on sale in Fiscal 2018.
- Jaguar XE: The all new Jaguar XE went on retail sale in the US in May 2016.
- Jaguar XFL: The all new long wheel base Jaguar XFL, specifically designed for the China market, is produced by or China joint venture and went on sale in September 2016.
- Jaguar F-PACE: The Jaguar F-PACE luxury performance SUV went on sale in April 2016.
- Range Rover Evoque: The new Range Rover Evoque convertible went on sale in June 2016.
- Land Rover Discovery: The all new Land Rover Discovery went on sale in February 2017.
- The new Range Rover Velar was revealed to the public in March 2017 and is the fourth Range Rover model positioned between the Range Rover Evoque and the Range Rover Sport. The Velar is due to go on sale during the summer of 2017.
- Production of JLR's in-house 4 cylinder Ingenium petrol engine commenced at the Engine Manufacturing Centre in Wolverhampton in the UK in September 2016 and is now available in the Jaguar XE, XF, F-PACE and in the Land Rover Discovery Sport and the Range Rover Evoque. The Ingenium petrol engine will also be available in the new Range Rover Velar from launch.
- The Jaguar I-PACE concept, JLR's first battery electric vehicle, was revealed to the public in November 2016 and will go on sale in 2018.

Further, during Fiscal 2017, The Company increased its global presence by launching the Super Ace in Vietnam; the Xenon pickup, Super Ace and LCV Truck in Bolivia; the Prima truck in Bhutan and the Kingdom of Saudi Arabia and the Ultra truck in Kenya. The Company also signed orders to supply 562 buses to the Government of Côte d'Ivoire; 67 Winger ambulances to the Government of Sri Lanka and 553 Xenon pickups to POS Malaysia.

The Company's research and development focuses on developing and acquiring the technology, core competencies and skill sets required for the timely delivery of its envisaged future product portfolio with industry-leading features across it's range of commercial and passenger vehicles. For the passenger vehicle product range, the Company's focus is on stunning design, driving

pleasure and connected car technologies. For the commercial vehicle product range, the Company's focus is on enhancing fuel-efficiency and minimizing the total cost of ownership. The Company continue to endeavour to adopt technologies for its product range to meet the requirements of a globally competitive market. The Company has also undertaken programs for development of vehicles, which run on alternate fuels such as LPG, CNG, bio-diesel, electric-traction and hydrogen.

The Company has plans to expand the range of its product base further supported by its strong brand recognition in India, its understanding of local consumer preferences, in-house engineering capabilities and extensive distribution network. With growing competition, changing technologies and evolving customer expectations, the Company understand the importance of bringing new platforms to address market gaps and further enhance it's existing range of vehicles to ensure customer satisfaction. The Company's capital expenditures totaled ₹31,750.74 crores and ₹31,425.39 crores during Fiscal 2017 and 2016, respectively, and the Company currently plans to invest approximately ₹400 billion in Fiscal 2018 in capacity, new products and technologies.

Jaguar Land Rover has invested to enhance its technological expertise through in-house R&D activities, including the development of its engineering and design centers, which centralize Jaguar Land Rover's capabilities in product design and engineering. Furthermore, Jaguar Land Rover participates in advanced research consortia that bring together leading manufacturers, suppliers 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 five decades has been a deep understanding of economic conditions and customer needs, and the ability to translate this understanding into desirable products though research and development. In India, Company's Engineering Research Centre, or ERC, established in 1966, has enabled it to successfully design, develop and produce its own range of vehicles. Jaguar Land Rover's research and development operations are built around state-of-the-art engineering facilities, extensive test tracks, testing centers, design hubs and a virtual innovation center. The Engineering Research Centre, or ERC, in India and Jaguar Land Rover engineering and development operations in the United Kingdom have identified areas to leverage the facilities and resources to enhance the product development process and achieve economies of scale. Furthermore, the Company have a wholly-owned subsidiary, Tata Motors European Technical Centre PLC, or TMETC, in the United Kingdom, which is engaged in automobile research and engineering.

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

The Company has continued modernizing its facilities to meet demand for its vehicles. The Company's Jamshedpur plant, which manufactures Company's entire range of M&HCVs, including the Prima, both for civilian and defense uses, was Company's first plant, set up in 1945 to manufacture steam locomotives. It led Company's entry into commercial vehicles in 1954.

The Company's product portfolio of Tata-brand vehicles includes the Nano, Indica, Tiago, Indigo, Sumo, Sumo Grande, Safari, Safari Storme, Aria, Zest, Bolt, Tigor, Hexa and Venture, which enable it to compete in various passenger vehicle market categories. The Company also offer alternative fuel vehicles under the Nano and Indigo brands. The Company also intend 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. Jaguar Land Rover expects investment spending to be over GB£ 4 billion (approximately ₹324 billion) in Fiscal 2018 reflecting its growth plans. Of the GB£ 4 billion around half is expected to be spent on research & development with the other half expected to be spent 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 and petrol engines, which are now available across the majority of company's models. Jaguar Land Rover's in-house engines have been engineered to ensure maximum manufacturing

efficiency, flexibility to increase the number of engine variants and consistently high quality. In December 2015, Jaguar Land Rover announced initial investment of GB£1.0 billion to build a manufacturing facility in Slovakia (Europe) with annual capacity of 150,000 units and production scheduled to commence from FY 2018. Jaguar Land Rover have the option to investment a further GB£ 500 million to expand capacity to 300,000 units per annum subject to further feasibility studies. In June 2016, Jaguar Land Rover opened it's first wholly owned international manufacturing plant in Brazil, which manufactures the Evoque and Discovery Sport for the local market.

Continuing focus on high quality and enhancing customer satisfaction: One of Company's principal goals is to achieve international quality standards for its products and services. The Company has established a comprehensive purchasing and quality control system that is designed to consistently deliver quality products and superior service. The Company also have a program for assisting vendors from whom the Company purchases raw materials or components to maintain quality. Each vendor is reviewed on a quarterly basis on parameters of quality, cost and delivery and preference is given to vendors with TS 16949 certification.

Through close coordination supported by company's IT systems, the Company monitors quality performance in the field and implement corrections on an ongoing basis to improve the performance of company's products, thereby improving customer satisfaction. The Company believes its extensive sales and service network has also enabled 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, and The Company believes that the reach of its sales, service and maintenance network provides it with a significant advantage over its competitors. In India, the Company improved its J.D. Power Asia Pacific 2016 India Customer Service Index (CSI) Study score and the Company moved up from the third ranking last year to the second ranking in that survey.

The Company is committed to satisfying its customers with high quality products and services. As recognition of Company's efforts towards this it won several awards at the Apollo CV awards in February 2017, with the Tata Armoured Personal Carrier winning special CV Application of the Year; Prima 2528.K winning MCV Tipper of the Year; Signa 4923.S tractor winning HCV Tractor Cargo Carrier of the Year and the Tata Double Deck tractor trailer winning CV application builder of the Year. One of Company's dealerships, Cargo Motors, won the Dealership of the Year award.

In passenger vehicles segment, the Tiago received a strong responses and accolades with 18 awards during the year. As a key stakeholder in the Indian trucking industry, the Company launched the "Use Dipper at Night" campaign winning numerous global and regional awards.

Jaguar F-Pace won both the World Car of the Year and World Car design of the year award. Jaguar XF won the Golden Steering Wheel Award in Germany. Jaguar and Land Rover in total received 213 awards from leading international motoring writers, magazines and opinion leaders in Fiscal 2017 as well as numerous other awards, accolades and recognition reflecting the strength of company's model line-up and its design and engineering capabilities.

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 they benefit from a shift in consumer awareness of the environmental impact of the vehicles driven by customers. The Company also believe that Jaguar Land Rover are leaders in automotive green technology in the United Kingdom. Jaguar Land Rover's environmental vehicle strategy focuses on new propulsion technology, weight reduction and reducing parasitic losses through the driveline. They have developed diesel hybrid versions of the Range Rover and Range Rover Sport, without compromising the vehicles' off road capability or load space.

Jaguar Land Rover are 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 believe 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 plan to continue to build on this expertise and extend the application of aluminium construction as they develop 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 and the all new Land Rover Discovery uses the same lightweight architecture as the Range Rover and Range Rover Sport.

Jaguar Land Rover are also developing more efficient powertrains and other technologies. This includes smaller and more efficient 2.0 litre diesel and petrol engines (now available across the majority of Company's model range), stop start, mild and plug-in hybrids as well as battery electric propulsion technologies. Jaguar Land Rover's smaller and more efficient family of Ingenium diesel and petrol engines as well the lightweight Range Rover and Range Rover

Sport Diesel Hybrids, powered by downsized and more efficient engines and alternative powertrains have all 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 environmental performance of their vehicles has been further improved through the launch of new models. The new Land Rover Discovery uses lightweight aluminium construction, which saves 480 kg compared to the old model, delivering enhanced efficiency and reduced CO_2 emissions. 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 aluminium intensive XF delivers improved fuel consumption and CO_2 emission performance. The 2.0-litre Ingenium diesel and petrol engines, now used extensively in the product line-up provide significant CO_2 reductions versus the outgoing powertrains.

Jaguar Land Rover has pledged that by 2020 half of its model will have the option of electrification, a move spearheaded by its first full electric car, the Jaguar I-Pace. On sale in 2018, the I-Pace is a preview of the Jaguar Land Rover's first production battery power car, and demonstrates its ongoing commitment to create exciting and desirable electric vehicles.

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

Mitigating cyclicality: The automobile industry is impacted by cyclicality. To mitigate the impact of cyclicality, the Company plans to continually strengthen its operations through gaining market share across different segments, and offering a wide range of products in diverse geographies and segments, such as defence. 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 sale of castings, production aids and tooling/fixtures in order to reduce the impact of cyclicality of the automotive industry.

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. Based on the Company's internal assessments, in recent years, it has grown its market share across various African and Middle East markets such as Tanzania, Saudi Arabia, United Arab Emirates and Qatar in addition to maintaining its dominant market position in the South Asian markets of Bangladesh, Nepal and Sri Lanka based on data compiled by Company's country managers. In keeping with the Company's strategy to enter and grow in new regions, it has focused on business in the ASEAN countries, where in the recent years the Company entered Vietnam, Indonesia, Malaysia and the Philippines. Tunisia has been an example of a success story in a new market where over the last two years, the Company has entered and rapidly ramped up retails and is now a major player in the pickup segment.

The Company has also expanded its range through acquisitions and joint ventures. The Company now offer products in the premium performance car and premium all-terrain vehicle categories with globally recognized 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 China Joint Venture in October 2014 and went on general 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 general retail sale in November 2015, and in September 2016, sales of the long wheelbase Jaguar XFL from Company's China joint venture began. The Company will aim to continue to build upon the internationally recognized brands of Jaguar Land Rover.

The Company's subsidiary, Tata Motors (Thailand) Limited, is also focusing on increasing its geographical reach by introducing Thailand-manufactured pickup trucks in other Asian markets. Thailand-produced pickup trucks were introduced in Malaysia in the beginning of Fiscal 2015. During Fiscal 2017, TMTL exported 317 vehicles to Malaysia.

During Fiscal 2008, the Company established a joint venture Company to undertake manufacture and assembly operations in South Africa, which has been one of its largest export markets from India in terms of unit volume. The joint venture Company, Tata Motors (SA) (Proprietary) Limited, commenced operations in July 2011. Currently, Tata Motors (SA) (Proprietary) Limited caters to the domestic South African market and Mozambique market and, in Fiscal 2017, sold 703 chassis.

Jaguar Land Rover also has ambitious plans to continue to develop the product range, for example the new Range Rover Velar, which goes on sale in the summer of 2017. Jaguar Land Rover intends

to expand its global footprint by increasing marketing and its global dealer network as well as expanding its manufacturing base in the United Kingdom and internationally, including the new manufacturing facility in Brazil, which opened in June 2016, and at the new manufacturing plant in Slovakia where production of the Land Rover Discovery is scheduled to commence in Fiscal 2018.

Reducing operating costs: The Company believes that its scale of operations provides it with a significant advantage in reducing costs and it plans to continue to sustain and enhance this cost advantage. The Company's ability to leverage its technological capabilities and its manufacturing facilities among it's commercial vehicle and passenger vehicle businesses enables it to reduce cost. For example, the diesel engine used in its Indica was modified to engineer a new variant for use in the Ace platform, which helped to reduce the project cost. Similarly, platform sharing for the manufacture of pickup trucks and UVs enables the Company to reduce capital investment that would otherwise be required, while allowing it to improve the utilization levels at it's manufacturing facilities. Where appropriate for the Company to do so, it intends to apply its existing low-cost engineering and sourcing capability to Jaguar Land Rover vehicles.

The Company's vendor relationships also contribute to its cost reductions. For example, the Company believes that the vendor rationalization program that it is undertaking will provide economies of scale to its vendors, which would benefit it's cost programs. 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 is intensified efforts to review and realign its cost structure through a number of measures such as reduction of labour costs and rationalization 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 across its sites. In addition, Jaguar Land Rover continues to increase its use of its new modular aluminium architecture across vehicle platforms, which it expect will result in the use of common technology more widely across products lines and a reduction in engineering complexity.

Enhancing capabilities through the adoption of superior processes: Tata Sons and the entities promoted by Tata Sons, including 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 institutionalized an approach, called the Tata Business Excellence Model, which has been formulated along the lines of the Malcolm Baldrige National Quality Award to enable the Company to improve performance and attain higher levels of efficiency in the Company's businesses and in discharging 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.

The Company has deployed a balance scorecard system for measurement-based management and feedback. The Company has also deployed a new product introduction process for systematic product development and a PLM system for effective product data management across its organization. The Company has adopted various processes to enhance the skills and competencies of its employees. The Company has also enhanced it's performance management system, with appropriate mechanisms to recognize talent and sustain its leadership base. The Company believes these will enhance company's way of doing business, given the dynamic and demanding global business environment.

Expanding customer financing activities: With financing a critical factor in vehicle purchases and in light of the rising aspirations of consumers in India, the Company intends to expand it's vehicle financing activities to enhance its 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 toward moderating the impact on it's 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, the Company believes, improved customer satisfaction. TMFL's channel finance initiative and fee-based insurance support business have also helped improve profitability.

Similarly, the Company is working on arranging financing tie-ups in international market, which is critical in ramping up retails.

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 centers 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 (i.e. plug-in hybrids and battery electric vehicles) that 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 (consolidated basis) from operating activities in Fiscal 2017 and 2016 was ₹30,199.25 crores and ₹37,899.54 crores, respectively. The Company's operating cash flows are primarily due to company's Jaguar Land Rover business, implementation of cost reduction programs, and prudent working capital management. The Company has established processes for project evaluation and capital investment decisions with an objective to enhance its long-term profitability.

Automotive Operations

Automotive operations is the Company's most significant segment, accounting for 99.3% and 99.5% of its total revenues in Fiscal 2017 and 2016 respectively. Revenue from automotive operations before inter-segment eliminations decreased by 1.3% to ₹2,72,692.41 crores in Fiscal 2017 as compared to ₹2,76,221.67 crores in Fiscal 2016.

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 retail sales (including international business sales and Jaguar Land Rover sales, including Chery Jaguar Land Rover) for Fiscal 2017 and 2016 are set forth in the table below:

	Fiscal 2017		Fiscal 2016	
	Units	%	Units	%
Passenger cars	3,19,638	27.6%	2,12,152	19.9%
Utility vehicles	4,42,073	38.2%	4,61,491	43.4%
Light Commercial Vehicles	2,16,222	18.7%	2,05,531	19.3%
Medium and Heavy Commercial Vehicles	1,79,875	15.5%	1,85,422	17.4%
Total	**11,57,808**	**100.0%**	**10,64,596**	**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 2017, 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.

As per the advance estimates, the Indian economy experienced a GDP growth of 7.1% in Fiscal 2017, compared to 7.9% in Fiscal 2016 (based on data from the Ministry of Statistics and Program Implementation). The Indian automobile industry experienced an increase of 8.2% in Fiscal 2017, as compared to 8.0% in Fiscal 2016. The growth of the automobile sector was affected by demonetization in third quarter of the fiscal and ban on sale and registration of BSIII vehicles in March 2017. This has affected the performance of Tata and other brand vehicles, mainly the Medium and Heavy Commercial vehicles sales. The following table sets forth the Company consolidated total sales of Tata and other brand vehicles:

	Fiscal 2017		Fiscal 2016	
	Units	%	Units	%
Passenger cars	1,40,887	25.3%	1,10,046	21.1%
Utility vehicles	20,018	3.6%	19,512	3.8%
Light Commercial Vehicles	2,16,222	38.8%	2,05,531	39.5%
Medium and Heavy Commercial Vehicles	1,79,875	32.3%	1,85,422	35.6%
Total	**5,57,002**	**100.0%**	**5,20,511**	**100.0%**

The Company's overall sales of Tata and other brand vehicles increased by 7.0% to 5,57,002 units in Fiscal 2017 from 5,20,511 units in Fiscal 2016, and the revenue (before inter-segment elimination) increased by 5.6% to ₹56,448.78 crores during Fiscal 2017, compared to ₹53,462.52 crores in Fiscal 2016.

Vehicle Sales in India

Automobile sales across categories domestically rose by 8.2% in Fiscal 2017. Sale of passenger vehicles grew by 9.6% in Fiscal 2017,

as compared to Fiscal 2016 whereas Commercial vehicle sales expanded by 3.2% in Fiscal 2017.

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 2017	Fiscal 2016	Growth	Fiscal 2017	Fiscal 2016	Growth	Fiscal 2017	Fiscal 2016
	Units		%	Units		%	%	
Commercial Vehicles[1]	7,29,360	7,06,819	3.2%	3,24,175	3,26,755	(0.8)%	44.4%	46.2%
Passenger Vehicles[2]	30,34,670	27,68,290	9.6%	1,57,020	1,27,118	23.5%	5.2%	4.6%
Total	**37,64,030**	**34,75,109**	**8.3%**	**4,81,195**	**4,53,873**	**6.0%**	**12.8%**	**13.1%**

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 9.6% in Fiscal 2017, primarily attributable to reduced fuel prices, improved consumer sentiments, and lower interest rates. Utility Vehicles sales witnessed significant growth during Fiscal 2017. Further, the van segment is also experiencing growth.

Reflecting the growth in the Indian passenger vehicle sector, the Company's passenger vehicle sales in India increased by 23.5% to 1,57,020 units in Fiscal 2017 from 1,27,118 units in Fiscal 2016, due to new product offerings by the Company.

Category	Industry Sales			Company Sales			Market Share	
	Fiscal 2017	Fiscal 2016	Growth	Fiscal 2017	Fiscal 2016	Growth	Fiscal 2017	Fiscal 2016
	Units		%	Units		%	%	%
Micro	7,591	21,007	(63.9)%	7,591	21,007	(63.9)%	100.0%	100.0%
Compact	12,68,965	11,87,725	6.8%	1,28,888	84,472	52.6%	10.2%	7.1%
Mid-Size	1,63,567	1,81,450	(9.9)%	-	187	(100.0)%	-	0.1%
Premium and Luxury	4,013	3,266	22.9%	696	1,161	(40.1)%	17.3%	35.5%
Utility Vehicles	7,69,055	5,94,443	29.4%	19,600	19,702	(0.5)%	2.5%	3.3%
Vans[1]	1,59,943	1,49,731	6.8%	245	589	(58.4)%	0.2%	0.4%
Total[2]	**30,34,670**	**27,68,290**	**9.6%**	**1,57,020**	**1,27,118**	**23.5%**	**5.2%**	**4.6%**

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 vehicles category consists of: (i) passenger cars and (ii) utility vehicles. The Company sold 1,37,175 units in the passenger car category in Fiscal 2017, representing an increase of 28.4% compared to 1,06,827 units in Fiscal 2016. In the utility vehicles (including vans), the Company sold 19,845 units in Fiscal 2017, representing a decrease of 2.2% from 20,291 units in Fiscal 2016. During Fiscal 2017, the Company launched Tiago and sold 58,227 units. Hexa, a crossover was launched in January 2017 and Tata Tigor was launched in last week of March 2017. All these new product launches has helped Company increasing its market share and volumes in passenger vehicles category.

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 2017	Fiscal 2016	Growth	Fiscal 2017	Fiscal 2016	Growth	Fiscal 2017	Fiscal 2016
	Units		%	Units		%	%	%
M&HCV	3,02,402	3,02,556	(0.1)%	1,48,774	1,57,120	(5.3)%	49.2%	51.9%
LCVs[1]	4,26,958	4,04,263	5.6%	1,75,401	1,69,635	3.4%	41.1%	42.2%
Total	**7,29,360**	**7,06,819**	**3.2%**	**3,24,175**	**3,26,755**	**(0.8)%**	**44.4%**	**46.2%**

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

Industry sales of commercial vehicles increased by 3.2% to 729,360 units in Fiscal 2017 from 706,819 units in Fiscal 2016. Industry sales in the medium and heavy commercial vehicle segment remained flat at 302,402 units in Fiscal 2017, as compared to 302,556 in Fiscal 2016. The sector was hit by BSIII ban and demonetization, but improvement in economic conditions brought the sale level back to previous year. Industry sales of light commercial vehicles reported an increase of 5.6% to 4,26,958 units in Fiscal 2017, from 404,263 units in Fiscal 2016. The ban on BSIII vehicles saw unprecedented discounts in prices of vehicles, which resulted in the increase in sales at the end of the fiscal.

However, overall, sales of the Company's commercial vehicles in India declined by 0.8% to 324,175 units in Fiscal 2017 from 326,755 units in Fiscal 2016. The Company's sales in the medium and heavy commercial vehicle category decreased by 5.3% to 148,774 units in Fiscal 2017, as compared to sales of 157,120 units in Fiscal 2016. However, sales in the light commercial vehicles segment increased by 3.4% to 175,401 units in Fiscal 2017, from 169,635 units in Fiscal 2016. The customers in this segment are waiting for clarity about GST, which may bring prices down. The other factors like emission norms, Bus code for safer and comfortable journey, etc. affected this segment.

Tata and other brand vehicles — International Markets

The Company's exports (on standalone basis) grew by 10.6% to 64,221 units in Fiscal 2017 as compared to 58,058 units in Fiscal 2016. The increase of imports in Nepal provided an opportunity for the Company. 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 Tunisia accounted for approximately 85% of the exports of commercial vehicles and passenger vehicles.

In Fiscal 2017, TDCV's overall vehicles sales increased by 13.2% to 10,317 units, from 9,116 units in Fiscal 2016, mainly due to increase in domestic sales. TDCV continued to have strong performance in the domestic market despite increased competition and increased sales by 25% to 8,795 vehicles, second highest in TDCV history, compared to sales of 7,036 vehicles in Fiscal 2016, primarily due to strong demand from construction sector and replacement demand including factors such as low interest rates and diesel prices. However, the export market was very challenging. Factors, such as- low oil prices, local currency depreciation against the US Dollar, continuing statutory regulations to reduce imports, the slowdown in Chinese economy impacting commodity exporting countries, and increased dealer inventory adversely impacted TDCV's exports in major markets, such as GCC, Russia, Algeria, Vietnam and South Africa. The export sales were 1,522 commercial vehicles, 26.8% lower compared to 2,080 commercial vehicles in Fiscal 2016.

Tata and other brand vehicles — Sales, Distribution and Support

The Company's sales and distribution network in India as at March 2017 comprised approximately 4,538 contact points for sales and service for its passenger and commercial vehicle business. The Company's subsidiary, TML Distribution Company Limited, or TDCL, acts as a dedicated distribution and logistics management Company to support the sales and distribution operations of its vehicles in India. The Company believes this has improved the efficiency of its selling and distribution operations and processes. The Company uses a network of service centers on highways and

a toll-free customer assistance center to provide 24-hour roadside assistance, including replacement of parts, to vehicle owners.

TDCL provides distribution and logistics support for vehicles manufactured at the Company's facilities and has set up stocking points at some of Company's plants and at different places throughout India. TDCL helps us improve planning, inventory management, transport management and timing of delivery. The Company has customer relations management system, or CRM, at all of its dealerships and offices across the country, which supports users both at its Company and among its distributors in India and abroad.

The Company markets its commercial and passenger vehicles in several countries in Africa, the Middle East, South East Asia, South Asia, Australia, Latin America, 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 and 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.

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 (on Consolidated basis as per Ind AS) decreased by 8.4% to ₹2,429.23 crores in Fiscal 2017 as compared to ₹2,240.03 crores in Fiscal 2016.

TMFL disbursed ₹9,298 crores and ₹8,985 crores in vehicle financing during Fiscal 2017 and 2016, respectively. During Fiscal 2017 and 2016, approximately 22% and 23%, respectively, of the Company's vehicle unit sales in India were made by the dealers through financing arrangements where the Company's captive vehicle financing divisions provided the support. Total vehicle finance receivables outstanding as at March 31, 2017 and 2016 amounted to ₹17,563.25 crores and ₹15,751.47 crores, respectively. As at March 31, 2017 and 2016, the Company's customer finance receivable portfolio comprised 552,991 and 584,101 contracts, respectively. The Company follow specified internal procedures, including quantitative guidelines, for selection of its finance customers and assist in managing default and repayment risk in the Company's portfolio. The Company originate all of the contracts through its authorized dealers and direct marketing agents with whom the Company have agreements. All the Company's marketing, sales and collection activities are undertaken through dealers or by TMFL.

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

The Company's consolidated spare parts and after-sales activity revenue was ₹4,419.90 crores in Fiscal 2017, compared to ₹4,088.74 crores in Fiscal 2016. 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. Its 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

Total wholesales of Jaguar Land Rover vehicles (including Chery

Jaguar Land Rover) with a breakdown between Jaguar and Land Rover brand vehicles, in Fiscal 2017 and 2016 are set forth in the table below:

	Year ended March 31			
	Fiscal 2017		Fiscal 2016	
	Units	%	Units	%
Jaguar	1,78,751	29.8%	1,02,106	18.8%
Land Rover	4,22,055	70.2%	4,41,979	81.2%
Total	**6,00,806**	**100.0%**	**5,44,085**	**100.0%**

In Fiscal 2017, Jaguar Land Rover wholesale volumes were 600,806 units (including unconsolidated sales from the China Joint Venture), up 10% compared to Fiscal 2016 primarily reflecting the introduction of the Jaguar F-PACE and continued strong demand for the Land Rover Discovery Sport partially offset by the production run-out of the Land Rover Defender and Discovery ahead of the start of sales of the all new Discovery in the fourth quarter of Fiscal 2017. Wholesale volumes were up in China (30%), North America (21%), Europe (9%), and the United Kingdom (4%) but down 12% in other overseas markets, which includes Russia, Brazil and South Africa.

Jaguar wholesale volumes were 178,751 units, up 75% compared to Fiscal 2016, reflecting the introduction of the Jaguar F-PACE and the launch of the XE in the US in May 2016. However, Land Rover wholesale volumes were 422,055 units, down 5% compared to the prior fiscal year as continuing strong demand for the Land Rover Discovery Sport, solid sales of the Range Rover Evoque and the start of sales of the all new Discovery were offset by the production run-out of the Defender and the previous Discovery model.

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

Retail volumes (including retail sales from the China Joint Venture) in Fiscal 2017 increased by 16% to 604,009 units from 521,571 units in Fiscal 2016 following the introduction of the Jaguar F-PACE, the launch of XE in the US and continued strong demand for the Land Rover Discovery Sport which offset the production run-out of Defender and Discovery with retail sales of the all new Discovery only starting in February 2017. Jaguar XF retail volumes were higher supported by the launch of the long wheelbase XFL from Company's joint venture in China.

United Kingdom

Industry vehicle sales rose by 2.1% in Fiscal 2017 in the United Kingdom broadly in-line with economic growth despite the outcome of the Brexit vote. Jaguar Land Rover retail volumes increased by 16% to 124,755 units in Fiscal 2017 from 107,371 units in Fiscal 2016, with a strong sales performance from Jaguar, up 42% in Fiscal 2017, reflecting the introduction of the F-PACE and solid sales of the XF. Land Rover retail volumes increased by 7%, reflecting continued strong demand for Discovery Sport and Evoque as well as solid sales of the Range Rover Sport.

North America

Economic performance in North America was generally favourable in Fiscal 2017 as the labour market approached full employment and the Federal Reserve increased interest rates by another 0.25% in March. Passenger car sales were broadly in-line with the prior year but Jaguar Land Rover retail volumes increased by 24% in Fiscal 2017 to 123,527 units from 99,606 units in Fiscal 2016. Jaguar retail sales were up over 150% in North America with the introduction of the F-PACE and XE at the beginning of the year. Land Rover retailed 81,949 in Fiscal 2017, down slightly 1%, as continued strong demand for the Land Rover Discovery Sport and solid sales of the Range Rover Sport were offset by softer sales of the Range Rover and the Evoque as well as the run-out of the Discovery.

Europe

Passenger car sales increased by 6.9% in Europe supported by positive, albeit lower, economic growth, improving labour markets as well as lower inflation. Jaguar Land Rover retail sales of 141,043 units in Europe were higher than in any of the Company's other key regions in Fiscal 2017, up 13% compared to 124,734 units sold in Fiscal 2016. Jaguar volumes increased by 92% to 40,332 units in Fiscal 2017 compared to 21,051 units in Fiscal 2016, primarily driven by the introduction of the F-PACE and solid sales of XF. Land Rover retails were 100,711 units in Fiscal 2017, down 3% compared to the 103,683 units in Fiscal 2016 as solid sales of the Discovery Sport, Range Rover Sport, Range Rover and Evoque were offset by the production run-out of Defender and the prior Discovery Model.

China

Passenger car sales in China increased by 14.5% in Fiscal 2017 supported by GDP growth in-line with the government's target and a stronger economic performance more recently. Jaguar Land Rover retail volumes (including sales from the China Joint Venture) increased by 32% to 125,207 units in Fiscal 2017 from 95,167 units in Fiscal 2016. Jaguar retail sales in Fiscal 2017 were 29,351 units, up 93% compared to the 15,230 units sold in Fiscal 2016 led by the introduction of the F-PACE and the start of sales of the long wheelbase Jaguar XFL from Company's China joint venture in September 2016 as well as positive

sales growth of other Jaguar models. Land Rover retail sales were 95,856 units in Fiscal 2017, up 20% compared to the 79,937 units sold in Fiscal 2016 led by strong sales of the Discovery Sport from company's joint venture in China, and solid sales growth of Range Rover and Range Rover Sport.

Other Overseas markets

Jaguar Land Rover's retail volumes in the other overseas markets declined by 6% to 89,477 units in Fiscal 2017 compared to 94,693 units in the prior year. Jaguar retail volumes were 22,455 units, up 60% compared to the 14,047 units last year with the introduction of the F-PACE and solid sales of Jaguar's XE and XF saloon models. Land Rover retail volumes were 67,022 units, down 17% on the 80,646 units retailed in Fiscal 2016 as solid sales of the Discovery Sport were more than offset by the production run-out of the Defender and Discovery as well as softer sales of Range Rover, Range Rover Sport and Evoque.

Jaguar Land Rover's Sales & Distribution

As at March 31, 2017, Jaguar Land Rover distribute its vehicles in approximately 124 markets for Jaguar and approximately 136 markets for Land Rover globally. Sales locations for vehicles are operated as independent franchises. Jaguar Land Rover are represented in its key markets through its National Sales Company's ("NSC's") as well as third party importers. Jaguar and Land Rover have regional offices in certain select countries that manage customer relationships and vehicle supplies and provide marketing and sales support to their regional importer markets. The remaining importer markets are managed from the United Kingdom.

Jaguar Land Rover products are sold through a variety of sales channels: through its dealerships for retail sales; 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, 2017, Jaguar Land Rover global sales and distribution network comprised 20 NSCs, 78 importers, 15 export partners and 1,585 franchise sales dealers, of which 1,097 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 they are. Jaguar vehicles compete primarily against other European brands such as Audi, Porsche, BMW and Mercedes Benz. Land Rover and Range Rover vehicles compete largely against SUVs from companies such as Audi, BMW, Infiniti, Lexus, Mercedes Benz, Porsche, Volvo and Volkswagen.

Jaguar Land Rover — Seasonality

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

Other Operations 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 ₹3,184.06 crores in Fiscal 2017, an increase of 7.8% from ₹2,953.89 crores in Fiscal 2016. Revenues from other operations represented 1.2% and 1.1% of total revenues, before inter-segment eliminations, in Fiscal 2017 and 2016.

Research and Development

Over the years, the Company has devoted significant resources toward its research and development activities. The Company's research and development activities focus on product development, environmental technologies and vehicle safety. In India, Company's Engineering Research Centre (ERC), established in 1966, is one of the few in-house automotive research and development centers in India recognized by the Government of India. The ERC is integrated with all of the Tata Motors Global Automotive Product Design and Development Centers in South Korea, Italy and the United Kingdom.

In Fiscal 2017, the focus was on strengthening the Company's product portfolio to address key gaps in existing market, identify white space opportunity in line with changing trends and introduce value-added technologies to improve the attractiveness of the

Company's products. This is in alignment with Tata Motors' efforts to make itself 'FutuReady' by embracing new technologies, fostering higher platform efficiency and offering solutions that connect with the aspirations of the Company's customers. For passenger vehicles, the focus is on great design, great driving experience and features. Therefore, the research and development portfolio is aligned towards developing technologies, core competencies and skill sets in these specific domains to ensure impactful and timely delivery of the envisaged future products with class leading product attributes. For commercial vehicles, in addition to design, the main focus areas are occupant comfort, reducing the total cost of ownership, to be a market leader in fuel efficiency and delivering high performance and reliable products.

In addition to this, the Company also runs several innovation projects in the domains of light weighting, xEVs and Hybrids, Connected vehicles, ADAS features. While all its current products comply with the existing emission norms, the Company is gearing up to be ready with the upcoming BSVI regulations in India. Product competitiveness for the Company's engines/vehicles is targeted through customer value propositions such as best-in-class fuel efficiency, superior performance, better total low cost of ownership, increased service interval, reduced downtime & turn-around time. Application specific technology selection & duty cycle based performance optimization are key enablers to achieve these goals. Enhanced fuel efficiency and thereby reduction in carbon footprint is planned to be achieved through various powertrain as well as vehicle level measures. The Company is investing significantly in development efforts, capital equipment and in infrastructure to meet BSVI requirements for all the Company's products over next 2 to 3 years

In passenger vehicles, the recently launched Hexa and Tigor received critical recognition from Media and customers for its attributes on design, connectivity, driving dynamics. These Innovative products have unique design and offer unique ownership experience to customers. The Super Drive Modes system in Hexa offers seamless integration of Vehicle engine performance, new generation Electronic Stability Program, Torque on demand, and intuitive HMI. Switching between four drive modes - Auto, Comfort, Dynamic and Rough Road, provides enhanced ride comfort & stability over different terrains. The premium acoustic experience is introduced in Hexa and Tigor with ConnectNext Infotainment system along with ConnectNext apps suite to attract young minds.

In commercial vehicles, following developments are encouraging:

- Electric Driveline for various categories of commercial vehicles ranging from last mile passenger transport, mini, midi & large buses to support initiative of green and eco-friendly transport solution and reduce dependency on carbon based fuels.
- Series Hybrid Bus with new generation 5L engine with advanced features for eco-friendly operation as well as best in class features for comfort and convenience for commuter especially elderly and physically challenged people.
- Advanced automated manual transmission for Buses & Trucks for optimum fuel economy and ease of driving and fatigue reduction.
- Advanced safety features such as collision mitigation, lane departure warning to improve the road safety.
- Buses & Trucks to run on LNG as alternate fuel for increasing the fuel efficiency as well as spreading the use of alternate fuels.

During Fiscal 2017, the Company filed 80 Patent Applications and 52 Design applications. In respect of applications filed in earlier years, 22 Patents were granted and 26 Designs were registered. Both filing and grant details include national and international jurisdictions.

The Company plans to continue its endeavour in the research and development space to develop vehicles with reduced cost, time to market and shorter product life cycles. One of the main future initiatives in this direction would be a platform approach of creating bills of material and bills of process that have a high degree of commonality to reduce complexity and enhance ability to the scale. Thus, Advance Modular Platform (AMP) is being developed as next generation, futuristic, scalable & modular platform wherein multiple segment products can be developed with improved economies of scale. This will also enable to reduce number of platform in the long run to make the business FutuReady, reduce complexity and cut costs. Also, the Company aims for timely and successful conclusion of technology projects so as to begin their induction into mainstream products, which will lead to a promising future.

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, or KBE, product lifecycle management, or PLM and manufacturing planning management,

or MPM, for more efficient end-to-end delivery of the product development process. To deliver projects which meets customer target and to do the things first time right, the Company is working on one of the critical project known as Requirements Management Design Verification and Validation (RMDV2). This project will bring system engineering approach towards the Company's product development process, which will bring all engineering design rules and standards on one platform to meet the design requirement. In terms of physical assets used for product validation and testing, the Company has state-of-the-art facilities, such as Crash Lab, which is a facility where crash tests are performed, engine development and testing facilities, prototype shop and noise, vibration and harshness refinement facilities. These facilities are used extensively to physically validate the new products in a robust manner before they enter the market.

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

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 are also developing more efficient powertrains and other alternative propulsion technologies. This includes smaller and more efficient 2.0 litre diesel and petrol engines (now available across the majority of the Company's model range), stop start, mild and plug-in hybrids as well as battery electric vehicles, to satisfy growing customer demand and 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 their product range to meet the requirements of a globally competitive market and all vehicles and engines are compliant with the prevalent regulatory norms in the respective countries in which they are sold.

Intellectual Property

The Company creates, its own, and maintains a wide array of intellectual property assets throughout the world that are among the Company's 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 seek to protect its intellectual property in India and other countries.

The Company own a number of patents and have 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 the Company expects will be effective in other countries going forward. The Company also obtain new patents as part of its ongoing research and development activities.

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

As part of the acquisition of the Company's 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 the third parties have been granted to company for use in Jaguar and Land Rover vehicles. Jaguar Land Rover owns registered designs to protect the design of its vehicles in several countries.

In varying degrees, all of Company's intellectual property is important to it. In particular, the Tata, Jaguar, Land Rover and Range

Rover brands are integral to the conduct of Company's business, a loss of which could lead to dilution of Company's brand image and have a material adverse effect on its 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 reorganized 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 reorganization 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 formalized the component development process using Automotive Industry Action Group guidelines. The Company also has a programme for assisting suppliers from whom it 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 rationalization, 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 for engines with Ford and 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. 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 they endeavour to work closely with their 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. Where this is the case, Jaguar Land Rover provides training to the outside suppliers who design and manufacture the required tooling and fixtures. Such programmes include site engineers who regularly interface with suppliers and carry out visits to supplier sites and ensure that the relevant quality standards are being met. Site engineers are also supported by persons in other functions, such as program engineers who interface with new model teams as well as resident engineers located at the Jaguar Land Rover plants, who provide the link between the site engineers and the Jaguar Land Rover plants. Jaguar Land Rover has in the past worked, and is expected to continue to work, with its suppliers to optimize their procurement of components, including the sourcing of certain raw materials and component requirements from low-cost countries.

Although Jaguar Land Rover have commenced the production of their own "in house" four cylinder diesel and petrol engines, at present they continue to source a significant proportion of their 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, it provides training to external suppliers who design and manufacture the required tools and fixtures.

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

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

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

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

The Company has also started working on a new initiative "Auto Data Exchange (autoDX)". It is a collaborative initiative by Society of Indian Automobile Manufacturers (SIAM) and Automotive Components Manufacturers Association (ACMA) developed by IBM. autoDX is delivered on a Business-to-Business Cloud based Platform that has the power to transform the Automotive Industry by accelerating the movement of data & reducing transaction cost.

In 2016, the Company had introduced a comprehensive supplier assessment processes MSA (Manufacturing site assessment). The framework is broadly based on lead measures and lag measures to assess the suppliers capability and for the first time the company have put in place a financial risk assessment that would help in bringing a consistent level of oversight to it.

The Company has established processes to encourage improvements through knowledge sharing among it's vendors through an initiative called the Vendor Council, which consists 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 the suppliers: quality, efficiency, relationships and new technology development.

The Company import some components that are either not

available in the domestic market or when equivalent domestically available components do not meet company's quality standards. The Company also imports some products based on competitive pricing and capacity/lead time where domestic suppliers are not able to meet Company's requirements.

Long-term agreements have been 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 the Company 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 to December 2020 at the latest, were entered into with Ford Motor Company for (i) the long-term supply of engines developed by Ford, (ii) engines developed by the Company but manufactured by Ford and (iii) engines developed by the Ford-PSA joint venture. Purchases under these agreements are generally denominated in euro and pounds sterling.

Following the global financial crisis and its cascading effect on the financial health of Company's suppliers, it has commenced efforts to assess supplier financial risk. Suppliers are appraised based on Company's long-term requirements through a number of platforms, such as Vendor Council meetings, council regional chapter meetings, national vendor meets and location-specific vendor meets.

OPPORTUNITIES:

The Union budget of 2017, has provided funds worth ₹6,400 crores for Infrastructure development including highway development has been set up, which is good for Heavy machinery and construction equipment manufacturers.

The Indian economy is slated to prosper along with China (estimated growth rate of more than 5%). This creates opportunity in rise in vehicle ownership. By 2020, transportation will have 23% of private consumer spending which is perfectly synergistic with the fact that automotive sales in Indian market is destined to resonate with global economic shift. India's car market is expected to grow to 6 million plus units annually in next two years.

The Automotive Mission Plan 2016-26 aims at 13% share of automotive industry in GDP, along with implementation of BSIV vehicles in 2019, BSVI Vehicles in 2019 and Increase in Value added services. National Electric Mobility Mission, aims at providing 7 million electric cars 2020, along with concession in manufacturing of selected parts for electric cars. Use of Block chain in Supply chain; augmented reality in designing and manufacturing; 3D printing and Four-cylinder supercar. At a global level, increasing levels of environmental regulations adds up the complexity quotient in design, marked by diverging behaviour.

Jaguar Land Rover intends to grow its business by diversifying its product range to compete in new segments, for example the Jaguar XE sports saloon, the Jaguar F-PACE (on sale since April 2016) and the new Range Rover Velar (goes on sale in the summer of 2017) ensures that Jaguar Land Rover competes in new premium segments with class-leading products that further supports their growth plans.

FINANCIAL PERFORMANCE ON A CONSOLIDATED BASIS

The Company has adopted Indian Accounting Standards on April 1, 2016, with the transition date as April 1, 2015. Accordingly, financial statements for Fiscal 2017 along with the comparatives (Fiscal 2016) have been prepared in accordance with the recognition and measurement principles stated therein, prescribed under section 133 of the Companies Act 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.

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

Overview

The Company income from operations including finance revenues decreased by 1.1% to ₹274,492.12 crores in Fiscal 2017 from ₹277,660.59 crores in Fiscal 2016. The decrease is attributable to ₹27,686 crores impact due to unfavourable currency translation from GB£ to INR. The Company's net income (attributable to shareholders of the Company) declined by 35.6% to ₹7,454.36 crores in Fiscal 2017 from ₹11,579.31 crores in Fiscal 2016. Overall, earnings before other income, finance cost and tax, were ₹15,593.80 crores in Fiscal 2017 compared to ₹21,596.73 crores in Fiscal 2016, a decrease of 27.8%. The decrease in net income was primarily driven by performance at India operations of the Company, foreign exchange losses at Jaguar Land Rover business coupled with higher depreciation and amortization.

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 2017. However, due to unfavourable currency translation from GB£ to INR and also growth in revenue in India in Fiscal 2017, the proportion of the Company's net sales earned from markets outside of India decreased to 82.5% in Fiscal 2017 from 83.4% in Fiscal 2016. 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 2017		Fiscal 2016	
	(₹ in crores)	%	(₹ in crores)	%
India	47,101.21	17.2%	46,027.25	16.6%
United States	42,935.31	15.6%	43,809.17	15.8%
UK	50,588.18	18.4%	46,209.94	16.6%
Rest of Europe*	47,122.48	17.2%	41,575.25	15.0%
China	41,369.40	15.1%	48,760.19	17.6%
Rest of World*	45,375.54	16.5%	51,278.79	18.5%
Total	**274,492.12**	**100.0%**	**277,660.59**	**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 is 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 2017 and 2016 and the percentage change from period to period.

	Fiscal 2017	Fiscal 2016	Change
	(₹ in crores)		%
Automotive operations	272,692.41	276,221.67	(1.3)%
Others	3,184.06	2,953.89	7.8%
Inter-segment elimination	(1,384.35)	(1,514.97)	(8.6)%
Total	**274,492.12**	**277,660.59**	**(1.1)%**

Automotive operations

Automotive operations are the Company most significant segment, accounting for 99.3% of the Company's total revenues in Fiscal 2017 and 99.5% of the Company's total revenue in Fiscal 2016. In Fiscal 2017, revenue from automotive operations before inter-segment eliminations was ₹272,692.41 crores as compared to ₹276,221.67 crores in Fiscal 2016, a decrease of 1.3%.

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 2017	Fiscal 2016	Change
			%
Total revenue (₹ in crores)	272,692.41	276,221.67	(1.3)%
Earning before other income, interest and tax (₹ in crores)	15,324.12	21,244.44	(27.9)%
Earning before other income, interest and tax (% to total revenue)	5.6%	7.7%	

The Company's automotive operations segment is further divided into Tata and other brand vehicles (including vehicle financing) and Jaguar Land Rover. In Fiscal 2017, Jaguar Land Rover contributed 79.4% of the Company's total automotive revenue compared to 80.7% in Fiscal 2016 and the remaining 20.6% was contributed by Tata and other brand vehicles in Fiscal 2017 compared to 19.3% in Fiscal 2016.

The Company's revenue from Tata and other brand vehicles (including vehicle financing) and Jaguar Land Rover in Fiscals 2017 and 2016 and the percentage change from period to period (before intra-segment eliminations) is set forth in the table below.

	Fiscal 2017	Fiscal 2016	Change
	(₹ in crores)		%
Tata and other brand vehicles	56,448.78	53,462. 52	5.6%
Jaguar Land Rover	216,388.82	222,822.93	(2.9%)
Intra-segment elimination	(145.19)	(63.78)	127.6%
Total	**272,692.41**	**276,221.67**	**(1.3%)**

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 2017	Fiscal 2016	Change (%)
Total revenue (₹ in crores)	3,184.06	2,953.89	7.8%
Earning before other income, interest and tax (₹ in crores)	471.90	436.24	8.2%
Earning before other income, interest and tax (% to total revenue)	14.8%	14.8%	

The other operations business segment includes information technology, machine tools and factory automation solutions. In Fiscal 2017, revenue from other operations before inter-segment eliminations was ₹3,184.06 crores compared to ₹2,953.89 crores in Fiscal 2016. Results for the other operations business segment before other income, finance cost, tax and exceptional items (before inter-segment eliminations) were ₹471.90 crores in Fiscal 2017 as compared to ₹436.24 crores for Fiscal 2016.

Results of Operations

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

	Fiscal 2017	Fiscal 2016
	(%)	(%)
Income from operations	100.0	100.0
Expenditure:		
Cost of material consumed (including change in stock)	60.4	58.8
Excise duty	1.8	1.7
Employee Cost	10.3	10.4
Other expenses (net)	20.2	20.1
Amount capitalized	(6.1)	(6.0)
Total expenditure	86.6	85.0
Other income	0.3	0.3
Profit before exceptional items, Depreciation and amortization expense, Foreign exchange (gain)/ loss (net), Finance cost and Tax	13.7	15.4
Depreciation and Amortization (including product development/ engineering expenses written off)	7.8	7.3
Finance costs	1.5	1.8
Foreign exchange loss (net)	1.4	0.6
Exceptional Item (gain)/loss (net)	(0.4)	0.6
Profit before Tax	3.4	5.1
Tax expense	1.2	1.1
Profit after Tax	2.2	4.0

Cost of materials consumed (including change in stock)

	Fiscal 2017	Fiscal 2016
	(₹ in crores)	
Consumption of raw materials and components	160,147.12	151,065.61
Basis adjustment on hedge accounted derivatives	(777.57)	2,226.88
Purchase of product for sale	13,924.53	12,841.52
Change in inventories of finished goods, Work-in-progress and products for sale	(7,399.92)	(2,750.99)
Total	**165,894.16**	**163,383.02**

Cost of material consumed increased from 58.8% of total revenue (excluding income from vehicle financing) in Fiscal 2016 to 60.4% in Fiscal 2017. For Tata Motors Standalone (including Joint Operations), costs of materials consumed was 63.8% of net revenue in Fiscal 2017 of total revenue as compared to 61.4% in Fiscal 2016, representing an increase of 240 bps, which was mainly attributable to a change in product mix that includes a relatively lower proportion of M&HCV sales. For Jaguar Land Rover, costs of materials consumed was 60.7% of total revenue in Fiscal 2017 compared to 59.1% in Fiscal 2016, representing an increase of 160 bps, driven by linear volumes and the general weakening of the Euro in Fiscal 2017.

Excise duty were ₹4,799.61 crores in Fiscal 2017 as compared to ₹4,614.99 crores in Fiscal 2016, an increase of 4.0%, primarily due to increase in revenues at the Company's India operations.

Employee Costs were ₹28,332.89 crores in Fiscal 2017 as compared to ₹28,880.39 crores in Fiscal 2016, a marginal decrease of 1.9% primarily due to favourable translation impact of GB£ to INR of Jaguar Land Rover operation of ₹2,765.01 crores. At Jaguar Land

Rover the increase in employee cost is by 7.1% to GB£ 2,495 million (₹21,829.15 crores) in Fiscal 2017 as compared to GBP 2,328 million (₹22,930.37 crores) in Fiscal 2016, primarily reflects the increase in the employee head count to support the higher production volume in Fiscal 2017. For Tata Motors Standalone (including joint operations), the employee cost increased by 11.6% to ₹3,558.52 crores as compared to ₹3,188.97 crores in Fiscal 2016, mainly due to annual increments and wage revisions. Employee costs at TDCV were ₹775.83 crores in Fiscal 2017, as compared to ₹736.98 crores in Fiscal 2016, an increase of 5.3%.

Other Expenses includes all works operations, indirect manufacturing expenses, freight cost, fixed marketing costs and other administrative costs. These expenses have decreased marginally to ₹55,430.06 crores in Fiscal 2017 from ₹55,683.75 crores in Fiscal 2016. Each line item includes the element of foreign currency translation favourable impact of Jaguar Land Rover operations of approximately ₹6,007.94 crores in aggregate in Fiscal 2017. The breakdown is provided below:

	Fiscal 2017	Fiscal 2016	Change
	(₹ in crores)		
Processing charges	1,172.03	1,110.68	61.35
Consumption of stores and spare parts	2,419.11	2,096.19	322.92
Freight, transportation, port charges, etc.	9,754.71	9,754.67	0.04
Power and fuel	1,159.82	1,143.63	16.19
Warranty and product liability expenses	8,064.00	6,791.49	1,272.51
Publicity	8,698.68	8,768.46	(69.78)
Information technology/ computer expenses	2,202.51	2,379.90	(177.39)
Allowance for finance, trade and other receivables	104.78	885.62	(780.84)
Engineering expenses	4,273.72	6,514.76	(2,241.04)
MTM (gain)/loss on commodity derivatives	918.40	(1,155.53)	2073.93
Works operation and other expenses	16,662.30	17,393.88	(731.58)
Other Expenses	**55,430.06**	**55,683.75**	**(253.69)**

The changes 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. were flat at 3.6% in Fiscal 2017.

iii. Publicity expenses remained flat and represented 3.2% of total revenues in Fiscal 2017 and 2016. 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 Tiago, Hexa, Tigor, Yodha at Tata Motors.

iv Warranty and product liability expenses represented 2.9% and 2.4% of the Company's revenues in Fiscal 2017 and 2016, respectively. The warranty expenses at Jaguar Land Rover represented 3.31% of the revenue as compared to 2.6% last year, primarily due to product and market mix, whereas Tata Motors India operations represent 1% of revenue for Fiscal 2017 and 2016.

v. Works operation and other expenses have decreased to 6.1% of net revenue in Fiscal 2017 from 6.3% in Fiscal 2016.

vi. Engineering expenses at Jaguar Land Rover reflect investment in the development of new vehicles. A significant portion of these costs are capitalized and shown under the line item "Amount capitalized".

vii. Allowances for finance, trade and other receivables have decreased to ₹104.78 crores in Fiscal 2017, as compared to ₹885.62 crores in Fiscal 2016, mainly reflect provisions for finance receivables, where the collections have improved in Fiscal 2017.

Amount capitalized represents expenditure transferred to capital and other accounts allocated out of employee cost and other expenses, incurred in connection with product development projects and other capital items. The expenditure transferred to capital and other accounts has increased by 1.2% to ₹16,876.96 crores in Fiscal 2017 from ₹16,678.34 crores in Fiscal 2016, 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 decreased by 14.8% to ₹754.54 crores in Fiscal 2017

from ₹885.35 crores in Fiscal 2016. Interest income decreased to ₹562.21 crores in Fiscal 2017, compared to ₹718.98 crores in Fiscal 2016, whereas profit on sale of investment increased to ₹176.14 crores in Fiscal 2017, compared to ₹101.00 crores in Fiscal 2016. 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 finance cost, Depreciation and Amortization expence, Foreign Exchange (gain)/loss, Exceptional Items and Tax is ₹37,666.90 crores in Fiscal 2017, representing 13.7% of revenue in Fiscal 2017 compared to ₹42,661.63 crores in Fiscal 2016.

Depreciation and Amortization expence (including product development / engineering expenses): During Fiscal 2017, expenditures increased by 5.6% to ₹21,318.56 crores from ₹20,179.55 crores in Fiscal 2016. The depreciation has increased by 13.7% to ₹9,048.62 crores as compared to ₹7,959.95 crores in Fiscal 2016 is due to new product launches both at Jaguar Land Rover and Tata and other brand vehicles (including vehicle financing). The amortization expenses have marginally increased by 1.2% to ₹8,856.37 crores in Fiscal 2017 from ₹8,750.83 crores in Fiscal 2016, and are attributable to new products introduced during the year. Expenditure on product development/engineering expenses decreased marginally by 1.6% to ₹3,413.57 crores in Fiscal 2017 from ₹3,468.77 crores in Fiscal 2016.

Finance Cost decreased by 13.3% to ₹4,238.01 crores in Fiscal 2017 from ₹4,889.08 crores in Fiscal 2016. The decrease was mainly achieved by refinancing certain senior notes and other long-term loans with loans with lower interest rates.

Foreign exchange loss increased to ₹3,910.10 crores in Fiscal 2017 from ₹1,616.88 crores in Fiscal 2016. The increase was mainly due to depreciation of GB£ as compared to US$.

Exceptional items

	Fiscal 2017	Fiscal 2016	Change
	(₹ in crores)		
Employee separation cost	67.61	32.72	34.89
Provision for costs associated with closure of operations and impairment of intangibles of a subsidiary company	-	44.31	(44.31)
Impairment of capitalized fixed assets	-	163.94	(163.94)
Provision for BSIII vehicles	147.93	-	147.93
Others	(1,330.10)	1,609.38	(2,939.48)
Total	**(1,114.56)**	**1,850.35**	**(2,964.91)**

The credit of ₹1,330.10 crores (GB£ 151 million) during the Fiscal 2017, relates to the explosion at the port of Tianjin (China) in August 2015. This relates to the receipt of insurance proceeds, recovery of import duties and taxes and to an updated assessment of the condition of the remaining vehicles, which led to a reversal of initial provision recorded in the quarter ended September 30, 2015 in Fiscal 2016.

Consolidated Profit Before Tax (PBT) decreased to ₹9,314.79 crores in Fiscal 2017, compared to ₹14,125.77 crores in Fiscal 2016. The reduction in PBT is primarily driven by less favourable market and model mix, mainly at the Company's India operations, including higher marketing expenses, depreciation and amortization and other operating costs. Further, the reduction was also due to translation impact from GB£ to INR of ₹1,263.04 crores. Furthermore, the decrease in profitability at Jaguar Land Rover operations were due to higher manufacturing expenses and other operating costs including higher marketing expenses, higher depreciation and amortization expenses related to significant capital expenditure incurred in prior periods, more unfavourable revaluation of unrealized foreign currency debt and hedges, offset by lower net finance expenses, favourable revaluation of commodity hedges and further insurance recoveries related to Tianjin.

Tax Expense represents a net charge of ₹3,251.23 crores in Fiscal 2017, as compared to ₹3,025.05 crores in Fiscal 2016. The effective tax rate in Fiscal 2017 was 34.9% as compared to 21.4% in Fiscal 2016. For Tata Motors Ltd and certain subsidiaries, the Company has not recognized deferred tax assets due to uncertainty of future taxable profits. In Fiscal 2017, there was a reduction in the UK Corporation tax from 20% to 19% for Fiscal 2018 to 2020 and to 17% thereafter, resulting in a deferred tax credit. Further, higher tax expenses, reflected the non-recurrence of favourable deferred tax credits in Fiscal 2016 (GB£ 74 million related to UK Patent Box legislation).

Consolidated Profit for the year declined by 35.6% to ₹7,454.36 crores in Fiscal 2017 from ₹11,579.31 crores in Fiscal 2016, after considering the profit from associate companies and shares of minority investees. The decrease was mainly attributable to negative earnings before other income, interest and tax for Tata and other brand vehicles (including financing thereof) of ₹207.05 crores in Fiscal 2017 from ₹2,188.15 crores in Fiscal 2016.

Consolidated Balance Sheet

Property, plant and equipment, Goodwill and other intangible assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Change
	(₹ in crores)			
Property, plant and equipment (including capital work-in-progress)	69,781.39	71,478.04	63,117.34	(1,696.65)
Goodwill and Other intangible assets (including assets under development)	59,861.53	61,672.66	53,795.60	(1,811.13)
Total	**1,29,642.92**	**1,33,150.70**	**1,16,912.94**	**(3,507.78)**

There is decrease (net of depreciation and amortization) in the intangible and tangible assets in Fiscal 2017, due to unfavourable currency translation impact from GB£ to INR of ₹17,849 crores. The decrease was offset by additions in the Brazil manufacturing facility, tooling and facilities for new Range Rover Velar, Slovakia plant and product development cost at Jaguar Land Rover. At Tata Motors Ltd, the additions were mainly in dies, toolings, and product development cost for new products.

Investments in equity accounted investees were ₹4,606.01 crores as at March 31, 2017, as compared to ₹3,763.95 crores as at March 31, 2016. The increase was mainly due to profits at the Company's joint venture at China of GB£ 159 million (₹1,384.36 crores). During Fiscal 2017, Jaguar Land Rover purchased 32% of CloudCar Inc. for GB£ 12 million (₹107.15 crores).

Investments (Current + Non-current) were ₹15,731.91 crores as at March 31, 2017, as compared to ₹20,003.07 crores as at March 31, 2016. The details are as follows:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Change
	(₹ in crores)			
Mutual Funds	15,065.84	19,233.04	14,068.31	(4,167.20)
Quoted Equity shares	260.29	210.49	210.57	49.80
Unquoted Equity shares	366.98	373.76	373.25	(6.78)
Others	38.80	185.78	191.50	(149.98)
Total	**15,731.91**	**20,003.07**	**14,843.63**	**(4,271.16)**

The decrease in mutual fund investments was mainly 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 offset by a debit in the statement of profit and loss.

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Change
	(₹ in crores)			
Deferred tax assets	4,457.34	3,957.03	4,049.41	500.31
Deferred tax liability	1,174.00	4,474.78	2,559.49	3,300.78

A deferred tax liability (net) of ₹113.57 crores was recorded in the income statement and ₹3,774.28 crores in other comprehensive income, which mainly includes deferred tax towards post-retirement benefits and cash flow hedges in Fiscal 2017.

Finance receivables (current + non-current) were ₹17,563.25 crores as at March 31, 2017, as compared to ₹15,751.47 crores as at March 31, 2016, an increase of 11.5%, primarily due to decrease in allowances for vehicle financing due to improved collections. The Gross finance receivables were ₹21,160.76 crores as at March 31, 2017, as compared to ₹20,758.16 crores as at March 31, 2016.

Loans and Advances

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Change
	(₹ in crores)			
Long term loans and advances	753.66	503.88	496.71	249.78
Short term loans and advances	710.45	1,117.10	779.78	(406.65)
Total	**1,464.11**	**1,620.98**	**1,276.49**	**(156.87)**

Loans and advances include advance to suppliers, contractors etc.

Other Financial Assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Change
	(₹ in crores)			
Other financial assets - non current	2,911.12	1,825.51	647.64	1,085.61
Other financial assets – current	1,555.94	835.73	1,689.80	720.21
Total	**4,467.06**	**2,661.24**	**2,337.44**	**1,805.82**

These included ₹4,285.52 crores of derivative financial instruments, mainly attributable to Jaguar Land Rover as at March 31, 2017 compared to ₹2,348.54 crores as at March 31, 2016, reflecting notional liability due to the valuation of derivative contracts.

Inventories as at March 31, 2017, were ₹35,085.31 crores as compared to ₹32,655.73 crores as at March 31, 2016, an increase of 7.4%. Inventory at Tata and other brand vehicles (including vehicle financing) was ₹6,923.42 crores as at March 31, 2017 as compared to ₹6,819.13 crores as at March 31, 2016. Inventory at Jaguar Land Rover was ₹28,079.40 crores as at March 31, 2017, an increase of 8.5%, as compared to ₹25,762.35 crores as at March 31, 2016, mainly due to inventory volumes, higher actual costs of all models,

due to working of GB£/EUR exchange rate and other overheads. In terms of number of days of sales, finished goods represented 34 inventory days in Fiscal 2017 as compared to 32 days in Fiscal 2016.

Trade Receivables (net of allowance for doubtful debts) were ₹14,075.55 crores as at March 31, 2017, representing an increase of 3.7% compared to ₹13,570.91 crores as at March 31, 2016. Trade Receivables have increased at Tata and other brand vehicles (including vehicle financing) to ₹3,471.93 crores as at March 31, 2017 as compared to ₹3,255.88 crores as at March 31, 2016. Trade receivables at Jaguar Land Rover was ₹10,006.21 crores as at March 31, 2017, as compared to ₹10,024.79 crores as at March 31, 2016. The allowances for doubtful debts were ₹1,377.44 crores as at March 31, 2017 compared to ₹1,274.29 crores as at March 31, 2016.

Cash and cash equivalents were ₹13,986.76 crores, as at March 31, 2017, compared to ₹17,153.61 crores as at March 31, 2016. The Company holds cash and bank balances in Indian rupees, GB£, Chinese Renminbi, etc. The decrease is also attributable to unfavourable currency translation impact from GB£ to INR of ₹2,028 crores.

Other bank balances were ₹22,091.12 crores, as at March 31, 2017, compared to ₹13,306.79 crores as at March 31, 2016. These include bank deposits maturing within one year of ₹21,852.76 crores as at March 31, 2017, compared to ₹12,775.97 crores as at March 31, 2016.

Current tax assets (net) (current + non-current) were ₹1,195.67 crores, as at March 31, 2017, compared to ₹1,412.56 crores as at March 31, 2016.

Other assets

	As at March 31,		As at April 1,	Change
	2017	2016	2015	
	(₹ in crores)			
Other assets - non current	2,847.36	2,309.02	1,983.60	538.34
Other assets – current	6,539.99	5,824.09	5,412.09	715.90
Total	**9,387.35**	**8,133.11**	**7,395.69**	**1,254.24**

These mainly includes prepaid expenses, including rentals on operating lease of ₹2,063.55 crores as at March 31, 2017, as compared to ₹1,774.54 crores as at March 31, 2016. Taxes recoverable, statutory deposits and dues from government were ₹6,030.06 crores as at March 31, 2017, as compared to ₹5,472.15 crores as at March 31, 2016.

Equity attributable to owners of Tata Motors Ltd was ₹58,061.89 crores and ₹78,952.41 crores as at March 31, 2017 and 2016, respectively, a decrease of 26.5%.

Other equity decreased by 26.7% from ₹78,273.23 crores as at March 31, 2016 to ₹57,382.67 crores as at March 31, 2017. Though, the profit for Fiscal 2017 was ₹7,454.36 crores, decrease in other equity of ₹20,890.56 crores was primarily attributable to following reasons:

- Debits for remeasurement of employee benefit plans was ₹6,569.14 in Fiscal 2017.
- Translation loss of ₹9,952.33 crores recognized in Translation Reserve on consolidation of subsidiaries further contributed to a decrease in Reserves and Surplus.
- Further reduction in Hedging Reserves by ₹11,759.48 crores, primarily due to mark-to-market losses on forwards and options in Jaguar Land Rover, primarily due to decline in the US$-GB£ forward rates.

Borrowings:

	As at March 31,		As at April 1,	Change
	2017	2016	2015	
	(₹ in crores)			
Long term borrowings	60,629.18	50,510.39	54,607.14	10,118.79
Short term borrowings	13,859.94	11,450.78	13,154.68	2,409.16
Current maturities of long term borrowings	4,114.86	7,398.79	4,949.04	(3,283.93)
Total	**78,603.98**	**69,359.96**	**72,710.86**	**9,244.02**

- Current maturities of long-term borrowings represent the amount of loan repayable within one year.
- During Fiscal 2017, the Company raised ₹2,700 crores through unsecured non-convertible debentures with a tenor ranging from 2 years to 5 years.
- During Fiscal 2017, Jaguar land rover Automotive plc, issued Euro 650 million (₹4,466.88 crores) Senior Notes maturing in January 2024 at a coupon of 2.20%. Further, it issued GB£ 300 million (₹2,406.52 crores) Senior Notes maturing in January 2021 at a coupon of 2.75%.

Other financial liabilities

	As at March 31,		As at April 1,	Change
	2017	2016	2015	
	(₹ in crores)			
Other financial liabilities - non current	11,409.58	7,943.74	7,994.85	3,465.84
Other financial liabilities – current	25,634.83	21,281.60	19,173.01	4,353.23
Total	**37,044.41**	**29,225.34**	**27,167.86**	**7,819.07**

These included ₹25,517.52 crores of derivative financial instruments, mainly attributable to Jaguar Land Rover as at March 31, 2017 compared to ₹14,226.41 crores as at March 31, 2016, reflecting notional liability due to the valuation of derivative contracts. However, current maturities of long-term borrowings were ₹4,114.86 crores as at March 31, 2017, as compared to ₹7,398.79 crores as at March 31, 2016.

Trade payables were ₹57,698.33 crores as at March 31, 2017, as compared to ₹57,580.46 crores as at March 31, 2016.

Acceptances were ₹4,834.24 crores as at March 31, 2017, as compared to ₹3,981.33 crores as at March 31, 2016.

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,		As at April 1,	Change
	2017	2016	2015	
	(₹ in crores)			
Long term provisions - non-current	9,004.46	7,891.01	6,938.27	1,113.45
Short term provisions – current	5,807.76	5,844.51	4969.12	(36.75)
Total	**14,812.22**	**13,735.52**	**11,907.39**	**1,076.70**

i. Provision for warranty increased to ₹12,031.33 crores as at March 31, 2017, as compared to ₹11,516.43 crores as at March 31, 2016, an increase of ₹514.90 crores.

ii. The provision for employee benefits obligations decreased to ₹801.90 crores as at March 31, 2017, as compared to ₹954.69 crores as at March 31, 2016.

iii. Provision for legal and product liability increased to ₹822.17 crores as at March 31, 2017, as compared to ₹758.37 crores as at March 31, 2016.

Other liabilities

	As at March 31,		As at April 1,	Change
	2017	2016	2015	
	(₹ in crores)			
Other liabilities - non current	17,392.56	9,886.55	10,948.00	7,506.01
Other liabilities – current	6,401.84	6,187.22	5,105.25	214.62
Total	**23,794.40**	**16,073.77**	**16,053.25**	**7,720.63**

These mainly includes liabilities towards employee benefits obligations of ₹11,984.02 crores as at March 31, 2017, as compared to ₹5,547.24 crores as at March 31, 2016, increase mainly at Jaguar Land Rover, primarily driven by a decline in AA rated UK corprate bond yields. Deferred revenue were ₹6,926.35 crores as at March 31, 2017, as compared to ₹5,609.88 crores as at March 31, 2016. Statutory dues (VAT, Excise, Service Tax, Octroi etc.) were ₹2,658.93 crores as at March 31, 2017, as compared to ₹2,443.43 crores as at March 31, 2016.

Consolidated Cash Flow

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

	Fiscal 2017	Fiscal 2016	Change
	(₹ in crores)		
Cash from operating activity	**30,199.25**	**37,899.54**	**(7,700.29)**
Profit for the year	7,556.56	11,678.19	
Adjustments for cash flow from operations	21,283.55	26,947.95	
Changes in working capital	32,094.35	39,939.32	
Direct taxes paid	(1,895.10)	(2,039.78)	
Cash from investing activity	**(38,079.88)**	**(37,504.43)**	**(575.45)**
Payment for property, plant and equipment and other intangible assets (net)	(30,413.49)	(31,444.15)	
Net investments, short term deposit, margin money and loans given	(8,924.27)	(6,848.93)	
Dividend and interest received	1,257.88	788.65	
Net Cash from / (used in) Financing Activities	**6,205.30**	**(3,795.12)**	**10,000.42**
Proceeds from issue of shares	4.55	7,433.22	
Dividend Paid (including paid to minority shareholders)	(121.22)	(108.11)	
Interest paid	(5,336.34)	(5,715.66)	
Net Borrowings (net of issue expenses)	11,658.31	(5,404.57)	
Net increase / (decrease) in cash and cash equivalent	**(1,675.33)**	**(3,400.01)**	**1,724.68**
Cash and cash equivalent, beginning of the year	17,153.61	19,743.09	
Effect of exchange fluctuation on cash flows	(1,491.52)	810.53	
Cash and cash equivalent, end of the year	**13,986.76**	**17,153.61**	

a) Cash generated from operations before working capital changes was ₹28,840.11 crores in Fiscal 2017, as compared to ₹38,626.14 crores in the previous year, representing a decrease in cash from generated from 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 ₹30,199.25 crores in Fiscal 2017, as compared to ₹37,899.54 crores in the previous year. The increase in trade receivables, inventories and other assets amounting to ₹11,668.00 crores mainly due to increase in sales was offset by increase in trade and other payables and provisions amounting to ₹14,922.24 crores.

b) The net cash outflow from investing activity increased to ₹38,079.88 crores in Fiscal 2017 from ₹37,504.43 crores in Fiscal 2016.

- Capital expenditure (net) was at ₹30,413.49 crores in Fiscal 2017, compared to ₹31,344.15 crores, related mainly to capacity/ expansion of facilities, quality and reliability projects and product development projects.
- Net investments, short-term deposits, margin money and loans given was an outflow of ₹8,924.27 crores in Fiscal 2017 as compared to ₹6,848.93 crores in Fiscal 2016, mainly at Jaguar Land Rover.

c) The net change in financing activity was an inflow of ₹6,205.30 crores in Fiscal 2017 as compared to an outflow of ₹3,795.12 crores in Fiscal 2016.

- During Fiscal 2016, the Company raised ₹7,433.22 crores through rights issue of shares.
- In Fiscal 2017, ₹9,172.39 crores were raised from long-term borrowings (net) as compared to repayment of ₹3,526.78 crores (net) in Fiscal 2016 as described in further detail below
- Net increase in short-term borrowings of ₹2,485.30 crores in Fiscal 2017 as compared to a decrease of ₹1,877.98 crores in Fiscal 2016, mainly at Tata and other brand vehicles (including vehicle financing).

As at March 31, 2017, the Company's borrowings (including short-term debt) were ₹78,603.98 crores, compared to ₹69,359.96 crores as at March 31, 2016.

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 ₹36,077.88 crores as at March 31, 2017, as compared to ₹30,460.40 crores as at March 31, 2016. These enable the Company to cater to business needs in the event of changes in market conditions.

The Company's capital expenditures were ₹31,750.74 crores and ₹31,425.39 crores for Fiscal 2017 and 2016, respectively, and it currently plans to invest approximately ₹400 billion in Fiscal 2018 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. In December 2015, Jaguar Land Rover announced the initial investment of GB£ 1 billion to build a manufacturing facility in Slovakia with annual capacity of 150,000 units and production scheduled to begin in 2018 (construction of the plant commenced in September 2016) and in November 2016 confirmed that the all new Land Rover Discovery would be the first model manufactured at the plant. In November 2015, Jaguar Land Rover announced additional investment of GB£ 450 million to double capacity at the engine manufacturing facility in Wolverhampton and production of the 2.0l Ingenium petrol engine recently began. The manufacturing partnership with Magna Steyr, an operating unit of Magna International Inc, to build vehicles in Graz, Austria was announced in July 2015 and more recently Jaguar Land Rover announced that their first battery electric vehicle, the Jaguar I-PACE would be produced under the agreement with Magna Steyr from 2018. 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 (Including joint operations) was free cash flow (a non-GAAP measure, measured at cash flow from operating activities, less payment for property, plant and equipment and intangible assets) negative in Fiscal 2017, of ₹2,045.52 crores. The Company expects that with the improvement in macro-economic conditions and business performance, through other steps like raising funds at subsidiary levels, review of non-core investments, and through appropriate actions for raising additional long-term resources at Tata Motors Limited on a standalone basis, the funding gap can 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, 2017: 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+	Ba1
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 2016 and 2017, through issue of various debt securities and Rights issue of shares described below.

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. 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.

During Fiscal 2016, Tata Motors Finance Limited issued 43,400,000 privately placed, cumulative non-participating compulsory convertible preference shares of ₹100 each convertible after seven years, which qualified as tier 1 capital.

In Fiscal 2016, TMFL, and its subsidiary, TMFSL, through secured and unsecured NCDs raised ₹2,214 crores.

In January 2017, Jaguar Land Rover Automotive plc issued EUR 650 million senior notes due 2024 at a coupon of 2.20% per annum and GB£ 300 million senior notes due 2021 at a coupon of 2.75% per annum. The proceeds were for general corporate purposes, including support for Jaguar Land Rover's ongoing growth and capital spending requirements.

In March 2017, Jaguar Land Rover Automotive plc completed consent transactions to align the terms of its US$ 500 million 5.625% senior notes due 2023, its US$ 700 million 4.125% senior notes due 2018 and its GB£ 400 million 5.000% senior notes due 2022 to bonds it issued after January 2014.

During Fiscal 2017, Tata Motors Limited issued rated, listed, unsecured NCDs of ₹2,700 crores with a tenor ranging from 2 to 5 years. The proceeds have been utilized for general corporate purpose. Tata Motors Limited prepaid ₹300 crores of its Unsecured 8.60% NCD due 2018 in February 2017.

During Fiscal 2017, Tata Motors Finance Limited through its subsidiary Sheba Properties Ltd., issued 22,500,000 privately placed, cumulative non-participating compulsory convertible preference shares of ₹100 each convertible after seven years, which qualifies as tier 1 capital. In Fiscal 2017, Tata Motors Finance Limited, and its subsidiaries, Sheba Properties Ltd and Tata Motors Finance Solutions Ltd, raised NCDs ₹3,161 crores through secured and unsecured NCDS.

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, 2017. 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 currently has a GB£ 1.87 billion revolving credit facility with a syndicate of 30 banks, maturing in 2020. The revolving credit facility remained undrawn as at March 31, 2017.

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.

As at March 31, 2017, GB£ 687 million of cash was held by Jaguar Land Rover subsidiaries outside of the UK. 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 JLR do not believe that these restrictions have, or are expected to have, any impact on Jaguar Land Rover's ability to meet it's 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 to the Company and its subsidiaries. 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 as restricted payments from the Jaguar Land Rover group to the Company and its subsidiaries is limited to 50% of its cumulative consolidated net income (as defined in the relevant financing documentation) from January 2011. As at March 31, 2017, the estimated amount that is available for dividend payments, other distributions and restricted payments was approximately GB£ 4,841 million.

FINANCIAL PERFORMANCE ON A STANDALONE BASIS

The financial information discussed in this section is derived from the Company's Audited Standalone Financial Statements. These include the Company's proportionate share of income and expenditure in its two Joint Operations, namely Tata Cummins Pvt Ltd and Fiat India Automobiles Pvt Ltd.

	Fiscal 2017	**Fiscal 2016**
	(%)	(%)
Income from operations	100.0	100.0
Expenditure:		
Cost of material consumed (including change in stock)	63.8	61.4
Excise duty	9.7	9.6
Employee cost	7.2	6.7
Other expenses (net)	17.7	17.4
Amount capitalised	(1.9)	(2.2)
Other income	2.0	3.0
Profit before exceptional items, depreciation and amortisation expenses, foreign exchange (gain)/loss finance costs and tax	5.5	10.1
Depreciation and amortisation expenses (including product development / engineering expenses)	7.0	5.8
Finance costs	3.2	3.4
Foreign exchange (gain)/loss	(0.5)	0.5
Exceptional items – loss	0.7	0.5
Profit before tax	(4.9)	(0.1)
Tax expenses	0.1	-
Profit after tax	(5.0)	(0.1)

Fiscal 2017 has been a challenging and highly volatile year, which followed a period of low demand and inconsistent recovery in the prior year in the automotive sector in India. In addition, the Company also underperformed on many fronts, amplifying the impact of the external environment.

Income from operations of the Company for Fiscal 2017, stood at ₹49,100.41 crores as compared to ₹47,383.61 crores, increased by 3.6%. Total number of vehicles sold were 545,416 units in Fiscal 2017, as compared to 511,931 units in Fiscal 2016, a growth of 6.5%

Cost of materials consumed (including change in stock)

	Fiscal 2017	Fiscal 2016
	(₹ in crores)	
Consumption of raw materials and components	27,654.40	24,997.40
Purchase of product for sale	3,945.97	4,101.97
Change in inventories of finished goods, Work-in-progress and products for sale	(251.43)	10.05
Total	**31,348.94**	**29,109.42**

Cost of material consumed increased from 61.4% of total revenue to 63.8% in Fiscal 2017, representing an increase of 240 bps, mainly due to product mix – relatively lower proportion of M&HCV sales.

Excise duty were ₹4,736.41 crores in Fiscal 2017 as compared to ₹4,538.14 crores in Fiscal 2016, an increase of 4.4%, primarily due to increase in revenues.

Employee Costs were ₹3,558.52 crores in Fiscal 2017 as compared to ₹3,188.97 crores in Fiscal 2016, an increase by 11.6%, mainly due to annual increments and wage revisions at various plant locations.

Other Expenses includes all works operations, indirect manufacturing expenses, freight cost, fixed marketing costs and other administrative costs. These expenses have increased by 5.9% to ₹8,697.42 crores in Fiscal 2017 from ₹8,216.65 crores in Fiscal 2016. The breakdown is provided below:

	Fiscal 2017	Fiscal 2016	Change
	(₹ in crores)		
Processing charges	1,522.44	1,507.21	15.23
Consumption of stores & spare parts	579.09	519.37	59.72
Freight, transportation, port charges, etc.	1,541.88	1,296.71	245.17
Power and fuel	440.03	430.77	9.26
Warranty expenses	486.27	492.11	(5.84)
Information technology/ computer expenses	762.37	631.93	130.44
Publicity	848.36	670.01	178.35
Allowance for finance, trade and other receivables	133.72	138.79	(5.07)
Works operation and other expenses	2,383.26	2,529.75	(146.49)
Other Expenses	**8,697.42**	**8,216.65**	**480.77**

The changes are mainly driven by volumes and the size of operations.

i. Freight, transportation, port charges etc., as a percentage to total revenue, were 3.1% in Fiscal 2017, as compared to 2.7% in Fiscal 2016. The increase was due to rise in diesel prices.

ii. Publicity expenses represented 1.7% of total revenues in Fiscal 2017 and 1.4% in Fiscal 2016. In addition to routine product and brand campaigns, the Company incurred expenses relating to new product introduction campaigns for the Tiago, the Hexa, the Tigor, the Yodha, etc.

iii. Warranty expenses represented 1% of the Company's revenues in Fiscal 2017 and 2016.

iv. Information technology/computer expenses represented 1.6% and 1.3% of the Company's revenues in Fiscal 2017 and 2016, respectively. The increase was mainly due to certain purchases of software for the Company.

v. Works operation and other expenses have decreased to 4.9% of net revenue in Fiscal 2017 from 5.3% in Fiscal 2016.

Amount capitalized represents expenditure transferred to capital and other accounts allocated out of employee cost and other expenses, incurred in connection with product development projects and other capital items. The expenditure transferred to capital and other accounts has decreased by 9.0% to ₹941.55 crores in Fiscal 2017 from ₹1,034.40 crores in Fiscal 2016, mainly due to various product development projects undertaken by the Company for the introduction of new products and variants.

Other Income decreased by 30.2% to ₹978.84 crores in Fiscal 2017 from ₹1,402.31 crores in Fiscal 2016. This includes interest income of ₹184.65 crores in Fiscal 2017, compared to ₹263.79 crores in Fiscal 2016. Dividend income decreased to ₹676.50 crores in Fiscal 2017 from ₹1,061.71 crores in Fiscal 2016, whereas profit on sale of investment increased to ₹116.76 crores in Fiscal 2017, compared to ₹67.48 crores in Fiscal 2016, which are primarily profit on the sale of mutual funds.

Profit before exceptional items, depreciation and amortization expense, finance costs, foreign exchange (gain)/loss and tax is ₹2,679.51 crores in Fiscal 2017, representing 5.5% of revenue in Fiscal 2017 compared to ₹4,767.14 crores in Fiscal 2016.

Depreciation and amortization expense (including product development / engineering expenses): During Fiscal 2017,

expenditures increased by 24.6% to ₹3,423.87 crores from ₹2,747.49 crores in Fiscal 2016. The depreciation has increased by 34.1% to ₹1,873.41 crores as compared to ₹1,396.65 in Fiscal 2016 is due to new product launches and change in useful life of certain assets. The amortization expenses have increased by 17.5% to ₹1,095.98 crores in Fiscal 2017 from ₹932.57 crores in Fiscal 2016, and are attributable to new products introduced during the year. Expenditure on product development / engineering expenses decreased by 8.7% to ₹454.48 in Fiscal 2017 from ₹418.27 in Fiscal 2016.

During, Fiscal 2017, the Company has carried out a review of the useful life of its assets, considering the physical condition of the assets and benchmarking analysis. As a result the depreciation and amortization charge is higher by ₹253.29 crores.

Finance Cost was flat at ₹1,590.15 crores in Fiscal 2017 from ₹1,592.00 crores in Fiscal 2016. Though, the borrowings have increased in Fiscal 2017, the decrease was mainly achieved by refinancing certain long-term loans with loans with lower interest rates and reduction in interest rates.

Foreign exchange (gain)/loss (net) of ₹252.45 crores in Fiscal 2017 as compared to loss of ₹221.91 crores in Fiscal 2016. The gain was due to appreciation on INR as compared to USD.

Exceptional items

	Fiscal 2017	Fiscal 2016	Change
	(₹ in crores)		
Employee separation cost	67.61	10.04	57.57
Provision for impairment of investments and cost associated with closure of operations of a subsidiary	-	97.86	(97.86)
Provision for impairment of investment in a subsidiary	123.17	-	123.71
Impairment of capitalized fixed assets	-	163.94	(163.94)
Provision for BSIII vehicles	147.93	-	147.93
Total	**338.71**	**271.84**	**66.87**

i. Employee separation cost: The Company has given early retirement to various employees resulting in an expense both in Fiscal 2017 and 2016.

ii. ₹147.93 crores for Fiscal 2017, relates to provision for inventory of BSIII vehicles as at March 31, 2017.

Loss before tax was ₹2,420.77 crores in Fiscal 2017, compared to ₹67.10 crores in Fiscal 2016. The losses were mainly attributable to reduction in sales volumes of medium & heavy commercial vehicles and competitive pressure on pricing. Further, there was increase in depreciation expenses as a result of additions to plant and facilities in recent years and change in useful life of certain assets; increase in employee cost due to wage revision at various plant locations; increase in publicity expenses due to new product launches. Furthermore, there was reduction in dividend from subsidiary companies and there was provision for BSIII inventory and discounts thereon as at March 31, 2017.

Tax Expense represents a net charge of ₹59.22 crores in Fiscal 2017, as compared to net credit of ₹4.80 crores in Fiscal 2016.

Loss after tax was ₹2,479.99 crores in Fiscal 2017 as compared to ₹62.30 crores in Fiscal 2016.

Standalone Balance Sheet

Property, plant and equipment, Goodwill and Other Intangible assets

	As at March 31,		As at April 1,	Change
	2017	2016	2015	
	(₹ in crores)			
Property, plant and equipment (including capital work-in-progress)	19,235.70	19,131.20	18,906.81	104.50
Goodwill and Other intangible assets (including assets under development)	8,238.81	7,631.14	7,161.54	607.67
Total	**27,474.51**	**26,762.34**	**26,068.35**	**712.17**

There is increase (net of depreciation and amortization) in the intangible and tangible assets in Fiscal 2017. The increase is mainly due to dies and toolings capitalized for new products launched during the year and also product development costs capitalized (under development) during the year.

Investments in subsidiaries, joint ventures and associates were ₹14,778.87 crores as at March 31, 2017, as compared to ₹14,590.41 crores as at March 31, 2016. During Fiscal 2017, the Company converted ₹159 crores of optionally convertible preference shares into equity in one of the associates, namely Tata Hitachi Construction Machinery Co. Ltd.

Investments (Current + Non-current) were ₹2,929.29 crores as at March 31, 2017, as compared to ₹2,372.91 crores as at March 31, 2016. The details are as follows:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Change
	(₹ in crores)			
Mutual Funds	2,400.92	1,745.84	-	655.08
Quoted Equity shares	218.18	144.34	143.53	73.84
Unquoted Equity shares	310.19	310.19	314.87	-
Others	-	172.54	172.54	(172.54)
Total	**2,929.29**	**2,372.91**	**630.94**	**556.38**

There was increase in mutual fund investments in Fiscal 2017. Increase in quoted equity shares were due to increase in market value as at March 31, 2017. Others in Fiscal 2016 included optionally convertible preference shares in one the associates of the Company, which were converted to equity in Fiscal 2017.

Loans and Advances

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Change
	(₹ in crores)			
Long term loans and advances	389.61	252.93	310.73	136.68
Short term loans and advances	231.35	484.44	342.58	(253.09)
Total	**620.96**	**737.37**	**653.31**	**(116.41)**

Loans and advances include advance to suppliers, contractors etc. Fiscal 2016 included loan to Joint operation, Fiat India Automobiles Pvt Ltd of ₹132.50 crores, which has been repaid in Fiscal 2017. Advance and other receivables decreased to ₹81.94 crores as at March 31, 2017, as compared to ₹166.45 crores as at March 31, 2016.

Other Financial Assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Change
	(₹ in crores)			
Other financial assets - non current	196.32	102.92	158.60	93.40
Other financial assets - current	100.76	125.20	40.47	(24.44)
Total	**297.08**	**228.12**	**199.07**	**68.96**

These included ₹291.11 crores of derivative financial instruments, as at March 31, 2017 compared to ₹159.71 crores as at March 31, 2016, reflecting notional liability due to the valuation of derivative contracts.

Inventories as at March 31, 2017, were ₹5,504.42 crores as compared to ₹5,117.92 crores as at March 31, 2016, an increase of 7.6%. In terms of number of days of sales, finished goods represented 21 inventory days in Fiscal 2017 as compared to 22 days in Fiscal 2016.

Trade Receivables (net of allowance for doubtful debts) were ₹2,128.00 crores as at March 31, 2017, representing an increase of 4.0% compared to ₹2,045.58 crores as at March 31, 2016. The allowances for doubtful debts were ₹693.17 crores as at March 31, 2017 compared to ₹632.10 crores as at March 31, 2016.

Cash and cash equivalents were ₹188.39 crores, as at March 31, 2017, compared to ₹427.07 crores as at March 31, 2016. The decrease was mainly attributable to reduction in balances and deposits with banks.

Other bank balances were ₹97.67 crores, as at March 31, 2017, compared to ₹361.35 crores as at March 31, 2016. These include earmarked balances with banks of ₹86.60 crores as at March 31, 2017, compared to ₹291.28 crores as at March 31, 2016.

Current tax assets (net) (current + non-current) were ₹854.07 crores, as at March 31, 2017, compared to ₹803.47 crores as at March 31, 2016.

Other assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Change
	(₹ in crores)			
Other assets - non current	1,856.28	1,679.01	1,612.76	177.27
Other assets – current	1,807.06	1,550.45	1,345.91	256.61
Total	**3,663.34**	**3,229.46**	**2,958.67**	**433.88**

These mainly includes prepaid expenses, including rentals on operating lease of ₹233.09 crores as at March 31, 2017, as compared to ₹218.29 crores as at March 31, 2016. Taxes recoverable, statutory deposits and dues from government were ₹2,433.82 crores as at March 31, 2017, as compared to ₹2,185.49 crores as at March 31, 2016. Capital advances were ₹558.84 crores as at March 31, 2017, as compared to ₹453.47 crores as at March 31, 2016.

Equity was ₹20,809.15 crores and ₹23,262.11 crores as at March 31, 2017 and 2016, respectively, a decrease of 10.5%.

Other equity decreased by 10.9% from ₹22,582.93 crores as at March 31, 2016 to ₹20,129.93 crores as at March 31, 2017, mainly due to losses for Fiscal 2017.

Borrowings

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Change
	(₹ in crores)			
Long term borrowings	13,686.09	10,599.96	12,234.88	3,086.13
Short term borrowings	5,375.52	3,654.72	8,173.02	1,720.80
Current maturities of long term borrowings	512.37	2,218.66	1,217.85	(1,706.29)
Total	**19,573.98**	**16,473.34**	**21,625.75**	**3,100.64**

- Current maturities of long-term borrowings represent the amount of loan repayable within one year.
- During Fiscal 2017, the Company raised ₹2,700 crores through unsecured non-convertible debentures with a tenor ranging from 2 years to 5 years.

Other financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Change
	(₹ in crores)			
Other financial liabilities - non current	1,123.66	2,911.84	3,749.76	(1,788.18)
Other financial liabilities – current	2,465.14	3,784.19	2,324.90	(1,319.05)
Total	**3,588.80**	**6,696.03**	**6,074.66**	**(3,107.23)**

These included ₹2,045.08 crores of financial guarantee contracts as at March 31, 2017 compared to ₹3,391.29 crores as at March 31, 2016. The reduction is due to payments and reversal of provision in Fiscal 2017. Further, current maturities of long-term borrowings were ₹512.37 crores as at March 31, 2017 as compared to ₹2,218.66 crores as at March 31, 2016. Furthermore, interest accrued but not due on borrowings were ₹449.73 crores as at March 31, 2017 as compared to ₹453.41 crores as at March 31, 2016.

Trade payables were ₹7,015.21 crores as at March 31, 2017, as compared to ₹5,141.17 crores as at March 31, 2016, mainly due to sundry creditors for goods supplied and services received, liabilities for variable marketing expenses, wage revisions etc.

Acceptances were ₹4,379.29 crores as at March 31, 2017, as compared to ₹3,887.28 crores as at March 31, 2016.

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, 2017	As at March 31, 2016	As at April 1, 2015	Change
	(₹ in crores)			
Long term provisions (Non-current)	850.71	750.89	711.54	99.82
Short term provisions (Current)	467.98	450.27	378.77	17.71
Total	**1,318.69**	**1,201.16**	**1,090.31**	**117.53**

i. Provision for warranty increased to ₹657.38 crores as at March 31, 2017, as compared to ₹597.85 crores as at March 31, 2016, a marginal increase of ₹59.53 crores.

ii. The provision for employee benefits obligations increased to ₹610.92 crores as at March 31, 2017, as compared to ₹575.53 crores as at March 31, 2016, mainly due to changes in actuarial assumptions.

Other liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Change
	(₹ in crores)			
Other liabilities - non current	321.24	378.07	380.86	(56.83)
Other liabilities – current	1,864.02	1,704.84	1,299.26	159.18
Total	**2,185.26**	**2,082.91**	**1,680.12**	**102.35**

These mainly includes liability for advance received from customers of ₹849.51 crores as at March 31, 2017, as compared to ₹728.65 crores as at March 31, 2016. Deferred revenue were ₹428.05 crores as at March 31, 2017, as compared to ₹427.58 crores as at March 31, 2016. Statutory dues (VAT, Excise, Service Tax, Octroi etc.) were ₹799.04 crores as at March 31, 2017, as compared to ₹713.83 crores as at March 31, 2016.

Deferred tax liability represent timing differences where current benefit in tax will be offset by a debit in the statement of profit and loss. The amount increased to ₹97.95 crores as at March 31, 2017, as compared to ₹71.39 crores as at March 31, 2016.

Standalone Cash Flow

	Fiscal 2017	Fiscal 2016	Change
	(₹ in crores)		
Net cash from operating activities	**1,381.47**	**2,702.98**	**(1,321.51)**
Profit/(Loss) for the year	(2,479.99)	(62.30)	
Adjustments for cash flow from operations	4,028.96	3,564.72	
Changes in working capital	(73.75)	775.94	
Direct taxes paid	(93.75)	(23.50)	

Net cash used in investing activities	**(2,737.98)**	**(3,264.22)**	**526.24**
Payment for Assets (net)	(3,411.58)	(3,249.21)	
Net investments, short term deposit, margin money and loans given	(259.01)	(1,311.37)	
Dividend and interest received	932.61	1,296.36	
Net Cash from/(used in) financing activities	**1,119.21**	**(78.87)**	**1,198.08**
Proceeds from issue of shares	4.55	7,433.22	
Dividend Paid	(73.00)	-	
Interest paid	(1,957.59)	(2,085.91)	
Net Borrowings (net of issue expenses)	3,145.25	(5,426.18)	
Net increase / (decrease) in cash and cash equivalent	**(237.30)**	**(640.11)**	
Cash and cash equivalent, beginning of the year	427.07	1,066.47	
Effect of exchange fluctuation on cash flows	(1.38)	0.71	
Cash and cash equivalent, end of the year	**188.39**	**427.07**	

a) Decrease in net cash from operations reflects loss in Fiscal 2017. The cash from operations before working capital changes was ₹1,548.97 crores in Fiscal 2017 compared to ₹3,502.42 crores in Fiscal 2016. There was net outflow of ₹73.75 crores in Fiscal 2017 towards working capital changes.

b) The net cash used in investing activities was ₹2,737.98 crores in Fiscal 2017 compared to ₹3,264.22 crores in Fiscal 2016, mainly attributable to:

- Investments in mutual funds in Fiscal 2017 was ₹537.40 crores as compared to ₹1,669.02 crores in Fiscal 2016.
- The cash used for payments for fixed assets was ₹3,411.58 crores (net) in Fiscal 2016 compared to ₹3,249.21 crores in Fiscal 2016.
- Inflow by way of divestments in subsidiary companies resulting in cash inflow of ₹746.90 crores in Fiscal 2016.
- Inflow due to dividends and interest in Fiscal 2017 was ₹932.61 crores as compared to ₹1,296.36 crores in Fiscal 2016.
- There was an inflow (net) of ₹264.29 crores in Fiscal 2017 compared to an outflow of ₹227.49 crores for Fiscal 2016 towards Fixed / restricted deposits.
- There was an outflow (net) of ₹139.08 crores in Fiscal 2017 compared to inflow of ₹613.81 crores for Fiscal 2016 towards investments in subsidiary, joint arrangements and associate companies.

c) The net change in financing activity was an inflow of ₹1,119.21 in Fiscal 2017 against outflow of ₹78.87 crores in Fiscal 2016. The outflow is attributable to:

- Long-term borrowings (net) – inflow of ₹1,474.30 crores in Fiscal 2017 as compared to outflow of ₹949.90 crores.
- Short-term borrowings (net) – inflow of ₹1,670.95 crores in Fiscal 2017 as compared to outflow of ₹4,476.28 crores.
- During Fiscal 2016, the Company raised ₹7,433.22 crores through rights issue of shares.
- In Fiscal 2017, the Company paid dividend of ₹73.00 crores.
- In Fiscal 2017, interest payment was ₹1,957.59 crores as compared to ₹2,085.91 crores in Fiscal 2016.

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 2017 were GB£24,339 million, an increase of 9.2% compared to GB£22,286 million in Fiscal 2016, driven primarily by increased wholesale volumes and a more favourable foreign exchange environment with the weaker pound following Brexit.

Material and other cost of sales in Fiscal 2017 were GB£15,071 million were 12.4% higher compared to the GB£13,405 million in Fiscal 2016 (and increased as a proportion of revenue to 61.9% in Fiscal 2017 compared to 60.1% in Fiscal 2016) primarily driven by the increase in sales volumes and the weaker pound.

Employee costs increased by 7.3% to GB£2,490 million in Fiscal 2017 compared to GB£2,321 million in Fiscal 2016, primarily reflecting increased headcount in manufacturing (to support the increase in production volumes) and product development to support Jaguar Land Rover's plans to launch new models.

Other expenses (net of income) increased by 9.9% to GB£4,997 million in Fiscal 2017 compared to GB£4,546 million in Fiscal 2016 primarily reflecting higher costs related to freight and distribution, warranty, selling and fixed marketing expense and launch costs.

In Fiscal 2017 there was an accounting policy change to reclassify gains and losses on revenue and cost hedges from "Other Expense" to "Revenue" and "Material and Other Cost" respectively which the Company believe more appropriately reflects the intent of these hedges. This change is also reflected in the financial statements of the prior year.

Product development costs capitalized increased by 14.8% to GB£1,426 million in Fiscal 2017 compared to GB£1,242 million in Fiscal 2016 due primarily to expenditure on the development of future products and technologies.

EBITDA was GB£2,955 million (12.1% margin) in Fiscal 2017, down 6.1% compared to the EBITDA of GB£3,147 million (14.1% margin) in Fiscal 2016 due to the factors described above.

EBIT was GB£1,458 million (6.0% margin) in Fiscal 2017, down 18.7% compared to the EBIT of GB£1,793 million (8.0% margin) in Fiscal 2016 due to the lower EBITDA as well as an increase in depreciation and amortization, partially offset by higher profits from company's China joint venture.

Profit before tax ("PBT") increased by 3.4% to GB£1,610 million in Fiscal 2017 compared to GB£1,557 million in Fiscal 2016, reflecting the lower EBIT and more unfavourable revaluation of unrealized foreign currency debt and hedges, offset by lower net finance expense, favourable revaluation of commodity hedges and GB£151 million of further insurance and other recoveries related to Tianjin (compared to the GB£157 million net charge incurred in Fiscal 2016).

Profit after tax ("PAT") decreased by 3.0% to GB£1,272 million in Fiscal 2017 compared to GB£1,312 million in Fiscal 2016. However, the effective tax rate of 21.0% in Fiscal 2017 was higher than the 15.7% in Fiscal 2016 primarily reflecting the non-recurrence of favourable deferred tax credits in Fiscal 2016 (£74 million related to UK Patent Box legislation).

Net cash generated from operating activities was GB£3,160 million in Fiscal 2017 compared to GB£3,556 million in Fiscal 2017 driven by solid profitability, positive working capital and non-cash accruals of GB£467 million (positive working capital and non-cash accruals of GB£547 million in Fiscal 2016) and a GB£68 million dividend received from the China joint venture partially offset by GB£199 million of tax paid. After GB£3,070 million of total investment spending (excluding GB£368 million of research & development already expensed through the income statement) and GB£110 million of other income (primarily interest received and foreign exchange gains on deposits) free cash flow before financing was GB£295 million. Increases in debt of GB£841 million primarily reflects the approx. GB£857 million of bonds issued in January 2017 and a GB£45 million increase in the utilization of the invoice discounting facility offset by the redemption of the remaining US$84 million (GB£57 million) 8.125% notes due 2021 and lease payments of GB£4 million. Finance expenses and fees, primarily relating to interest payments on outstanding bonds and fees relating to financing facilities were GB£150 million and a dividend of GB£150 million was also paid to Tata Motors in June 2016. As at March 31, 2017, Jaguar Land Rover had a total cash balance of GB£5,487 million (comprised of GB£2,878 million of cash and cash equivalents and GB£2,609 million of financial deposits) compared to GB£4,651 million of total cash at March 31, 2016 (which comprised of GB£3,399 million of cash and cash equivalents and GB£1,252 million of financial deposits). With total cash of GB£5,487 million and an undrawn revolving credit facility of GB£1,870 million, total liquidity available to Jaguar Land Rover was GB£7,357 million at March 31, 2017, compared to GB£6,521 million at March 31, 2016.

FINANCIAL PERFORMANCE OF TATA MOTORS FINANCE LTD (AS PER INDIAN GAAP)

During Fiscal 2017, TMFL earned a total income of ₹2,721.25 crores compared to ₹3,228.57 crores earned in Fiscal 2016, reflecting a decrease of 15.7%. 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 loss before tax was ₹698.56 crores in Fiscal 2017 as compared to a profit of ₹301.64 crores in Fiscal 2016. The loss after tax was ₹1,182.29 crores in Fiscal 2017, as compared to a profit of ₹267.03 crores in previous year.

FINANCIAL PERFORMANCE OF TATA DAEWOO COMMERCIAL VEHICLES (AS PER KOREAN GAAP)

In Fiscal 2017, TDCV's total revenue increased by 17.3% to KRW1,031.77 billion (₹5,986 crores) compared to KRW879.66 billion (₹5,096 crores) in Fiscal 2016, mainly due to lower export sales partially offset by increase in domestic sales. The profit after tax was KRW50.25 billion (₹290 crores) compared to KRW45.56 billion (₹264 crores) of previous year. 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 TATA TECHNOLOGIES LTD

The consolidated revenue of TTL in Fiscal 2017 increased 4.4% to ₹2,801.95 crores, compared to ₹2,683.38 crores in Fiscal 2016. The profit before tax decreased by 2.3% to ₹452.77 crores in Fiscal 2017, compared to ₹463.53 crores in Fiscal 2016. The profit after tax decreased by 7.8% to ₹353.59 crores in Fiscal 2017, as compared to ₹383.56 crores in Fiscal 2016.

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 organization. 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 Internal 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 organization. Through an Enterprise Risk Management programme, the Company's business units and corporate functions address risks through an institutionalized approach aligned to the Company's objectives. This is facilitated by internal audit. The Business risk is managed through cross-functional involvement and communication across businesses. The results of the risk assessment are presented to the senior management. The Risk Management Committee reviews business risk areas covering operational, financial, strategic and regulatory risks.

During Fiscal 2017, 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, 2017 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 and delivery of comprehensive training programs to impact and improve industry- and/or function-specific skills as well as managerial competence.

In line with the Company human resource strategy, it has implemented various initiatives in order to build better organizational capabilities that the Company believe will enable it to sustain competitiveness in the global marketplace. The Company's focus is to attract talent, retain the better and advance the best. Some of the initiatives to meet this objective include:

- Development of an agile organization through process modification, delayering and structure alignment and increase in customer facing roles;
- Changed organization structure has empowered teams, across each product lines, which will manage the product lifecycle and be accountable for the Profit and Loss;
- Extensive process mapping exercises to benchmark and align the human resource processes with global best practices;
- Outsource transactional activities to an in house back office (Global Delivery Center), thereby reducing cost and time of transaction;
- Talent management process redesigned with a stronger emphasis on identifying future leaders;
- Build strategic partnerships with educational institutions of repute to foster academia based research and provide avenues for employees to further their educational studies;
- Enhance company's image and desirability amongst the target engineering and management schools, to enable it to attract the best;
- Functional academies setup for functional skills development; and
- Skill development of all Blue collared workforce to enable them to effectively meet the productivity and quality deliverables.

The Company employed approximately 80,389 and 76,598 permanent employees as at March 31, 2017 and 2016, respectively. The average number of flexible (temporary, trainee and contractual) employees for Fiscal 2017, was approximately 38,692 (including joint operations) compared to 40,205 in Fiscal 2016.

The following table set forth a breakdown of persons employed by the Company's business segments and by geographic location as at March 31, 2017 and 2016.

	As at March 31,	
	2017	**2016**
Segment	No. of Employees	
Automotive	71,428	68,089
Other	8,130	8,509
Total	**79,558**	**76,598**
Location	No. of Employees	
India	42,991	42,238
Abroad	36,567	34,360
Total	**79,558**	**76,598**

Training and Development The Company has committed to the development of its employees to strengthen their functional and leadership capabilities. The Company have a focused approach with the objective of addressing all capability gaps and preparing its employees to adopt to fast changing external environment in order to meet its strategic objectives.

To achieve this, the Company has established the Tata Motors Academy, which addresses development needs of various segments of its workforce through a structured approach. The Tata Motors Academy focuses on three functional pillars – customer excellence, product leadership, and operational excellence – and one pillar on management education, all of which are aligned with the Company-level strategic objectives. The emphasis of functional academies is to strengthen knowledge, skills and expertise with an in depth approach, and the emphasis of management education is developing general management skills.

In addition to the Tata Motors Academy, the Company's Learning Advisory Council, which includes senior leaders from different parts of organization, aims to more closely align its learning and development efforts with its business needs and priorities. The Learning Advisory Council is responsible for designing, implementing and reviewing the learning agenda.

The Company is now migrating from a trade-based training approach to a process-based training approach, which emphasizes team members' knowledge as related to their actual work, in addition to the general trade-based skills, which are learned at training institutes. These skills are very specific and not currently taught at the training institutes. To accomplish this, the Company is implementing a fundamental skills training initiative throughout organization. Its objective is to address key employee performance issues, such as inconsistent quality, poor craftsmanship, high

frequencies of repair reworking and low productivity levels through training of front-line team members.

Union Wage Settlements The Company has labour unions for operative grade employees at all its plant across India, except Dharwad plant. The labour union at Sanand plant has recently been registered and the first settlement is yet to be done. The Company has generally enjoyed cordial relations with its employees at its factories and offices and have received union support in the implementation of reforms that impact safety, quality, cost erosion and productivity improvements across all locations.

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, 2019
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, 2017

Under negotiation

An amicable settlement has been arrived at the Pantnagar plant in May 2016 and in Pune CVBU Plant in March 2017. Negotiations are underway for new wage agreements at locations where it has expired. In the interim, the wages set forth in the previous wage agreements will continue until a new settlement is reached.

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 to take advantage of being an established automaker and reap benefits from the expected growth of GDP and also form the proposed increase in automobile sector impact in GDP. Also, increase impact in global market is expected with increase of Indian automobile sector's global market size. The Company is preparing to align with National Electric Mobility Mission 2017 and also with Automobile Mission 2017, in BS5 and BS6 standards.

With government providing financing infrastructure in rural areas, the Company plans to take better advantage of this opportunity. Also, improvements in highway infrastructure will benefit the Company's subsidiaries like TATA Hitachi.

The Company is prepared with BSIV standard infrastructure and plans to proactively work for BSV and BSVI standards to be applicable in 2019 and 2023, respectively.

The Company is preparing itself to be efficient in not only BSIV, BSV and BSVI, but also plans to take a holistic approach towards environment regulations and stay ahead in Industry. The emergence of diverging markets and mis-alignment in production and supply at global level, will be strategically dealt with the help of wide network of subsidiaries and Joint ventures. The emergence of digital platforms for purchasing the Automobiles gives an opportunity to venture into an unexplored sector.

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.