

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE
SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the Fiscal year ended March 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from to

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

Commission file number: 001-32294



TATA MOTORS LIMITED

(Exact name of Registrant as specified in its charter)

Republic of India
(Jurisdiction of incorporation or organization)

Bombay House
24, Homi Mody Street
Mumbai 400 001, India
(Address of principal executive offices)

H.K. Sethna
Tel.: +91 22 6665 7219
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Email:hks@tatamotors.com
Address:

Bombay House
24, Homi Mody Street
Mumbai 400 001, India

(Name, Telephone, Facsimile number, Email and Address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class
Ordinary Shares, par value Rs.2 per share*

Name of Each Exchange On Which Registered
New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

‘A’ Ordinary Shares, par value Rs.2 per share
(Title of Class)

Indicate the number of outstanding shares of each of the issuer’s classes of capital or common stock as of the close of the period covered by the annual report. — 2,887,203,602 Ordinary Shares and 508,476,704 ‘A’ Ordinary Shares, including 491,964,200 Ordinary Shares represented by 98,388,638 American Depositary Shares, or ADSs, outstanding as at March 31, 2016. Each ADS represents five (5) Ordinary Shares as at March 31, 2016.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). N/A

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

U.S. GAAP ☐

International Financial Reporting Standards
as issued by the International Accounting
Standards Board ☒

Other ☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

* Not for trading, but only in connection with listed American Depositary Shares, each representing five Ordinary Shares.

In this annual report on Form 20-F:

- *References to “we”, “our” and “us” are to Tata Motors Limited and its consolidated subsidiaries, except as the context otherwise requires;*
- *References to “dollar”, “U.S. dollar” and “US\$” are to the lawful currency of the United States of America; references to “Indian rupees” and “Rs.” are to the lawful currency of India; references to “JPY” are to the lawful currency of Japan; references to “GBP” are to the lawful currency of the United Kingdom; references to “Euro” are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended; references to “Russian Ruble” are to the lawful currency of Russia; references to “RMB” and “Chinese Renminbi” are to the lawful currency of China and references to “KRW” and “Korean won” are to the lawful currency of the Republic of Korea;*
- *References to “Indian GAAP” are to accounting principles generally accepted in India; and references to “IFRS” are to International Financial Reporting Standards and its interpretations as issued by International Accounting Standards Board;*
- *References to an “ADS” are to an American Depositary Share, each of which represents five of our Ordinary Shares of Rs.2 each, and references to an “ADR” are to an American Depositary Receipt evidencing one or more ADSs;*
- *References to “Shares” are to the Ordinary Shares and the ‘A’ Ordinary Shares of Tata Motors Limited unless stated otherwise;*
- *Passenger Cars are vehicles that have a seating capacity of up to five persons, including the driver, that are further classified into the following market categories:*
 - i. *Micro — length of up to 3,200 mm;*
 - ii. *Mini — length of between 3,200 mm and 3,600 mm;*
 - iii. *Compact — length of between 3,600 mm and 4,000 mm;*
 - iv. *Super Compact — length of between 4,000 mm and 4,250 mm;*
 - v. *Mid-size — length of between 4,250 mm and 4,500 mm;*
 - vi. *Executive — length of between 4,500 mm and 4,700 mm;*
 - vii. *Premium — length of between 4,700 mm and 5,000 mm; and*
 - viii. *Luxury — length of above 5,000 mm;*
- *Utility Vehicles, or UVs, are vehicles that have a seating capacity of five to ten persons, including the driver, which includes sports utility vehicles, or SUVs, multi-purpose vehicles and vans;*
- *Passenger Vehicles refers to passenger cars or utility vehicles;*
- *Light Commercial Vehicles, or LCVs, refer to vehicles that have gross vehicle weight, or GVW, of up to 7.5 metric tons and Small Commercial Vehicles, or SCVs, are a subcategory of LCVs that have a GVW of up to 2 metric tons;*
- *Medium and Heavy Commercial Vehicles, or M&HCVs, are vehicles that have a GVW of over 7.5 metric tons and Intermediate Commercial Vehicles, or ICVs, are a subcategory of M&HCVs with a GVW between 7.5 metric tons and 16 metric tons;*
- *For our Jaguar Land Rover business, references to premium cars and luxury performance sports utility vehicles refer to a defined list of premium competitor cars and sports utility vehicles;*
- *Unless otherwise stated, comparative and empirical Indian industry data in this annual report on Form 20-F have been derived from published reports of the Society of Indian Automobile Manufacturers, or SIAM;*
- *References to a particular “Fiscal” year, such as “Fiscal 2016”, are to our Fiscal year ended on March 31 of that year;*
- *“Millimeters” or “mm” are equal to 1/1000 of a meter. A meter is equal to approximately 39.37 inches and a millimeter is equal to approximately 0.039 inch;*
- *“Kilograms” or “kg” are each equal to approximately 2.2 pounds, and “metric tons” or “tons” are equal to 1,000 kilograms or approximately 2,200 pounds;*
- *“Liters” are equivalent to 61.02 cubic inches of volume, or approximately 1.057 U.S. quarts of liquid measure;*
- *“Revenue” refers to Total Revenue net of excise duty unless stated otherwise; and*
- *“Companies Act” refers to the Indian Companies Act, 2013, unless stated otherwise.*

- *Figures in tables may not add up to totals due to rounding.*

Cautionary Note Regarding Forward-looking Statements

This annual report on Form 20-F contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may”, “will”, “should”, “potential”, “intend”, “expect”, “seek”, “anticipate”, “estimate”, “believe”, “could”, “plan”, “project”, “predict”, “continue”, “future”, “forecast”, “target”, “guideline” or other similar words or expressions. Forward-looking statements are not guarantees of performance and are based on certain assumptions, discuss future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. Our ability to predict results or the actual effect of plans or strategies is inherently uncertain, particularly given the economic environment. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements and you should not unduly rely on these statements. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results in future periods to differ materially from those forward-looking statements.

Information regarding important factors that could cause actual results to differ materially from those in our forward-looking statements appear in a number of places in this annual report on Form 20-F and the documents incorporated by reference into this annual report on Form 20-F, and include, but are not limited to:

- changes in general economic, business, political, social, fiscal or other conditions in India, the United States, the United Kingdom and the rest of Europe, Russia, China or in any of the other countries where we operate;
- fluctuations in the currency exchange rate against the functional currency of the respective consolidated entities;
- accidents and natural disasters;
- terms on which we finance our working capital and capital and product development expenditures and investment requirements;
- implementation of new projects, including mergers and acquisitions, planned by management;
- contractual arrangements with suppliers;
- government policies including those specifically regarding the automotive industry, including industrial licensing, environmental regulations, safety regulations, import restrictions and duties, excise duties, sales taxes, value added taxes, product range restrictions, diesel and gasoline prices and road network enhancement projects;
- significant movements in the prices of key inputs such as steel, aluminum, rubber and plastics; and
- other factors beyond our control.

All forward-looking statements included herein are based upon information available to us on the date hereof and we are under no duty to update any of the forward-looking statements after the date hereof to conform these statements to actual results.

Certain Non-IFRS Measures

This annual report on Form 20-F contains references to free cash flow, a non-IFRS measure. Free cash flow is not an IFRS measure and should not be construed as an alternative to any IFRS measure such as cash flow from operating activities. “Free cash flow” is defined for purposes of this annual report on Form 20-F as cash flow from operating activities, less payments for property, plant and equipment and intangible assets. Free cash flow should not be considered in isolation and is not a measure of our financial performance or liquidity under IFRS and should not be considered as an alternative to cash flow from operating, investing or financing activities or any other measure of our liquidity derived in accordance with IFRS. Free cash flow does not necessarily indicate whether cash flow will be sufficient or available for cash requirements and may not be indicative of our results of operations. Free cash flow as defined herein may not be comparable to other similarly titled measures used by other companies.

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

Item 2. Offer Statistics and Expected Timetable

A. Offer Statistics

Not applicable.

B. Method and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

The following tables set forth selected financial data including selected historical financial information as at and for each of the Fiscal years ended March 31, 2016, 2015, 2014, 2013 and 2012 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, or IFRS.

The selected IFRS consolidated financial data as at March 31, 2016 and 2015 and for each of Fiscal 2016, 2015 and 2014 are derived from our audited IFRS consolidated financial statements included in this annual report on Form 20-F. The selected IFRS consolidated financial data as at March 31, 2014, 2013 and 2012 and for Fiscal 2013 and 2012 are derived from our audited IFRS consolidated financial statements not included in this annual report on Form 20-F. We adopted several new and amended standards issued by the IASB with effect from April 1, 2013. As described in Note 2(v) of our annual report on Form 20-F for Fiscal 2014, the earliest period presented in the consolidated financial statement has been retrospectively adjusted in accordance with the transitional provisions of the standards. Accordingly, selected financial data for Fiscal 2013 and 2012 have been retrospectively adjusted. These retrospective adjustments resulted in decreases in net income by Rs.26.5 million and Rs.1,623.4 million for Fiscal 2013 and 2012, respectively. The decrease / increase in net income resulted in corresponding increase / decrease in other comprehensive income.

Consolidated financial data as at March 31, 2012 for Fiscal 2012 may differ from the data originally presented in those audited IFRS consolidated financial statements included in prior annual reports.

You should read our selected financial data in conjunction with Item 5 “—Operating and Financial Review and Prospects.”

Selected Financial Data Prepared in Accordance with IFRS

	2016	2016	Year ended March 31,		2013	2012
	(In US\$ millions, except share and per share amounts)		2015	2014		
		(in Rs. millions, except share and per share amounts)				
Revenues	40,375.8		2,675,103.2	2,602,634.4	1,862,896.7	1,637,173.5
Finance revenues	336.9		22,318.8	22,630.8	30,013.3	24,340.4
Total revenues	40,712.7		2,697,422.0	2,625,265.2	1,892,910.0	1,661,513.9
Change in inventories of finished goods and work-in-progress	(415.7)		(27,540.1)	(29,610.9)	(30,086.8)	(25,861.4)
Purchase of products for sale	1,939.4		128,494.6	130,803.8	92,889.5	90,204.2
Raw materials and consumables	22,801.1		1,510,684.3	1,499,862.9	1,138,214.3	1,025,448.0
Employee cost	4,348.6		288,117.4	250,401.2	167,169.5	125,204.9
Depreciation and amortization	2,536.7		168,074.9	134,495.8	75,767.9	56,424.0
Other expenses	8,834.4		585,321.4	545,909.5	384,423.3	312,456.1
Provision for loss of inventory (net of insurance recoveries)	247.3		16,383.9	—	—	—
Expenditure capitalized	(2,517.3)		(166,783.2)	(153,217.5)	(101,934.5)	(82,659.8)
Other (income) / loss (net)	(47.3)		(3,135.6)	(11,508.4)	(12,099.1)	(10,039.4)
Foreign exchange (gain)/loss (net)	580.6		38,468.2	12,680.7	15,774.9	11,511.7
Interest income	(108.5)		(7,186.6)	(6,763.9)	(6,928.0)	(4,953.4)
Interest expense (net)	723.2		47,912.6	52,231.6	40,792.0	38,957.7
Impairment in an equity accounted investee	—		—	8,033.7	—	4,981.0
Share of (profit)/loss of equity accounted investees	(87.2)		(5,774.7)	1,748.3	131.5	586.8
Net income /(loss) before tax	1,877.4		124,384.9	198,232.1	128,795.5	119,253.5
Income tax expense	(415.3)		(27,512.7)	(69,149.7)	(39,238.8)	(4,436.5)
Net income /(loss) after tax	1,462.1		96,872.2	129,082.4	89,556.7	114,817.0

	2016	2016	Year ended March 31,		2013	2012
	(In US\$ millions, except share and per share amounts)		2015	2014		
		(in Rs. millions, except share and per share amounts)				
Net income/(loss) attributable to equity holders	1,447.2		95,883.4	128,291.2	130,717.1	88,670.5
Net income/(loss) attributable to non-controlling interest	14.9		988.8	791.2	461.5	886.2
Dividends per share Ordinary Shares	US\$ —	Rs. —	Rs. 2.0	Rs. 2.0	Rs. 4.0	Rs. 20.0
Dividends per share 'A' Ordinary Shares	US\$ —	Rs. —	Rs. 2.1	Rs. 2.1	Rs. 4.1	Rs. 20.5
Weighted average Ordinary shares outstanding:						
Basic		2,873,188,838	2,765,339,619	2,760,961,457	2,734,354,019	2,719,730,619
Diluted		2,873,809,883	2,765,824,089	2,761,450,718	2,734,846,741	2,826,078,476
Weighted average 'A' Ordinary shares outstanding:						
Basic		506,063,234	487,445,041	487,440,271	487,436,720	487,378,244
Diluted		506,320,979	487,684,611	487,684,558	487,684,518	487,683,762
Earnings per share:						
Basic	US\$ 0.4	Rs. 28.4	Rs. 39.4	Rs. 40.2	Rs. 27.5	Rs. 35.5
Diluted	US\$ 0.4	Rs. 28.4	Rs. 39.4	Rs. 40.2	Rs. 27.5	Rs. 35.2
Earnings per share of 'A' Ordinary Shares:						
Basic	US\$ 0.4	Rs. 28.5	Rs. 39.5	Rs. 40.3	Rs. 27.6	Rs. 35.6
Diluted	US\$ 0.4	Rs. 28.5	Rs. 39.5	Rs. 40.3	Rs. 27.6	Rs. 35.3

In Fiscal 2016, we conducted a renounceable rights offer of 150,644,759 new Ordinary Shares, including Ordinary Shares represented by ADSs, and 26,530,290 new 'A' Ordinary Shares of Rs.2 each to qualifying shareholders recorded in the shareholders register at the close of business on April 8, 2015, at a subscription price of Rs.450 each for new Ordinary Shares and Rs.271 each for new 'A' Ordinary Shares, in the ratio of six rights to subscribe to Shares for every 109 Shares held. The rights offer was fully subscribed and the shareholders received the new shares on May 13, 2015. As described in Note 39 to our audited consolidated financial statements included elsewhere in this annual report on Form 20-F, the earliest period presented in the consolidated financial statement for each of Fiscal 2015, 2014, 2013 and 2012, basic and diluted earnings per share have been retrospectively adjusted for the bonus element of the rights offer attributable to the difference between the exercise price of the rights and the prevailing market price of the Shares. 154,279 Ordinary Shares and 20,531 'A' Ordinary Shares have been kept in abeyance as of the date of this annual report.

		As of March 31,				
	<u>2016</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	(in US\$ millions, except number of shares)	(in Rs. millions, except number of shares)				
Balance Sheet Data						
Total Assets	39,543.9	2,619,981.3	2,345,643.4	2,184,775.9	1,687,166.5	1,455,830.2
Long term debt, net of current portion	7,614.7	504,511.3	544,862.5	454,138.6	330,718.1	294,497.6
Total shareholders' equity	11,592.0	768,036.7	539,351.8	631,696.3	373,905.7	331,343.6
Number of Equity shares outstanding						
-Ordinary Shares		2,887,203,602	2,736,713,122	2,736,713,122	2,708,156,151	2,691,613,455
- 'A' Ordinary Shares		508,476,704	481,966,945	481,966,945	481,959,620	481,933,115

Exchange Rate Information

For convenience, some of the financial amounts presented in this annual report on Form 20-F have been translated from Indian rupee amounts into U.S. dollar amounts at the rate of Rs.66.2550 = US\$1.00, based on the fixing rate in the city of Mumbai as published by the Foreign Exchange Dealers' Association of India on March 31, 2016.

The following table sets forth information with respect to the exchange rate between the Indian rupee and the U.S. dollar (Rs. per U.S. dollar) as published by Bloomberg L.P. for Fiscal 2016, 2015, 2014, 2013 and 2012.

Year ended March 31,	Period End	Period Average	High	Low
2016	66.25	65.45	68.71	62.19
2015	62.50	61.16	63.68	58.46
2014	59.89	60.47	68.83	53.81
2013	54.28	54.44	57.16	50.72
2012	50.88	47.95	53.72	44.08

The following table sets forth information with respect to the exchange rate between the Indian rupee and the U.S. dollar (Rs. per U.S. dollar) for the previous six months as published by Bloomberg L.P.

Month	Period End	Period Average	High	Low
Jan-16	67.79	67.30	68.23	66.14
Feb-16	68.42	68.21	68.71	67.57
Mar-16	66.25	66.96	67.87	66.25
Apr-16	66.33	66.46	66.66	66.21
May-16	67.26	66.93	67.76	66.43
Jun-16	67.53	67.29	67.97	66.65

As at July 27, 2016, the value of the Indian rupee against the U.S. dollar was Rs.67.15 per US\$1.00, as published by Bloomberg L.P.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

This section describes the risks that we currently believe may materially affect our business, financial condition and results of operations. The factors below should be considered in connection with any forward-looking statements in this annual report on Form 20-F and the cautionary statements on page ii. Although we will be making reasonable efforts to mitigate or minimize these risks, one or more of a combination of these risks could materially and adversely impact our business, revenues, sales, and net assets, financial condition, results of operations, liquidity, capital resources and prospects.

Risks Associated with Our Business and the Automotive Industry

Deterioration in global economic conditions could have a material adverse impact on our sales and results of operations.

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

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

In addition, investors' reactions to economic developments in one country can have adverse effects on the securities of companies and the economy as a whole, in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. In August 2015, stock markets in China experienced a substantial decline in value, which may have contributed to a drop in the price of our Shares and/or ADSs. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. 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 our cost of funding, portfolio of financing loans, business, prospects, results of operations, financial condition and the trading price of our Shares and ADSs.

Our Jaguar Land Rover business has significant operations in the United Kingdom, North America, continental Europe and China, as well as sales operations in other markets across the globe. Automotive markets in the United States, the United Kingdom and Europe experienced solid growth in Fiscal 2016. The automotive market in China also grew despite the softer economic conditions and financial market volatility experienced in China at the beginning of Fiscal 2016. Automotive sales in emerging markets, such as Brazil, Russia and South Africa, deteriorated during Fiscal 2016. Jaguar Land Rover's ambitions for growth may not materialize as expected, which could have a significant adverse impact on our financial performance. If automotive demand softens because of lower or negative economic growth in key markets (notably China) or other factors, our operations and financial condition could be materially and adversely affected.

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

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

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

In the event we 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 our financing agreements could have a material adverse effect on our financial condition and results of operations.

In the years prior to and including Fiscal 2014, we were in breach of financial covenants relating to our ratio of total outstanding liabilities to tangible net worth and to our debt service coverage ratio in various financing agreements requested and obtained waivers of our obligations to pay additional costs as a consequence of such breaches. These breaches have not resulted in an event of default in our financing agreements or the payment of penalties. Though we have fully prepaid all these financing arrangements in Fiscal 2015, we cannot assure you that, even if we enter into financial agreements in the future with similar terms and covenants, we will be successful in obtaining consents or waivers in the future from our lenders or guarantors, or that our lenders and guarantors will not impose additional operating and financial restrictions on us, or otherwise seek to modify the terms of our existing financing agreements in ways that will be materially adverse to us. See Item 5. "Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Loan Covenants." In addition, future non-compliance with the financial covenants of our agreements may lead to increased cost for future financings.

Exchange rate and interest rate fluctuations could materially and adversely affect our financial condition and results of operations.

Our operations are subject to risks arising from fluctuations in exchange rates with reference to countries in which we operate. We import capital equipment, raw materials and components from, manufacture vehicles in, and sell vehicles into, various countries, and therefore, our revenues and costs have significant exposure to the relative movements of the GBP, 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. In particular, the Indian rupee declined significantly relative to the U.S. dollar in recent years. As published by Bloomberg L.P., the exchange rate expressed in Indian rupees per US\$1.00, was Rs.67.53 as at June 30, 2016. Furthermore, the GBP declined significantly relative to the Indian rupee and USD in 2016. As published by Bloomberg L.P., the exchange rate expressed in Indian rupees per GBP1.00, was Rs.90.90 and in USD per GBP1.00, was US\$1.33, both as at June 30, 2016.

The uncertainty concerning the proposed timing and terms of 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 our sales volumes and financial results, as we derive the majority of our revenues from overseas markets and source significant levels of raw materials and components from Europe.

Moreover, we have outstanding foreign currency denominated debt and are sensitive to fluctuations in foreign currency exchange rates. We have experienced and expect to continue to experience foreign exchange losses and gains on obligations denominated in foreign currencies in respect of our borrowings and foreign currency assets and liabilities due to currency fluctuations.

We also have interest-bearing assets (including cash balances) and interest-bearing liabilities, which bear interest at variable rates. We are therefore exposed to changes in interest rates in the various markets in which we borrow. Although we engage in managing our 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 our cost of borrowing, which could have a material adverse effect on our financial condition, results of operations and liquidity.

Intensifying competition could materially and adversely affect our sales, financial condition 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 timing of the introduction of new products, cost control, pricing, reliability, safety, fuel economy, environmental impact and perception thereof, customer service and financing terms. There can be no assurance that we will be able to compete successfully in the global automotive industry in the future.

We also face 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 ventures with local partners or through independently owned operations in India. International competitors bring with them decades of international experience, global scale, advanced technology and significant financial resources. Consequently, domestic competition is likely to further intensify in the future. There can be no assurance that we will be able to implement our 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 facilities, machinery, research and development, product design, engineering, technology and marketing in order to meet both customer preferences and regulatory requirements. If our competitors consolidate or enter into other strategic agreements, they may be able to take better advantage of economies of scale or enhance their competitiveness in other ways. Our competitors may also be able to benefit from the cost savings offered by consolidation or alliances, which could adversely affect our competitiveness with respect to those competitors, which could also materially reduce our sales, as well as materially and adversely affect our business, financial condition and results of operations.

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

Our competitors may gain significant advantages if they are able to offer products satisfying customer needs earlier than we are able to, which could adversely impact our 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 our financial condition and results of operations.

Customer preferences, especially in many developed markets, seem to be moving in favor of more fuel efficient and environmentally friendly vehicles. In addition, increased government regulations, volatile fuel prices and evolving environment preferences of consumers have brought significant pressure on the automotive industry to reduce carbon dioxide emissions. Our operations may be significantly impacted if we experience delays in developing fuel efficient products that reflect changing customer preferences. In addition, a deterioration in the quality of our vehicles could force us to incur substantial costs and damage our reputation. There can be no assurance that the market acceptance of our future products will meet our sales expectations, in which case we may be unable to realize the intended economic benefits of our investments and our financial condition and results of operations may be materially and adversely affected.

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

We are subject to risks associated with product liability, warranty and recall.

We are subject to risks and costs associated with product liability, warranties and recalls in connection with performance, compliance or safety-related issues affecting our products which may, in turn, cause our customers to question the safety or reliability of our vehicles and thus result in a materially adverse effect on our business, impacting our reputation, results from operations and financial condition. Such events could also require us to expend considerable resources to remediate, and we may also be subject to class actions or other large-scale product liability or other lawsuits in various jurisdictions where we conduct 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 considers the cost associated with the recall to be an adjusting post-balance sheet event and has recognized an additional provision of GBP 67.4 million for the estimated cost of repairs in our income statement for Fiscal 2016. We expect to utilize such provision over the next one to four years.

We are subject to risks associated with the automobile financing business.

In India, we are subject to risks associated with our automobile financing business. Any default by our customers or inability to repay installments as due could materially and adversely affect our business, financial condition, results of operations and cash flows. In addition, any downgrade in our credit ratings may increase our borrowing costs and restrict our 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, we may need to reduce the amount of financing receivables we originate, which could severely disrupt our ability to support the sale of our vehicles.

The sale of our commercial and passenger vehicles is heavily dependent on funding availability for our 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 our business, financial condition and results of operations.

Jaguar Land Rover has consumer financing arrangements in place with financing partners in a number of key markets. Any reduction in the supply of available consumer financing for the purchase of new vehicles would make it more difficult for some of their customers to purchase Jaguar Land Rover's 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 offers residual value guarantees on the leases of certain vehicles in some markets. The value of these guarantees is dependent on used car valuations in those markets at the end of the lease, which is subject to change. Consequently, Jaguar Land Rover may be adversely affected by movements in used car valuations in these markets.

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

Underperformance of our distribution channels and supply chains may have a material adverse effect on our sales and results of operations.

Our 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. We monitor the performance of our dealers and distributors and provide them with support to enable them to perform to our expectations. There can be no assurance, however, that our expectations will be met. Any underperformance by our dealers or distributors could materially and adversely affect our sales and results of operations.

We rely on third parties to supply us with the raw materials, parts and components used in the manufacture of our products. For some of these parts and components, we are dependent on a single source. Our ability to procure supplies in a cost-effective and timely manner is subject to various factors, some of which are not within our control. While we manage our supply chain as part of our vendor management process, any significant problems with our supply chain in the future could disrupt our business and materially and adversely affect our results of operations, as well as our sales, net income and financial condition.

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

In respect of our Jaguar Land Rover operations, as part of a separation agreement from Ford Motor Company, or Ford, we have entered into long-term supply agreements with Ford for the supply of engines of fixed quantities on a take-or-pay basis. Jaguar Land Rover also has agreements with certain other third parties for critical components. Any disruption to such services could have a material adverse effect on our business, financial condition and results of operations. Although Jaguar Land Rover has commenced the production of its own in-house 2.0-liter, four-cylinder engines (first installed in the Jaguar XE, which went on sale in May 2015), Jaguar Land Rover continues to source a large proportion of our engines from Ford. Separately, the supply of engines sourced through the Ford-PSA Peugeot Citroën joint venture, or the Ford-PSA joint venture, on an arm's-length basis ceased in October 2015.

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

In Fiscal 2016, 2015 and 2014, the consumption of raw materials, components and aggregates and purchase of products for sale (including changes in inventory) constituted approximately 59.7%, 61.0% and 61.7%, respectively, of our 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 we continue to pursue cost reduction initiatives, an increase in price of input materials could severely impact our 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 our high level of fixed costs, we 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 we are 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, our vehicle production, business, financial condition and results of operations could be materially and adversely affected.

Deterioration in the performance of any of our subsidiaries, joint ventures and affiliates may adversely affect our results of operations.

We have made and may continue to make capital commitments to our subsidiaries, joint ventures and affiliates, and if the business or operations of any of these subsidiaries, joint ventures and affiliates deteriorates, the value of our investments may decline substantially. We are also subject to risks associated with joint ventures and affiliates wherein we retain only partial or joint control. Our partners may be unable, or unwilling, to fulfill their obligations, or the strategies of our joint ventures or affiliates may not be implemented successfully, any of which may significantly reduce the value of our investments, and, which may, in turn, have a material adverse effect on our reputation, business, financial position or results of operations.

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

Jaguar Land Rover, which contributes a large portion of our revenues, generates a significant portion of its sales in China, the United Kingdom, North American and continental European markets. Furthermore, in Fiscal 2016, retail sales of Jaguar Land Rover in China decreased by 16.4% to 96,912 units from 115,969 units, compared to Fiscal 2015. However, retail sales of Jaguar Land Rover in China increased by 18.9% in the last quarter of Fiscal 2016, compared to the same quarter in Fiscal 2015. A decline in demand for Jaguar Land Rover vehicles in these key markets may significantly impair our business, growth prospects, financial position and results of operations.

We are subject to risks associated with growing our business through mergers and acquisitions.

We believe that our acquisitions provide us opportunities to grow significantly in the global automobile markets by offering premium brands and products. Our acquisitions have provided us 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 our acquisitions present significant challenges, and we may be unable to integrate the relevant subsidiaries, divisions and facilities effectively within our expected schedule. An acquisition may not meet our 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 our control.

For example, we acquired the Jaguar Land Rover business from Ford in June 2008, and since then Jaguar Land Rover has become a significant part of our business, accounting for approximately 81% of our total revenues in Fiscal 2016. As a result of the acquisition, we are 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 we have undertaken in the past or will undertake in the future would not have a material adverse effect on our business, financial condition and results of operations, as well as our reputation and prospects.

We 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 we are unable to manage any of the associated risks successfully, our business, financial condition and results of operations could be materially and adversely affected.

Our business is seasonal in nature and a substantial decrease in our sales during certain quarters could have a material adverse impact on our financial performance.

The sales volumes and prices for our vehicles are influenced by the cyclicity and seasonality of demand for these products. The automotive industry has been cyclical in the past and we expect this cyclicity to continue.

In the Indian market, demand for our 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.

Our 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 the 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 pattern of vehicles in the northern states for Jaguar when there is a concentration of vehicle sales 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 Lunar New Year holiday in either January or February, the PRC National Day holiday and the Golden Week holiday in October. In addition, demand in Western European automotive markets tends to be softer during the summer and winter holidays. Jaguar Land Rover's cash flows are impacted by the temporary shutdown of four of their manufacturing plants in the United Kingdom (including the Engine Manufacturing Centre at Wolverhampton) during the summer and winter holidays. The resulting profile of operating results differs between each quarter.

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

Our rights to our trade names and trademarks are a crucial factor in marketing our products. Establishment of the "Tata" word mark and logo mark in and outside India is material to our operations. We have licensed the use of the "Tata" brand from our 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, our reputation could suffer damage, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

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

We own or otherwise have rights in respect of a number of patents relating to the products we manufacture. In connection with the design and engineering of new vehicles and the enhancement of existing models, we seek to regularly develop new intellectual property. We also use 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 our business and may continue to be of value in the future. Although we do not regard any of our businesses as being dependent upon any single patent or related group of patents, an inability to protect this intellectual property generally, or the illegal breach of some or a large group of our intellectual property rights, would have a materially adverse effect on our business, financial condition and results of operations. We may also be affected by restrictions on the use of intellectual property rights held by third parties and we may be held legally liable for the infringement of the intellectual property rights of others in our products.

Impairment of intangible assets may have a material adverse effect on our 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. We review the value of our 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. We 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 our financial condition and the results of operations.

We may be adversely affected by labor unrest.

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

In general, we consider our labor relations with all of our employees to be good. However, in the future we may be subject to labor unrest, which may delay or disrupt our operations in the affected regions, including the acquisition of raw materials and parts, the manufacture, sales and distribution of products and the provision of services. If work stoppages or lock-outs at our facilities or at the facilities of our major vendors occur or continue for a long period of time, our business, financial condition and results of operations may be materially and adversely affected. We did recently face two minor standalone incidents of labor unrest, one in the Dharwad plant in Karnataka, India and the other in our Sanand plant in Gujarat, India, both of which were amicably resolved.

Our business and prospects could suffer if we lose one or more key personnel or if we are unable to attract and retain our employees.

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

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

We provide post-retirement and pension benefits to our employees, including defined benefit plans. Our 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 our pension liabilities or assets and consequently increase funding requirements, which could materially decrease our net income and cash flows.

Any inability to manage our growing international business may materially and adversely affect our financial condition and results of operations.

Our growth strategy relies on the expansion of our operations by introducing certain automotive products in markets outside India, including Europe, China, Russia, Brazil, the United States, Africa and other parts of Asia. The costs associated with entering and establishing ourselves in new markets, and expanding such operations, may be higher than expected, and we may face significant competition in those regions. In addition, our international business is subject to many actual and potential risks and challenges, including language barriers, cultural differences and other difficulties in staffing and managing overseas operations, inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of some foreign countries, the risk of non-tariff barriers, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws, rules and regulations. As part of our global activities, we may engage with third-party dealers and distributors, which we do not control but which, nevertheless, take actions that could have a material adverse impact on our reputation and business. In addition, we cannot assure you that we will not be held responsible for any activities undertaken by such dealers and distributors. If we are unable to manage risks related to our expansion and growth in other parts of the world, our business, financial condition and results of operations could be materially and adversely affected.

Any disruption of the operations of our manufacturing, design, engineering and other facilities could materially and adversely affect our business, financial condition and results of operations.

We have manufacturing facilities and design and engineering centers in India, the United Kingdom, China, South Korea, Thailand, South Africa, Brazil and Indonesia. We could experience disruptions to our manufacturing, design and engineering capabilities for a variety of reasons, including, among others, extreme weather, fire, theft, system failures, natural catastrophes, mechanical or equipment failures and similar events. Any such disruptions could affect our ability to design, manufacture and sell our products and, if any of these events were to occur, there can be no assurance that we would be able to shift our design, engineering or manufacturing operations to alternate sites in a timely manner or at all, and our business, financial condition and results of operations could be materially and adversely affected.

We are exposed to operational risks, including risks in connection with our 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 our information technology systems, human errors or technological or process failures of any kind could severely disrupt our operations, including our manufacturing, design and engineering processes, and could have a material adverse effect on our reputation, financial condition and results of operations.

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

Although we have 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, we 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 our reputation, business, financial condition, results of operations and cash flows.

Although we have remediated the specific material weakness in our internal control over financial reporting identified as at March 31, 2015, and believe that we have established appropriate compliance procedures, there may from time to time exist deficiencies in our control systems that could materially and adversely affect the accuracy and reliability of our periodic reporting

We are required to establish and periodically assess the design and operating effectiveness of our internal control over financial reporting. As discussed in Item 15 “Controls and Procedures,” in connection with our assessment of the internal control over financial reporting for Fiscal 2015, we disclosed a material weakness in our annual report on Form 20-F for Fiscal 2015 pertaining to a deficiency in the design of internal controls relating to technical accounting of complex derivative instruments designated in hedge relationships. We believe this weakness has been appropriately remediated in Fiscal 2016. The specific remediation actions taken by management included the design and implementation of a preventive control consisting of a review at inception of all derivative instruments designated as hedge relationships by financial instrument specialists and weekly detective control to review appropriateness of hedge accounting for all complex derivative instruments by technical accounting specialists. Although we have instituted remedial measures to address the material weakness identified and continually review and evaluate our internal control systems to allow management to report on the sufficiency of our internal control over financial reporting, we cannot assure you that we will not discover additional weaknesses in our internal control over financial reporting. Any such additional weaknesses or failure to adequately remediate any existing weakness could materially and adversely affect our financial condition and results of operations, as well as our ability to accurately report our financial condition and results of operations in a timely and reliable manner.

Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject, and this may have a material adverse effect on our business, financial condition and results of operations.

While we believe that the insurance coverage that we maintain is reasonably adequate to cover all normal risks associated with the operation of our business, there can be no assurance that our insurance coverage will be sufficient, that any claim under our insurance policies will be honored fully or in a timely manner, or that our insurance premiums will not increase substantially. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or that exceeds our insurance coverage, or are required to pay higher insurance premiums, our business, financial condition and results of operations may be materially and adversely affected.

Our business could be negatively affected by the actions of activist shareholders.

Certain of our shareholders may from time to time advance shareholder proposals or otherwise attempt to effect changes or acquire control over our 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, we may not be able to respond effectively to such actions, which could be disruptive to our business.

We 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 we are 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 our company may, in the near future, exceed 50%, thereby resulting in our company being considered as being “owned” by non-resident entities under the Consolidated FDI Policy. In such an event, any investment by us 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 our automotive business, we supply and have 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 we believe we are an automobile company by virtue of the significance of our automobile operations, in the event that foreign investment regulations applicable to the defense sector (including under the Consolidated FDI Policy) are made applicable to us, we may face more stringent foreign investment restrictions and other compliance requirements compared to those applicable to us presently, which, in turn, could materially affect our business, financial condition and results of operations.

We require 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, could materially and adversely affect our operations.

We require certain statutory and regulatory permits, licenses and approvals to carry out our business operations and applications for their renewal need to be made within certain time frames. For some of the approvals which may have expired, we have either made, or are in the process of making, an application for obtaining the approval or its renewal. While we have applied for renewal for such approvals, registrations and permits, we cannot assure you that we will receive them in a timely manner or at all. We can make no assurances that the approvals, licenses, registrations and permits issued to us 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 we are unable to renew or obtain necessary permits, licenses and approvals on acceptable terms in a timely manner, or at all, our 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 our business.

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies could adversely impact our 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 our financial results, business prospects, ability to obtain financing for capital expenditures and the price of our Shares and ADSs.

Political and Regulatory Risks

India's obligations under the World Trade Organization Agreement could materially affect our 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 our 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 our business.

As an automobile company, we are subject to extensive governmental regulations regarding vehicle emission levels, noise, safety and levels of pollutants generated by our production facilities. These regulations are likely to become more stringent and the resulting higher compliance costs may significantly impact our future results of operations. In particular, the United States and Europe have stringent regulations relating to vehicle emissions. The contemplated tightening of vehicle emissions regulations by the European Union will require significant costs for compliance. While we are pursuing various technologies in order to meet the required standards in the various countries in which we sell our vehicles, the costs for compliance with these required standards may be significant to our operations and may adversely impact our results of operations.

In order to comply with current and future safety and environmental norms, we may have to incur additional costs to (i) operate and maintain our production facilities, (ii) install new emissions controls or reduction technologies, (iii) purchase or otherwise obtain allowances to emit greenhouse gases, (iv) administer and manage our greenhouse gas emissions program, and (v) invest in research and development to upgrade products and manufacturing facilities. If we are unable to develop commercially viable technologies or otherwise unable to attain compliance within the time frames set by the new standards, we 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. Please see Item 4.B "Information on the Company - Business Overview - Government Regulations — Environmental, fiscal and other governmental regulations around the world - Greenhouse gas/CO₂/fuel economy legislation" for additional detail on these 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 our costs. While we are pursuing the development and implementation of various technologies in order to meet the required standards in the various countries in which we sell our vehicles, the costs for compliance with these required standards could be significant to our operations and may materially and adversely affect our business, financial condition and results of operations.

In addition, the Road Transport and Safety Bill (RTSB) 2015, which is subject to legislative approval by the Indian Parliament, could expose us to additional liability for vehicle recalls and for manufacturer's liability for our vehicles. Imposition of any additional taxes and levies designed to limit the use of automobiles could significantly reduce the demand for our products, as well as our sales and net income. Changes in corporate and other taxation policies, as well as changes in export and other incentives given by various governments could also adversely affect our results of operations. For example, we benefit from excise duty exemptions for manufacturing facilities in the state of Uttarakhand and other incentives such as subsidies or loans from states where we have manufacturing operations. 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 in the public domain concerning the GST, we are unable to provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which could create uncertainty. The Government of India has publicly announced its intention to implement the GST on April 1, 2017; however, we can make no assurances regarding this timeline.

Regulations in the areas of investments, taxes and levies may also have an impact on Indian securities, including our Shares and ADSs. For more information, see Item 4.B "—Business Overview—Government Regulations" of this annual report on Form 20-F.

In 2014, the antitrust regulator in China, the Bureau of Price Supervision and Anti-Monopoly of the National Development and Reform Commission, or the NDRC, launched an investigation into the pricing practices of more than 1,000 Chinese and international companies in the automotive industry, including Jaguar Land Rover and many of its competitors. The NDRC has reportedly imposed fines on certain of our international competitors as a result of anti-competitive practices pertaining to vehicle and spare-part pricing. In response to this investigation, we 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 our products may significantly reduce our revenues and profits generated by operations in China and have a material adverse effect on our financial condition and results of operations. Furthermore, any regulatory action taken or penalties imposed by regulatory authorities may have significant severe reputational consequences on our business as well as our profitability and prospects.

We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our 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 us 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. We cannot predict with certainty the impact of the provisions of the Competition Act on our 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 us 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 we are 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 our business, financial condition and results of operations.

We may be adversely impacted by political instability, wars, terrorism, multinational conflicts, natural disasters, fuel shortages/prices, epidemics and labor strikes.

Our products are exported to a number of geographical markets and we plan to further expand our international operations in the future. Consequently, our operations in those markets may be subject to political instability, wars, terrorism, regional or multinational conflicts, natural disasters, fuel shortages, epidemics and labor strikes. In addition, conducting business internationally, especially in emerging markets, exposes us to additional risks, including adverse changes in economic and government policies, unpredictable shifts in regulation, inconsistent application of existing laws, rules and regulations, unclear regulatory and taxation systems and divergent commercial and employment practices and procedures. Any significant or prolonged disruption or delay in our operations related to these risks could materially and adversely affect our business, financial condition and results of operations.

Compliance with new or changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance.

We are subject 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. Our 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. We are committed to maintaining high standards of corporate governance and public disclosure. However, our 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 us to higher compliance requirements and increase our 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. We are also required to spend, in each financial year, at least 2% of our average net profits during the three immediately preceding financial years, calculated for Tata Motors Limited on a standalone basis under Indian GAAP, toward corporate social responsibility activities. Furthermore, the Companies Act imposes greater monetary and other liability on us and our directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management’s attention. We may also face challenges in interpreting and complying with certain provisions of the Companies Act due to limited relevant jurisprudence. In the event that our interpretation of the Companies Act differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government of India in the future, we 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, we are required to ensure that our 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 our Code of Conduct or ethics policy under our whistleblower policy, to implement increased disclosure requirements for price sensitive information, including formulation of policies to determine materiality of disclosure events or information, formulation of policies pertaining to related party transactions including obtainment of an omnibus approval from the Audit Committee, adoption of a website content archival policy, crystallization of the criteria for determination of material subsidiaries, conduct elaborate directors familiarization programs and comprehensive disclosures thereof, and to refresh the terms of reference of certain committees in accordance with the Listing Regulations. SEBI also promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015, consequent to which we drafted and adopted the Tata Code of Conduct for Prevention of Insider trading and the Code of Corporate Disclosure Practices. We may face difficulties in complying with any such overlapping requirements. Furthermore, we cannot currently determine the impact of certain provisions of the Companies Act and the revised SEBI corporate governance norms. Any increase in our compliance requirements or in our compliance costs may have a material and adverse effect on our business, financial condition and results of operations.

Compliance with the SEC's rules for disclosures on "conflict minerals" may be time consuming and costly, and could adversely affect our reputation.

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

Risks associated with Investments in an Indian Company

Political changes in the Government of India could delay and/or affect the further liberalization of the Indian economy and materially and adversely affect economic conditions in India, generally, and our business, in particular.

Our business could be significantly influenced by economic policies adopted by the Government of India. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms.

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

The Government of India has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our ADSs and Shares may be affected by interest rates, changes in policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

A change in the Government of India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally, and specifically our business and operations, as a substantial portion of our assets are located in India. This could have a material adverse effect on our financial condition and results of operations.

Terrorist attacks, civil disturbances, regional conflicts and other acts of violence, particularly in India, may disrupt or otherwise adversely affect the markets in which we operate, our business and our profitability.

India has from time to time experienced social and civil unrest and hostilities, including terrorist attacks and 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 our business, as well as the market for securities of Indian companies, including our Shares and ADSs. In addition, any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability, which could adversely affect the price of our Shares or ADSs. Furthermore, India has witnessed local civil disturbances in recent years, and it is possible that future civil unrest, as well as other adverse social, economic or political events in India could have an adverse impact on our business. 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 our business, results of operations and financial condition, and the market price of our Shares and ADSs.

We may be materially and adversely affected by Reserve Bank of India policies and actions.

The Indian Stock Exchange, has and does, react to the changes in the monetary policies of Reserve Bank of India, or RBI. We can make no assurances about future market reactions to RBI announcements and their impact on the price of our Shares and ADSs. Furthermore, our business could be significantly impacted were the RBI to make major alterations to monetary or financial policy. Certain changes, such as the raising of interest rates, could negatively affect our sales and consequently our revenue, any of which could have a material adverse effect on our financial condition and results of operations.

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, which include regulations applicable to our board of directors, and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company incorporated in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions, including the United States. You may also have more difficulty in asserting your rights as a shareholder of our company than you would as a shareholder of a corporation organized in another jurisdiction.

The market value of your investment may fluctuate due to the volatility of the Indian securities market.

Stock exchanges in India, including the Bombay Stock Exchange, or the BSE, have, in the past, experienced substantial fluctuations in the prices of their listed securities. Such fluctuations, if they continue or recur, could affect the market price and liquidity of the securities of Indian companies, including our Shares and ADSs. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. Volatility in other stock exchanges, including, but not limited to, those in China, may affect the prices of securities in India, including our Shares, which may in turn affect the price of our ADSs. In addition, the governing bodies of the stock exchanges in India have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

There may be a differing level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants, than in the United States. SEBI received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the Indian securities markets. Subsequently, SEBI has prescribed regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities market. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in the United States.

Investors may have difficulty enforcing judgments against us or our management.

We are a public limited company incorporated in India. The majority of our directors and executive officers are residents of India and substantially all of the assets of those persons and a substantial portion of our assets are located in India. As a result, it may not be possible for you to effect service of process within the United States upon those persons or us. In addition, you may be unable to enforce judgments obtained in courts of the United States against those persons outside the jurisdiction of their residence, including judgments predicated solely upon U.S. federal securities laws. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with public policy.

Section 44A of the Indian Code of Civil Procedure, 1908, as amended, or the Civil Code, provides that where a foreign judgment has been rendered by a superior court (within the meaning of the section) in any country or territory outside of India which the Government of India has by notification declared to be a reciprocating territory, such foreign judgment may be enforced in India by proceedings in execution as if the judgment had been rendered by an appropriate court in India. However, the enforceability of such judgments is subject to the exceptions set forth in Section 13 of the Civil Code.

Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties and does not include arbitration awards.

If a judgment of a foreign court is not enforceable under Section 44A of the Civil Code as described above, it may be enforced in India only by a suit filed upon the judgment, subject to Section 13 of the Civil Code and not by proceedings in execution. Accordingly, as the United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A, a judgment rendered by a court in the United States may not be enforced in India except by way of a suit filed upon the judgment.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Generally, there are considerable delays in the disposition of suits by Indian courts.

A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI, under the Foreign Exchange Management Act, 1999, or FEMA to repatriate any amount recovered pursuant to such enforcement. Any judgment in a foreign currency would be converted into Indian rupees on the date of judgment and not on the date of payment.

We will be required to prepare financial statements under Ind-AS (which is India's convergence to IFRS). The transition to Ind-AS in India is very recent and there is no clarity on the impact of such transition on us.

We currently prepare annual and interim financial statements under Indian GAAP and annual financial statements under IFRS. On January 2, 2015, the Ministry of Corporate Affairs, Government of India, the MCA, announced the revised roadmap for the implementation of the Indian Accounting Standards, or Ind-AS, and on February 16, 2015, released the Companies (Indian Accounting Standards) Rules, 2015 (to be published in the Gazette of India), which came into effect on April 1, 2015 and which requires mandatory implementation by companies based on their respective net worth, and we are required to prepare annual and interim financial statements under Ind-AS.

There is not yet a significant body of established practice on which to draw informing judgments regarding the implementation and application of Ind-AS. In addition, Ind-AS differs in certain respects from IFRS, and therefore, financial statements prepared under Ind-AS may be substantially different from financial statements prepared under IFRS. There can be no assurance that our financial condition, results of operation, cash flow or changes in shareholders' equity will not be presented differently under Ind-AS than under Indian GAAP or IFRS. As we adopted Ind-AS reporting on April 1, 2016, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. There can be no assurance that the adoption of Ind-AS will not materially and adversely affect our financial conditions and results of operations.

Risks associated with our Shares and ADSs

Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar may have a material adverse effect on the market value of our ADSs and Shares, independent of our operating results.

The exchange rate between the Indian rupee and the U.S. dollar has changed materially in the last two decades and may materially fluctuate in the future. Fluctuations in the exchange rate between the Indian rupee and the U.S. dollar will affect, among others things, the U.S. dollar equivalents of the price of our Shares in Indian rupees as quoted on stock exchanges in India and, as a result, may affect the market price of the ADSs. Such fluctuations will also affect the U.S. dollar equivalent of any cash dividends in Indian rupees received on the Shares represented by the ADSs and the U.S. dollar equivalent of the proceeds in Indian rupee of a sale of Shares in India.

Holders of ADSs have fewer rights than shareholders and must act through the depositary to exercise those rights.

Although ADS holders have a right to receive any dividends declared in respect of the Shares underlying the ADSs, they cannot exercise voting or other direct rights as a shareholder with respect to the Shares underlying the ADSs. Citibank, N.A. as depositary, or the depositary, is the registered shareholder of the deposited Shares underlying our ADSs, and only the depositary may exercise the rights of shareholders in connection with the deposited Shares. The depositary will notify ADS holders of upcoming votes and arrange to deliver our voting materials to ADS holders only if requested by us. The depositary will try, insofar as practicable, subject to Indian laws and the provisions of our Articles of Association, to vote or have its agents vote the deposited securities as instructed by the ADS holders. If the depositary receives voting instructions in time from an ADS holder which fails to specify the manner in which the depositary is to vote the Shares underlying such ADS holder's ADSs, such ADS holder will be deemed to have instructed the depositary to vote in favor of the items set forth in such voting instructions. If the depositary has not received timely instructions from an ADS holder, such ADS holder shall be deemed to have instructed the depositary to give a discretionary proxy to a person designated by us, subject to the conditions set forth in the deposit agreement. If requested by us, the depositary is required to represent all Shares underlying ADSs, regardless whether timely instructions have been received from such ADS holders, for the sole purpose of establishing a quorum at a meeting of shareholders. In addition, in your capacity as an ADS holder, you will not be able to examine our accounting books and records, or exercise appraisal rights. Registered holders of our Shares withdrawn from the depositary arrangements will be entitled to vote and exercise other direct shareholder rights in accordance with Indian law. However, a holder may not know about a meeting sufficiently in advance to withdraw the underlying Shares in time. Furthermore, an ADS holder may not receive voting materials, if we do not instruct the depositary to distribute such materials, or may not receive such voting materials in time to instruct the depositary to vote.

For further details on the terms and conditions of our ADSs and the rights and obligations of our ADS holders, please see the amended and restated deposit agreement dated as at September 27, 2004 among us, Citibank, N.A., as depositary, and all holders and beneficial owners of ADSs issued thereunder, as amended and supplemented by Amendment No. 1, dated as at December 16, 2009, hereinafter referred to as the deposit agreement, which is incorporated by reference into this annual report on Form 20-F.

Moreover, pursuant to Indian regulations, we are required to offer our shareholders preemptive rights to subscribe for a proportionate number of Shares to maintain their existing ownership percentages prior to the issue of new Shares. These rights may be waived by a resolution passed by at least 75% of our shareholders present and voting at a general meeting. ADS holders may be unable to exercise preemptive rights for subscribing to these new Shares unless a registration statement under the Securities Act is effective or an exemption from the registration requirements is available to us. Our decision to file a registration statement would be based on the costs, timing, potential liabilities and the perceived benefits associated with any such registration statement and we do not commit that we would file such a registration statement. If any issue of securities is made to our shareholders in the future, such securities may also be issued to the depositary, which may sell such securities in the Indian securities market for the benefit of the holders of ADSs. There can be no assurance as to the value, if any, the depositary would receive upon the sale of such rights or securities. To the extent that ADS holders are unable to exercise preemptive rights, their proportionate ownership interest in our company would be reduced.

The Government of India's regulation of foreign ownership could materially reduce the price of the ADSs.

Foreign ownership of Indian securities is regulated and is partially restricted. In addition, there are restrictions on the deposit of Shares into our ADS facilities. ADSs issued by companies in certain emerging markets, including India, may trade at a discount to the market price of the underlying Shares, in part because of the restrictions on foreign ownership of the underlying Shares and in part because ADSs are sometimes perceived to offer less liquidity than underlying Shares that can be traded freely in local markets by both local and international investors. See Item 10.D “—Exchange Controls”.

There are restrictions on daily movements in the price of the Shares, which may constrain a shareholder's ability to sell, or the price at which a shareholder can sell, Shares at a particular point in time.

The Shares are subject to a daily circuit breaker imposed by stock exchanges in India on publicly listed companies, including us, which does not allow transactions causing volatility in the price of the Shares above a certain threshold. This circuit breaker operates independently from the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges in India based on the historical volatility in the price and trading volume of our Shares. The stock exchanges in India are not required to inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively acts to limit the upward and downward movements in the price of our Shares. As a result of this circuit breaker, we cannot make any assurance regarding the ability of our shareholders to sell their Shares or the price at which such shareholders may be able to sell their Shares.

You may be subject to Indian taxes arising out of capital gains on the sale of the Shares. Capital gains arising from the sale of Shares are generally taxable in India.

Any gain realized on the sale of the Shares on an Indian stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction. The securities transaction tax will be levied on and collected by the Indian stock exchange on which the Shares are sold. Any gain realized on the sale of Shares held for more than 12 months on which no securities transaction tax has been paid, will be subject to capital gains tax in India. Furthermore, any gain realized on the sale of the Shares held for a period of 12 months or less will be subject to capital gains tax in India. See Item 10.E “Additional Information—Taxation—Taxation of Capital Gains and Losses—Indian Taxation—Capital Gains” of this annual report on Form 20-F for further information on the application of capital gains tax in India to our shareholders and ADS holders.

Item 4. Information on the Company

A. History and Development of the Company

We were incorporated on September 1, 1945 as a public limited company under the Indian Companies Act VII of 1913 as Tata Locomotive and Engineering Company Limited and we received a certificate of commencement of business on November 20, 1945. Our name was changed to Tata Engineering and Locomotive Company Limited on September 24, 1960, and to Tata Motors Limited on July 29, 2003. Tata Motors Limited is incorporated and domiciled in India. We commenced operations as a steam locomotive manufacturer. This business was discontinued in 1971. Since 1954, we have been manufacturing automotive vehicles. The automotive vehicle business commenced with the manufacture of commercial vehicles under financial and technical collaboration with Daimler-Benz AG (now Daimler AG) of Germany. This agreement ended in 1969. We produced only commercial vehicles until 1991, when we started producing passenger vehicles as well. Together with our consolidated subsidiaries we form the Tata Motors Group.

In June 2008, we acquired the Jaguar Land Rover business from Ford Motor Company. Jaguar Land Rover is a global automotive business, which designs, manufactures and sells Jaguar luxury sedans, sports cars and luxury performance SUVs and Land Rover premium all-terrain vehicles, as well as related parts, accessories and merchandise. The Jaguar Land Rover business has internationally recognized brands, a product portfolio of award-winning luxury performance cars, luxury performance SUVs and premium all-terrain vehicles, brand-specific global distribution networks and research and development capabilities. As a part of our acquisition of the Jaguar Land Rover business, we acquired three major manufacturing facilities located in Halewood, Solihull and Castle Bromwich and two advanced design and engineering facilities located at Whitley and Gaydon, all in the United Kingdom, together with national sales companies in several countries.

In September 2004, we became the first company from India's automotive sector to be listed on the New York Stock Exchange. Our ADSs are traded on the NYSE under the symbol "TTM". Our Ordinary Shares and 'A' Ordinary Shares are traded on the BSE under the codes 500570 and 570001, respectively, and the National Stock Exchange of India Ltd., or NSE, under the symbols "TATAMOTORS" and "TATAMTRDVR", respectively.

We offer a broad portfolio of automotive products, ranging from sub-1 ton to 49 ton GVW trucks (including pickup trucks) to small, medium, and large buses and coaches to passenger cars, including the world's most affordable car—the Tata Nano, premium luxury cars and SUVs.

We have a substantial presence in India and also have global operations in connection with production and sale of Jaguar and Land Rover brand passenger vehicles. We are the largest commercial vehicle manufacturer in terms of revenue in India and among the top six passenger vehicle manufacturers in terms of units sold in India during Fiscal 2016. We estimate that over 8 million vehicles produced by us are being operated in India as of the date of this annual report on Form 20-F.

We operate six principal automotive manufacturing facilities in India: at Jamshedpur in the state of Jharkhand, at Pune in the state of Maharashtra, at Lucknow in the state of Uttar Pradesh, at Pantnagar in the state of Uttarakhand, Sanand in the state of Gujarat and at Dharwad in the state of Karnataka. We also operate four principal automotive manufacturing facilities in the United Kingdom through our Jaguar Land Rover business: at Solihull and Castle Bromwich in the West Midlands, at Halewood in Liverpool and an engine plant at Wolverhampton in the West Midlands. In Fiscal 2015, Jaguar Land Rover opened its inaugural overseas manufacturing facility in China with its joint venture partner, Chery Automobile Company Ltd., or Chery, the China Joint Venture, with the Range Rover Evoque the first model built there followed by the Land Rover Discovery Sport in the third quarter of Fiscal 2016. In June 2016, Jaguar Land Rover opened a new manufacturing plant in Itatiaia, Brazil, where it will produce the Range Rover Evoque and Discovery Sport models.

We have expanded our international operations through mergers and acquisitions and in India we have made strategic alliances involving non-Indian companies in recent years, including, but not limited to, the following:

- We have a joint venture agreement with FCA Italy Spa (earlier called Fiat Group Automobiles S.p.A., Italy), or the Fiat Group. Together with the Fiat Group, we operate a facility located at Ranjangaon in Maharashtra to manufacture passenger cars, engines and transmissions for the Indian and overseas markets. Established in April 2008, the plant currently manufactures the Fiat Linea, Fiat Punto, Tata Indica, Tata Bolt and Tata Zest vehicles, as well as components for such vehicles, such as engines and transmissions. During May 2012, both the joint-venture partners decided to re-align their Indian joint venture. Accordingly, in March 2013, we and Fiat Group signed a restructuring framework agreement, or RFA. Under the RFA:
 - The joint arrangement shall manufacture and assemble Fiat products, Tata products and any new products (including for third parties) in accordance with the terms and conditions settled in the RFA. The current third-party orders shall continue in accordance with current terms.
 - The distribution company, owned by Fiat Group, shall be responsible for distribution of the Fiat vehicles and parts from April 1, 2013.
- In December 2006, we entered into a joint venture agreement with Thonburi Automotive Assembly Plant Co. Ltd, or the Thonburi Group, to manufacture pickup trucks in Thailand. As at March 31, 2016, we own 95.28% of the joint venture, while the Thonburi Group owns the remaining 4.72%. The joint venture, which began vehicle production in March 2008, enabled us to access the Thailand market, which is a major market for pickup trucks, as well as other potential markets in the Association of Southeast Asian Nations, or ASEAN, region.
- In October 2010, we acquired an 80% equity interest in Trilix Srl., or Trilix, a design and engineering company, in line with our objective to enhance our styling/design capabilities to meet global standards. Trilix offers design and engineering services in the automotive sector, including styling, architecture, packaging, surfacing, macro and micro-feasibility studies and detailed engineering development. Trilix continues to implement a strategic growth policy and in March 2013 moved to a new facility as part of its ongoing implementation of this growth policy.

- Jaguar Land Rover opened a manufacturing plant for the China Joint Venture in Changshu, China in October 2014 and began manufacturing the Range Rover Evoque shortly thereafter. Manufacture of the Land Rover Discovery Sport commenced in the third quarter of Fiscal 2016, and Jaguar Land Rover recently announced that the Jaguar XF L (a long wheelbase version of the Jaguar XF saloon) will be produced at the same manufacturing plant from the second half of 2016. Total investment in the joint venture is expected to be approximately RMB 10.9 billion, which is being contributed toward the establishment of the manufacturing plant, research and development center and engine production facility. Jaguar Land Rover committed to invest RMB 3.5 billion of equity capital in the China Joint Venture, representing 50% of the share capital and voting rights of the joint venture company.
- In December 2013, Jaguar Land Rover signed an agreement to invest approximately GBP 240 million, in a production facility in Rio de Janeiro in Brazil with an annual production capacity of 24,000 units. The plant opened in June 2016 and manufactures the Evoque and Discovery Sport for the Brazilian market.
- In July 2015, Jaguar Land Rover agreed to a manufacturing partnership with Magna Steyr, an operating unit of Magna International Inc, to build certain future Jaguar Land Rover models in Graz, Austria to support Jaguar Land Rover's growth plans. We believe that Magna Steyr has extensive contract manufacturing expertise working with many other car manufacturers globally.
- In December 2015, Jaguar Land Rover concluded an agreement with the Government of the Slovak Republic for the development of a new manufacturing plant in western Slovakia with the first cars expected to be produced in 2018. The new facility represents an investment of GBP 1 billion and initial annual capacity of up to 150,000 units with potential further investment of GBP 500 million to increase the capacity of the facility to 300,000 vehicles per annum.

Please see Item 4.B “—Business Overview—Our Strategy—Capital and Product Development Expenditures” and Item 5.B “Operating and Financial Review and Prospect—Liquidity and Capital Resources—Capital Expenditures” of this annual report on Form 20-F for details on our principal capital expenditures.

Through our other subsidiary and associate companies, we are engaged in providing engineering and automotive solutions, construction equipment manufacturing, automotive vehicle components manufacturing and supply chain activities, machine tools and factory automation solutions, high-precision tooling and plastic and electronic components for automotive and computer applications, and automotive retailing and service operations.

Tata Technologies Limited, or TTL, our 72.32% owned subsidiary, is engaged in providing specialized engineering and design services, product lifecycle management, or PLM, and product-centric IT services to leading global manufacturers. TTL's customers are among the world's premier automotive, aerospace and consumer durables manufacturers. TTL had 14 subsidiary companies and one joint venture as at March 31, 2016.

TML Distribution Company Limited, or TDCL, our wholly-owned subsidiary, was incorporated on March 28, 2008. TDCL provides distribution and logistics support for distribution of our products throughout India. TDCL commenced its operations in Fiscal 2009.

Our subsidiary, Tata Motors Finance Limited, or TMFL, was incorporated on June 1, 2006, with the objective of becoming a preferred financing provider for our dealers' customers by capturing customer spending over the vehicle life-cycle relating to vehicles sold by us. In India, TMFL is registered with the RBI as a Systemically Important Non-Deposit Taking Non-Banking Financial Company, or NBFC, and is classified as an Asset Finance Company under the RBI's regulations on NBFCs. In Fiscal 2015, TMFL has acquired 100% shareholding of Rajasthan Leasing Private Ltd, which subsequently changed its name to Tata Motors Finance Solutions Private Ltd, an NBFC registered with the RBI. On June 4, 2015, Tata Motors Finance Solutions Private Ltd was converted into a public limited company, named Tata Motors Finance Solutions Limited or TMFSL. TMFSL will focus on the used vehicle financing business.

Our wholly-owned subsidiary, Tata Motors Insurance Broking and Advisory Services Limited, or TMIBASL, is a licensed Direct General Insurance Broker with the Insurance Regulatory and Development Authority of India that operates in the Indian market and has plans to branch out globally to seek additional business opportunities. TMIBASL commenced business in Fiscal 2008 and provides end-to-end insurance solutions in the retail sector with a focus on the automobile sector. TMIBASL offers services to various OEMs in the passenger vehicle, commercial and construction equipment markets, including to us.

As at March 31, 2016, our operations included 77 consolidated subsidiaries, 2 joint operations, 17 joint ventures and 23 equity method affiliates, in respect of which we exercise significant influence. As at March 31, 2016, we had approximately 76,598 permanent employees, including approximately 50,029 permanent employees at our consolidated subsidiaries and joint operations.

Tata Incorporated serves as our authorized United States representative. The address of Tata Incorporated is 101 Park Avenue, New York, NY 10178, United States of America.

Our Registered Office is located at Bombay House, 24, Homi Mody Street, Mumbai 400 001, India. Our telephone number is +91-22-6665-8282 and our website address is www.tatamotors.com. Our website does not constitute a part of this annual report on Form 20-F.

B. Business Overview

We primarily operate in the automotive segment. Our automotive segment includes all activities relating to the development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories. The acquisition of the Jaguar Land Rover business has enabled us 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. Going forward, we expect to focus on profitable growth opportunities in our global automotive business, through new products and market expansion. Within our automotive operations we continue 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.

Our business segments are (i) automotive operations and (ii) all other operations. Our automotive operations include all activities relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories. We 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 our automotive business. Our automotive operations segment is further divided into Tata and other brand vehicles (including financing thereof) and Jaguar Land Rover. Tata and other brand vehicles consist of vehicles manufactured under our Tata, Daewoo and Fiat brands, and exclude vehicles manufactured under Jaguar Land Rover brands.

We produce a wide range of automotive products, including:

- **Passenger Cars:** Our 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) in the sedan category. We have expanded our passenger car range with several variants and fuel options designed to suit various customer preferences. Our Jaguar Land Rover operations have an established presence in the premium passenger car market under the Jaguar brand name. There are five car lines currently manufactured under the Jaguar brand name, including the F-TYPE two-seater sports coupe and convertible, the XF sedan, the XJ saloon, the XE sports saloon and the all-new luxury performance SUV, the F-PACE, which was made available for retail sale in Spring 2016.
- **Utility Vehicles:** We manufacture a range of Tata brand utility vehicles, including the Sumo and the Safari, which are SUVs, the Tata Aria, a crossover, and the Venture, a multipurpose utility vehicle. We offer two variants of the Safari: the Dicor and the Storme. We also offer a variant of the Sumo, the Sumo Gold, which is an entry level UV. There are currently five car lines under the Land Rover brand in the all-terrain vehicle category: the Range Rover, Range Rover Sport, Range Rover Evoque (including the Evoque convertible which was made available for retail sale in June 2016), Land Rover Discovery and the Land Rover Discovery Sport. We ceased production of the Land Rover Defender in January 2016.
- **Light Commercial Vehicles:** We 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, we introduced a new generation of Ultra LCV trucks in Fiscal 2015. We also offer the City Ride and Starbus ranges of buses.
- **Medium and Heavy Commercial Vehicles:** We manufacture 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, we manufacture a wide array of trucks ranging from 215 horsepower to 560 horsepower, including dump trucks, tractor-trailers, mixers and cargo vehicles. Our Prima line of trucks is aimed at our customers in India and South Korea, and we have extended the Prima line by offering Prima LX and multi-axle truck variants. We have also started exporting our Prima products to other countries, such as South Africa, other South Asian Association for Regional Cooperation countries, the Middle East and various countries in Africa. We also launched the Signa range of new M&HCV trucks in Fiscal 2016. We also offer a range of buses, which includes the Semi Deluxe Starbus Ultra Contract Bus and the new Starbus Ultra. Our 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.

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

Our Strategy

We believe that we have established a strong position in the Indian automobile industry by launching new products, investing in research and development, strengthening our financial position and expanding our manufacturing and distribution network. We have pursued a strategy of increasing our presence in the global automotive markets and enhancing our product range and capability through strategic acquisitions and alliances. Our goal is to position ourselves as a major international automotive company by offering products across various markets by combining our engineering and other strengths as well as through strategic acquisitions. Our strategy to achieve these goals consists of the following elements:

Continued focus on new product development

Our recent product launches and anticipated product launches include the following:

- **Ace Mega:** The Ace Mega is a small pickup truck in the SCV segment which offers performance combined with fuel efficiency and a low cost of ownership.
- **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.
- **Ultra Electric:** We launched our first fully-electric bus with zero emissions and reduced noise operations. Further, during Fiscal 2016, we increased our global presence and launched the Prima in Kenya, Uganda and Bangladesh; the Ultra bus in Sri-Lanka; the Ultra truck in Bangladesh; the Elanza bus in the United Arab Emirates; and the Ace Express and the Ace Mega in Sri-Lanka and Nepal.
- **Land Rover Discovery Sport:** In the third quarter of Fiscal 2016, local production of the Discovery Sport commenced at the China Joint Venture in Changshu, China.
- **Range Rover Evoque:** We launched the refreshed 2016 model of the Evoque in August 2015, and the Evoque convertible was made available for retail sale in June 2016.
- **Jaguar XE:** The all new Jaguar XE was made available for retail sale in May 2015 and is currently being manufactured at the Solihull plant in the United Kingdom. The XE was the first Jaguar Land Rover vehicle to feature Jaguar Land Rover's in-house 2.0-liter, 4-cylinder engines.
- **Jaguar XF:** The all new lightweight Jaguar XF uses the same aluminum-intensive architecture as the Jaguar XE and was launched in September 2015.
- **Jaguar XJ:** We launched the refreshed 2016 model year XJ in December 2015.
- **Jaguar F-PACE:** We launched the Jaguar F-PACE luxury performance SUV at the Frankfurt Motor Show in 2013. The F-PACE was made available for retail sale in April 2016 and utilizes the same aluminum-intensive architecture as the Jaguar XE and XF.
- **Tata Tiago:** In April 2016, we launched the Tiago, a hatchback.

Our research and development focuses on developing and acquiring the technology, core competencies and skill sets required for the timely delivery of our envisaged future product portfolio with industry-leading features across our range of commercial and passenger vehicles. For the passenger vehicle product range, our focus is on stunning design, driving pleasure and connected car technologies. For the commercial vehicle product range, our focus is on enhancing fuel-efficiency and minimizing the total cost of ownership. We continue to endeavor to adopt technologies for our product range to meet the requirements of a globally competitive market. We have also undertaken programs for development of vehicles which run on alternate fuels such as LPG, CNG, bio-diesel, electric-traction and hydrogen.

Tata Motors recently signed a contract to supply 25 Tata Starbus Diesel Series Hybrid Electric Buses with full low floor configuration to the Mumbai Metropolitan Region Development Authority, or MMRDA.

We have plans to expand the range of our product base further supported by our strong brand recognition in India, our understanding of local consumer preferences, in-house engineering capabilities and extensive distribution network. With growing competition, changing technologies and evolving customer expectations, we understand the importance of bringing new platforms to address market gaps and further enhance our existing range of vehicles to ensure customer satisfaction. Our capital expenditures totaled Rs.306,233 million, Rs.335,771 million and Rs.272,832 million during Fiscal 2016, 2015 and 2014, respectively, and we currently plan to invest approximately Rs.398 billion in Fiscal 2017 in capacity, new products and technologies.

Jaguar Land Rover has invested in enhancing its technological strengths through in-house research and development 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 or academic specialists in the United Kingdom and are supported by funding from the UK Government's Technology Strategy Board.

Leveraging our capabilities

We believe that the foundation of our 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 through research and development. In India, our Engineering Research Centre, or ERC, established in 1966, has enabled us to successfully design, develop and produce our 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, we 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.

We believe that our in-house research and development capabilities, including those of our subsidiaries Jaguar Land Rover, TDCV and Trilix in Italy, TMETC in the United Kingdom and our 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 us to expand our product range and extend our geographical reach. We continually strive to achieve synergy wherever possible with our subsidiaries and joint ventures.

We have continued modernizing our facilities to meet demand for our vehicles. Our Jamshedpur plant, which manufactures our entire range of M&HCVs, including the Prima, both for civilian and defense uses, was our first plant, set up in 1945 to manufacture steam locomotives. It led our entry into commercial vehicles in 1954. The Jamshedpur plant has been modernized over the years and in Fiscal 2015, we celebrated 60 years of truck manufacturing at our first manufacturing and engineering facility in Jamshedpur.

Our product portfolio of Tata-brand vehicles includes the Nano, Indica, Tiago, Indigo, Sumo, Sumo Grande, Safari, Safari Storme, Aria, Zest, Bolt and Venture, which enable us to compete in various passenger vehicle market categories. We also offer alternative fuel vehicles under the Nano and Indigo brands. We also intend to expand our 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 CO₂ reduction and electrification that satisfy both customer preferences and regulatory requirements. Jaguar Land Rover also invests in expanding manufacturing capacity in the United Kingdom and internationally to meet customer demand. In line with other premium automotive manufacturers, Jaguar Land Rover targets a ratio of capital expenditure to revenue of 10-12%. However, in Fiscal 2017 and for some time after, we anticipate that Jaguar Land Rover will undertake higher capital spending in order to take advantage of growth opportunities. For Fiscal 2017, capital expenditure at Jaguar Land Rover is expected to be around GBP 3.75 billion (approximately Rs.358 billion), allocated approximately 43% for research and development and 57% for expenditure on tangible fixed assets, such as facilities, tools and equipment, as well as other investments.

In October 2014, Jaguar Land Rover opened its Engine Manufacturing Centre at Wolverhampton, in the West Midlands. The engine plant currently manufactures Jaguar Land Rover's own in-house 2.0-liter diesel engine first introduced into the Jaguar XE and now available in the Jaguar XF, F-PACE, Evoque and Discovery Sport. A 2.0-liter petrol engine, in which Jaguar Land Rover plans to utilize the same configuration and flexible common architecture as the diesel variant, is scheduled for production later in Fiscal 2017. Jaguar Land Rover's in-house engines have been engineered to maximize manufacturing efficiency, flexibility to increase the number of engine variants and to be consistently high quality. We believe that the Wolverhampton facility is ideally located between Jaguar Land Rover's three principal UK manufacturing sites at Halewood, Castle Bromwich and Solihull. Initial investment in the Engine Manufacturing Centre was approximately GBP 500 million, and to eventually employ over 1,400 people, when expansion is completed. Jaguar Land Rover opened its new R\$.750 million (GBP 240 million) manufacturing facility in Brazil in June 2016 that manufactures the Evoque and Discovery Sport for the Brazilian market. In July 2015, Jaguar Land Rover announced that it had agreed to manufacturing partnership with Magna Steyr, an operating unit of Magna International Inc, to build vehicles in Graz, Austria in the future. In December 2015, Jaguar Land Rover announced an initial investment of GBP 1.0 billion to build a manufacturing facility in Slovakia with an annual capacity of 150,000 units. Production is scheduled to commence at this facility in Fiscal 2018.

Continuing focus on high quality and enhancing customer satisfaction

One of our principal goals is to achieve international quality standards for our products and services. We have established a comprehensive purchasing and quality control system that is designed to consistently deliver quality products and superior service. We also have a program for assisting vendors from whom we purchase 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 our IT systems, we monitor quality performance in the field and implement corrections on an ongoing basis to improve the performance of our products, thereby improving customer satisfaction. We believe our extensive sales and service network has also enabled us to provide quality and timely customer service. We are encouraging focused initiatives at both sales and service touch points to enhance customer experience and strive to be best in class, and we believe that the reach of our sales, service and maintenance network provides us with a significant advantage over our competitors. In India, we improved our J.D. Power Asia Pacific 2015 India Customer Service Index (CSI) Study score and we moved up from the fourth ranking last year to the third ranking in that survey. Additionally, we won several awards at the Apollo CV awards in January 2015, with the Ultra 812 winning Commercial Vehicle of the Year & LCV Carrier of the Year and our Prima LX 2523.T winning MCV Cargo Carrier of the Year. Again, at the Apollo CV Awards in 2016, we won several awards: the 36-seater Tata City Ride Skool Bus won School Bus of the Year, the Super Ace Mint won Pick-up of the Year, the Tata LPS 4923 won HCV Tractor Cargo Carrier of the Year; and the Tata MHC 2038 won Special Application CV of the Year,

Jaguar and Land Rover received over 260 awards from leading international motoring writers, magazines and opinion leaders between 2014 and early 2016, as well as numerous other awards, accolades and recognition reflecting the strength of our model line-up and our design and engineering capabilities. The following table sets out certain of these major awards received in the period from 2014 to 2015, but is not exhaustive.

<u>Award</u>	<u>Model</u>	<u>Awarding Institution</u>	<u>Date</u>
Car of the Year 2016	Jaguar XE	Car and Driver Magazine	December 2015
Luxury Compact SUV	Range Rover Evoque	Evo India	December 2015
Top 5 Import Cars of the Year: Jaguar XE	Jaguar XE	Bicauto.com	November 2015
Top 10 Cars for 2016: Jaguar XE	Jaguar XE	Auto World	November 2015
Car Awards Brazil — Best Imported Car	Jaguar XE	Car Magazine	November 2015
Green Gold Award	Range Rover	Premio Auto Europa U.I.G.A. 2016	November 2015
Middle Class Group	Jaguar XE	Autonis Design Awards	October 2015
Upper Middle Class Category	Jaguar XF	Autonis Design Awards	October 2015
Best British Car Ever	Jaguar E-TYPE	Classic & Sportscar	October 2015
Best Compact Executive	Jaguar XE	Auto Express Awards	July 2015
Queen's Award for Enterprise in Sustainable Development	Jaguar Land Rover	Her Majesty the Queen	June 2015
Telegraph Car of the Year	Jaguar XE	Telegraph	June 2015
2015 Diesel Car Magazine Awards	Jaguar XE	Best Large Car	May 2015
2015 Fleet World Awards	Jaguar XE	Best New Car	May 2015
First place in the "Large Crossover Off-Roader" Category	Range Rover	Top-5 Auto 2015	May 2015
Large SUV TT	Range Rover	Best Cars 2015	February 2015
Best Luxury SUV	Range Rover	What Car? Car	January 2015
Best Car of the Year	Range Rover Sport	What Car? Car of the Year	January 2015
Small SUV	Range Rover Evoque	Awards	January 2015
Safety Award	Land Rover Discovery Sport	What Car?	January 2015
First in Middle Class segment	Jaguar XE	Best Cars 2015 Award	January 2015

Best Imported Car of the Year	Jaguar XJ	dayoo.com	November 2014
Best British Luxury Brand	Jaguar	Walpole British Luxury Awards	November 2014
Automotive Performance, Execution and Layout	Land Rover	J.D. Power and Associates	September 2014
Best Coupe	Jaguar F-TYPE	Auto Express New Car Awards	July 2014
Queen's Award for Enterprise in International Trade	Jaguar Land Rover	Her Majesty the Queen	June 2014
Best Car Styling Luxury Brand	Jaguar	Kelley Blue Book	April 2014
Cabriolet of the Year	Jaguar F-TYPE	BBC Top Gear Awards	February 2014
Executive Car of the Year	Jaguar XF	Business Car Awards	January 2014

Environmental performance

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

Jaguar Land Rover is a global leader in the use of aluminum and other lightweight materials to reduce vehicle weight and improve fuel and CO₂ efficiency, and we believe that it is ahead of many of their competitors in the implementation of aluminum construction. For example, the Jaguar XE is the only vehicle in its class to use an aluminum intensive monocoque. Jaguar Land Rover plans to continue to build on this expertise and extend the application of aluminum construction as it develops a range of new products. The aluminum body architecture introduced on the Jaguar XE is also used in the new lightweight Jaguar XF and the new Jaguar F-PACE.

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

Jaguar Land Rover is also developing more efficient powertrains and other technologies. This includes smaller and more efficient 2.0-liter petrol engines, stop-start engines and hybrid engines. Jaguar Land Rover already produce smaller and more efficient diesel engines such as the 2.0-liter diesel engine used in its new Jaguar XE, XF, Discovery Sport, Evoque and F-PACE. The Range Rover and Range Rover Sport Diesel Hybrid, which are powered by downsized and more efficient engines and alternative powertrains, have both contributed to the improvement of their carbon footprint.

Jaguar Land Rover's current product line-up is the most efficient it has ever been, and the launch of new models has further improved the environmental performance of its vehicles. The aluminum 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 GBP 0/annum tax rate, and the new aluminum-intensive XF delivers improved fuel consumption and CO₂ emission performance. The all-aluminum Jaguar XJ 3.0-liter V6 twin turbo diesel and the 2.0-liter turbocharged gasoline engine options in the Range Rover Evoque, the Land Rover Discovery and the Jaguar XE, XF and XJ also offer improved fuel efficiency.

The most efficient version of the latest Range Rover Evoque emits less CO₂ than the prior model due to the introduction of the new 2.0-liter in-house diesel engine. The Discovery Sport has been developed to be the most versatile and capable Land Rover in its category with a range of four-cylinder turbocharged petrol and diesel engines. The new 2.0-liter in-house diesel manual engine joined the range in the first half of 2015. The 3.0-liter TDV6 Range Rover offers similar performance to the previous 4.4-liter TDV8 Range Rover, while fuel consumption and CO₂ emissions have been reduced. Jaguar Land Rover's first hybrid electric vehicles, the Range Rover and Range Rover Sport 3.0-liter SDV6 Hybrid, also offer significantly improved CO₂ emission performance.

Mitigating cyclical

The automobile industry is impacted by cyclical. To mitigate the impact of cyclical, we plan to continually strengthen our operations through gaining market share across different segments, and offering a wide range of products in diverse geographies. We also plan to continue to strengthen our business operations other than vehicle sales, such as financing of our 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 cyclical of the automotive industry.

Expanding our international business

Our international expansion strategy involves entering new markets where we have an opportunity to grow and introducing new products to existing markets in order to grow our presence in such markets. Our international business strategy has already resulted in the growth of our international operations in select markets and chosen segments over the last five years. Based on our internal assessments, in recent years, we have grown our market share across various African and Middle East markets such as Kenya, Nigeria, Tanzania, Saudi Arabia, United Arab Emirates and Qatar in addition to maintaining our dominant market position in the South Asian markets of Bangladesh, Nepal and Sri Lanka based on data compiled by our country managers. In keeping with our strategy to enter and grow in new regions, we have focused on business in the ASEAN countries, where in the past two years we entered Indonesia, Malaysia and the Philippines, and also in Australia.

We have also expanded our range through acquisitions and joint ventures. Our acquisition of Jaguar Land Rover significantly expanded our geographical presence. Through Jaguar Land Rover, we offer products in the premium performance car and premium all-terrain vehicle categories with globally recognized brands, and we have diversified our business across markets and product categories as a result. We intend to build upon the internationally recognized brands of Jaguar Land Rover. Our joint venture with the Thonburi Group, 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 2008, we established a joint venture company to undertake manufacture and assembly operations in South Africa, which has been one of our 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, in Fiscal 2016, sold 765 chassis.

Reducing operating costs

We believe that our scale of operations provides us with a significant advantage in reducing costs and we plan to continue to sustain and enhance this cost advantage.

Our ability to leverage our technological capabilities and our manufacturing facilities among our commercial vehicle and passenger vehicle businesses enables us to reduce cost. For example, the diesel engine used in our 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 us to reduce capital investment that would otherwise be required, while allowing us to improve the utilization levels at our manufacturing facilities. Where appropriate for us to do so, we intend to apply our existing low-cost engineering and sourcing capability to Jaguar Land Rover vehicles.

Our vendor relationships also contribute to our cost reductions. For example, we believe that the vendor rationalization program that we are undertaking will provide economies of scale to our vendors which would benefit our cost programs. We are also undertaking various internal and external benchmarking exercises that would enable us to improve the cost effectiveness of our components, systems and sub-systems.

We have intensified efforts to review and realign our cost structure through a number of measures such as reduction of manpower costs and rationalization of other fixed costs. Our 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, our Jaguar Land Rover business continues to increase its use of its new modular aluminum architecture across vehicle platforms, which we expect will result in common technology being more widely used 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 us, 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 us to improve performance and attain higher levels of efficiency in our businesses and in discharging our 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. Our adoption and implementation of this model seeks to ensure that our business is conducted through superior processes.

We have deployed a balance score card system for measurement-based management and feedback. We have also deployed a new product introduction process for systematic product development and a PLM system for effective product data management across our organization. We have adopted various processes to enhance the skills and competencies of our employees. We have also enhanced our performance management system, with appropriate mechanisms to recognize talent and sustain our leadership base. We believe these will enhance our 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, we intend to expand our vehicle financing activities to enhance our vehicle sales. In addition to improving its competitiveness in customer attraction and retention, we believe that expansion of its financing business would also contribute toward moderating the impact on our financial results from the cyclical nature of vehicle sales. To spur growth in the small commercial vehicles category, we have 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, we believe, improved customer satisfaction. TMFL's channel finance initiative and fee-based insurance support business have also helped improve profitability.

Continuing to invest in technology and technical skills

We believe we are one of the most technologically advanced indigenous vehicle manufacturers in India. Over the years, we have enhanced our technological strengths through extensive in-house research and development activities. Further, our research and development facilities at our subsidiaries, such as TMETC, TDCV, TTL, and Trilix, together with the two advanced engineering and design centers of Jaguar Land Rover, have increased our capabilities in product design and engineering. In our Jaguar Land Rover business, we are committed to continue to invest in new technologies to develop products that meet the challenges and opportunities of the premium market, including developing sustainable technologies to improve fuel economy and reduce CO₂ emissions. We consider technological leadership to be a significant factor in continued success, and therefore intend to continue to devote significant resources to upgrade our technological base.

Maintaining financial strength

Our cash flow from operating activities in Fiscal 2016 and 2015 was Rs.374,713 million and Rs.365,401 million, respectively. Our operating cash flows are primarily due to our Jaguar Land Rover business, implementation of cost reduction programs, and prudent working capital management. We have established processes for project evaluation and capital investment decisions with an objective to enhance our long-term profitability.

Leveraging brand equity

We believe customers associate the Tata name with reliability, trust and ethical value, and that our brand name is gaining significant international recognition due to the international growth strategies of various Tata companies. The Tata brand is used and its benefits are leveraged by Tata companies to their mutual advantage. We recognize the need for enhancing our brand recognition in highly competitive markets in which we compete with internationally recognized brands. We, along with Tata Sons and other Tata companies, will continue to promote the Tata brand and leverage its use in India, as well as in various international markets where we plan to increase our presence. Supported by the Tata brand, we believe our product brands such as the Indica, Indigo, Sumo, Safari, Aria, Venture, Nano, Ace, Magic and Prima, Daewoo, Jaguar, Range Rover and Land Rover are highly regarded, which we intend to continue to nurture and promote. At the same time, we will continue to build new brands, such as the newly launched SIGMA range of M&HCVs, and the Tiago, to further enhance our brand equity.

Our commercial vehicle initiative, Project Neev, provides a growth program for rural India designed to promote self-employment. Local, unemployed rural youth have been enrolled and trained to work from home as promoters of our commercial vehicles. Project Neev is currently operational in 19 states in India and has engagements in 456 districts and 3,613 sub-districts, which covers more than 470,500 villages. The rural penetration drive initiated through Project Neev has deployed an approximately 6,500 member dedicated team in towns and villages with populations of less than 50,000. Nearly 90,000 commercial vehicles have been sold since the commencement of this program, to which we attribute a 20% increase in the volume of small commercial vehicle sales. Project Neev currently completed its fifth wave of expansion, and we anticipate that it will operate in all major states across the country within the next couple of years. This program has been appreciated and recognized in various forums, such as the Rural Marketing Association of India Flame Awards for excellence in the field of rural marketing.

In light of the positive response received by “Truck World: Advanced Trucking Expo”, which was launched in Fiscal 2015, we organized six Truck World events this year—at Kolkata, Bhubaneswar, Indore, Gandhidham, Hubli and Jaipur. This exposition showcases our offering of medium and heavy commercial vehicles, alongside our own service-related brands, such as Tata Genuine Parts, Tata Delight and Tata FleetMan. In Fiscal 2016, we introduced Program Transcend, a unique initiative to empower the next-gen entrepreneurs and also launched a driver engagement initiative called “Ek Shaam Saarthi Ke Naam”.

Another initiative through our commercial vehicles business is TATA-OK. TATA-OK seeks to promote our commercial vehicles by capturing new customer segments (such as economical and used vehicle buyers), promoting the sale of new vehicles through the exchange of used commercial vehicles at our dealerships, increasing the resale value of its commercial vehicles products, and facilitating deeper customer engagement and thereby promoting brand loyalty. TATA-OK has completed five years of operation, including a pilot year, which retailed over 23,600 transactions in Fiscal 2016 through over 460 retailers.

We offer a variety of support products and services for its customers. Tata FleetMan, our telematics and fleet management service, is designed to enable the commercial sector to boost productivity and profitability. With the goal of bringing the most advanced technology in this area to its customers, we have entered into a partnership with UK-based Microlise Limited to introduce global standards of telematics and fleet management solutions into the Indian logistics and transport industry, to enhance Tata FleetMan’s telematics systems through upgrades of the underlying technology and to develop the next generation of fleet telematics solutions for the Indian transport industry. Original equipment fitment of Tata Fleetman commenced in Fiscal 2016, and we have covered All Prima (Cargo & Tippers), LPS 3518 and LPS 4018. Tata Motors Loyalty Programs (Tata Delight and Tata Emperor) were recognized by DMA Asia ECHO™ Awards and PMAA Dragons of Asia in December 2015.

In Fiscal 2016, we launched a new initiative, TATA Zippy, which involves a promise to deliver a vehicle after repair within 48 hours or else pay a penalty to the customer. We also introduced Tata Kavach which delivers an accidental vehicle in 15 days post approval by the insurance company or else pay a penalty to the customer. Tata Alert continues to provide breakdown assistance by promising to respond to the breakdown site within four hours of notification and to return the vehicle to the road within 48 hours. This was coupled with the introduction of new services, such as the Tata on-site service and parts support through the use of container workshops. These workshops are an on-site service support system that deploy a container on-site, which houses the repair equipment, while the repairs are done in the open. In addition, we offer an on-demand annual maintenance contracts, or AMC, service, which provides customized AMC support for significant customers, such as large fleet owners.

We offer triple benefit insurance products for certain of our commercial vehicles which provide coverage for zero depreciation, loss of revenue, and replacement for total loss in case of accident. We offer a warranty of 4 years/400,000 kilometers on drivelines for its entire range of heavy trucks with 25 tons and higher GVW and extended the same to its 16T GVW truck range, effective from March 2014 onwards.

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

- Cargo Carrier of the Year - Tata LPS 4923
- School Bus of the Year - Tata Cityride Skool Bus
- Special Application CV of the Year - Tata MHC 2038
- CV Dealer of the Year - Bhandari Automotive (a Tata Motors dealership)
- Pick-up of the Year - Super Ace Mint

In order to cultivate safe practices of school bus riders, promote our brand image and build connections with school bus riders and stakeholders, such as children, parents and school authorities, Tata Motors launched two flagship programs—Dream it to Win it and Humare Bus Ki Baat Hain. Season 2 of Humare Bus Ki Baat Hain this year covered 555 schools in 92 cities with over 26500 school staff participating. In Fiscal 2015, we launched Tata SKOOLMAN, a student and school bus safety initiative, which is a telematics-based tracking solution, as a standard accessory for Tata Ultra range of school buses. We organized a ‘School Bus Expo’ in Bangalore, in which we exhibited our entire range of school buses and vans, namely the Iris, Magic, Winger, CityRide EX, Starbus and the Starbus Ultra. We also showcased Tata Skoolman, the telematics-based tracking solution.

This year we also organized Season 3 of the Prima Truck Racing Championship Season 3, which drew in over 55,000 spectators. Entering Season 3, the highlight this year was the first race ever that involved Indian truck racing talent that was trained and nurtured in India. Tata Motors conceptualized and introduced an Indian Driver Training & Selection program called the “T1 Racer Program” to induct and train Indian truck drivers to become “racers”. This program will not only enhance driving skills, but also has an ultimate goal of creating well-rounded truck drivers.

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

Overview of Automotive Operations

We sold 1,064,596, 997,550 and 1,020,546 units in Fiscal 2016, 2015 and 2014, respectively, consisting of 520,511 units of Tata and other brand vehicles and 544,085 units (including retail sales from the China Joint Venture) of Jaguar Land Rover vehicles in Fiscal 2016. In terms of units sold, our largest market is India where we sold 452,260 and 461,513 units during Fiscal 2016 and 2015 (constituting 42.5% and 46.3% of total sales in Fiscal 2016 and Fiscal 2015, respectively), followed by Europe, where we sold 130,241 units and 89,722 units in Fiscal 2016 and 2015, respectively (constituting 12.2% and 9.0% of total sales in Fiscal 2016 and 2015, respectively). A geographical breakdown of our revenue is set forth in Item 5.A “Operating Results—Geographical breakdown”.

Our total sales (including international business sales, Jaguar Land Rover sales and sales by our China Joint Venture) in Fiscal 2016, 2015 and 2014 are set forth in the table below:

Category	Year ended March 31					
	2016		2015		2014	
	Units	%	Units	%	Units	%
Passenger cars	212,152	19.9%	199,824	20.0%	204,075	20.0%
Utility vehicles	461,491	43.4%	420,533	42.2%	383,871	37.6%
Light Commercial Vehicles	205,531	19.3%	222,006	22.3%	296,873	29.1%
Medium and Heavy Commercial Vehicles	185,422	17.4%	155,187	15.5%	135,727	13.3%
Total	1,064,596	100.0%	997,550	100.0%	1,020,546	100.0%

Tata and other brand vehicles

The following table sets forth our total sales of Tata and other brand vehicles:

Category	Year ended March 31					
	2016		2015		2014	
	Units	%	Units	%	Units	%
Passenger cars	110,046	21.1%	121,741	23.2%	123,431	21.0%
Utility vehicles	19,512	3.8%	25,588	4.9%	32,626	5.5%
Light Commercial Vehicles	205,531	39.5%	222,006	42.3%	296,873	50.4%
Medium and Heavy Commercial Vehicles	185,422	35.6%	155,187	29.6%	135,727	23.1%
Total	520,511	100.0%	524,522	100.0%	588,657	100.0%

Our overall vehicle sales for Tata and other brand vehicles decreased by 0.8% to 520,511 units in Fiscal 2016 from 524,522 units in Fiscal 2015. However, revenue attributable to Tata and other brand vehicles (before inter-segment elimination) increased by 9.6% to Rs.490,344 million in Fiscal 2016, compared to Rs.447,218 million in Fiscal 2015.

India is the major market for Tata and other brand vehicles. In India, due to higher spending on gross capital formation, slowing inflation, and lowering interest rates and crude oil price compared to the previous fiscal year, some sectors of the economy have started showing signs of revival and higher growth. Both fiscal and current account deficits in India remained relatively stable, which contributed to overall economic growth.

In Fiscal 2016, the GDP of India increased by 7.6%, as compared to an increase of 7.2% in Fiscal 2015 (based on data from the Ministry of Statistics and Programme Implementation). Growth in Agriculture and Industry increased in Fiscal 2016 by 1.1%, as compared to a decline of 0.2% in Fiscal 2015, while growth in the services sector increased by 9.2% in Fiscal 2016 as compared to 10.3% in Fiscal 2015. Growth in the Index of Industrial Production, or IIP, increased by 2.4% in Fiscal 2016, as compared to 2.8% in Fiscal 2015. Significant factors influencing IIP growth in Fiscal 2016 included a 2.2% increase in the mining sector, compared to 1.4% in Fiscal 2015, which was mainly due to an increase in coal production. The manufacturing sector grew 2.0%, compared to 2.3% in Fiscal 2015, and electricity services increased by 5.6% in Fiscal 2016, as compared to 8.0% in Fiscal 2015. The consumer durables grew by 12.4% in Fiscal 2016, as compared to a decline of 12.5% in Fiscal 2015.

The Indian automotive industry witnessed growth of 8.0% in Fiscal 2016, compared to 2.4% in Fiscal 2015. Falling crude prices, lower inflation, resumption of manufacturing and mining activities, and lower interest rates in Fiscal 2016 contributed to an improvement in consumer sentiment, which in turn contributed to an increase in automobile purchases. Expectations of higher capital expenditures and revivals in the mining, quarrying and manufacturing sectors contributed to replacements of old vehicles in commercial fleets, which in turn contributed to growth in the domestic auto industry.

We sold 520,511, 524,522, and 588,657 units of Tata and other brand vehicles in Fiscal 2016, 2015 and 2014, respectively. Of the 520,511 units sold overall in Fiscal 2016, we sold 452,260 units of Tata and other brand vehicles in India, while 68,251 units were sold outside of India, compared to 461,513 units and 63,009 units, respectively, in Fiscal 2015. Our share of the Indian four wheeler automotive vehicle market, which consists of automobile vehicles other than two- and three-wheeler categories, decreased from 14.1% in Fiscal 2015 to 13.1% in Fiscal 2016. We maintained our leadership position in the commercial vehicle category in the industry, which was characterized by increased competition during the year. The passenger vehicle market also continued to be subject to intense competition. A principal reason for the decline in the volume of sales of Tata and other brand vehicles, mainly light commercial vehicles, is the potential customers' lack of available funds. High default rates in loans alongside early delinquencies has led financiers to tighten lending norms, for example, by lowering the loan-to-value ratio on new financings, while focusing on collection of existing loans.

The following table sets forth our market share in various categories in the Indian market based on wholesale volumes:

<u>Category</u>	<u>Year ended March 31</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Passenger cars ¹	5.3%	5.9%	6.1%
Utility vehicles ²	2.7%	3.7%	5.0%
Light commercial vehicles ³	42.2%	47.0%	53.9%
Medium and heavy commercial vehicles	51.9%	54.4%	54.9%
Total Four-Wheel Vehicles	<u>13.1%</u>	<u>14.1%</u>	<u>16.5%</u>

Source: Society of Indian Automobile Manufacturers Report and our internal analysis.

¹ Passenger Cars market share data includes sales of Fiat vehicles distributed by us and Jaguar Land Rover vehicles sold in India.

² Utility Vehicles market share data includes the market share for Vans V1 category (i.e., Tata Venture) and excludes Vans V2 segment (i.e., Tata Ace Magic).

³ Light Commercial Vehicles market share data includes the market shares for Vans V2 category (i.e., Tata Ace Magic) in accordance with SIAM's classification of passenger vehicles.

Passenger vehicles in India

Industry-wide sales of passenger vehicles grew by 7.6% in Fiscal 2016, compared to 5.5% in Fiscal 2015. The growth in sales volumes was reflected across both passenger vehicle categories and was primarily attributable to reduced fuel prices, improved consumer sentiment, and lower interest rates. Hatchback sales remained flat, but sedans continued to show significant growth with new launches. The utility vehicle category has also shown growth, mainly with strong performances in softroad SUVs and multi-purpose vehicles.

Notwithstanding growth in the Indian passenger vehicle sector, our passenger vehicle sales in India decreased by 12.7% to 125,477 units in Fiscal 2016 from 143,720 units in Fiscal 2015, due to fewer new-product offerings by us, compared to our competitors.

Passenger Cars

During Fiscal 2016, in the passenger car category, our sales decreased by 10.5% to 106,733 units from 119,203 units in Fiscal 2015, primarily due to fewer product offerings. Our overall market share of passenger cars in India was lower at 5.3% in Fiscal 2016, as compared to 5.9% during Fiscal 2015, primarily due to industry-wide competition and declining demand for diesel vehicles.

Utility vehicles

Our sales in the utility vehicles category decreased by 23.5% in Fiscal 2016 to 18,744 units from 24,517 units in Fiscal 2015. Our share in the overall utility vehicles category has declined mainly due to a lack of presence in the growing compact SUV and softroad categories, resulting in our overall market share of utility vehicles in India decreasing to 2.7% in Fiscal 2016 from 3.7% during Fiscal 2015.

Commercial vehicles in India

Sales of commercial vehicles in India increased by 9.6% in Fiscal 2016, compared to a decrease of 8.4% in Fiscal 2015. However, in Fiscal 2016, we recorded commercial vehicle sales of 326,783 units, as compared to 317,793 units in Fiscal 2015, registering an increase of 2.8%, as compared to a decrease of 15.9%.

M&HCVs

Industry-wide sales in the M&HCV category increased by 30.3% in Fiscal 2016, as compared to 15.9% in Fiscal 2015. Pending fleet replacements, a recent trend in gradual improvement in operating environment for fleet operators due to relatively higher freight rates, a correction in diesel prices, some improvement in cargo availability, market expectations of an increase in investments in infrastructure, as well as manufacturing space, and a renewal of mining and construction activities have contributed to the increase in M&HCV sales in Fiscal 2016.

In Fiscal 2016, our sales in the M&HCV category increased by 24.3% to 157,120 units in Fiscal 2016 from 126,368 units in Fiscal 2015, primarily due to an industry-wide increase in M&HCV sales.

Our overall market share of M&HCV sales in India decreased to 51.9% in Fiscal 2016 from 54.4% in Fiscal 2015, primarily due to increased competition.

LCVs

The increase in sales in the M&HCV category was marginally offset by a decrease of sales in the LCV category by 2.1% to 401,908 units in Fiscal 2016 from 410,528 units in Fiscal 2015. Demand in the light commercial vehicles category was affected primarily by lower freight transportation needs due to high-capacity additions to fleets over recent years, financing defaults and tightened lending norms, all of which continue to impede the recovery in sales of small commercial vehicles.

Our sales in the LCV category declined by 11.4% to 169,663 units in Fiscal 2016 from 191,425 units in Fiscal 2015 due to the factors affecting the LCV market industry wide. Our overall market share of LCV sales in India decreased to 42.2% in Fiscal 2016 from 46.6% during Fiscal 2015.

Tata and other brand vehicles—Exports

International business has consistently expanded and has been ongoing since 1961. We have a global presence in more than 45 countries, including the South Asian Association for Regional Cooperation, South Africa, Africa, Middle East, Southeast Asia and Ukraine. We market a range of products including M&HCV trucks, LCV trucks, buses, pickups and small commercial vehicles. Our international business has also been bolstered by the entry into the ASEAN region, including Indonesia, Malaysia, Philippines, as well as with the introduction of our new range of world-class products, the Prima and the Ultra, in various markets during Fiscal 2016, which we anticipate offering in additional markets in Fiscal 2017.

Our overall sales in international markets increased by 8.3% to 68,251 units in Fiscal 2016 from 63,009 units in Fiscal 2015. Our exports of vehicles manufactured in India increased by 16.1% in Fiscal 2016 to 55,698 units from 47,961 units in Fiscal 2015. The improvement of the geopolitical situation in the South Asian Association for Regional Cooperation region has contributed to an increase in investment in capital goods, which has helped us to improve volumes in this region generally, and particularly in Bangladesh. In addition, the launch of new models in the Middle East and Africa region, along with the opening up of new markets in this region, contributed to an increase in international sales volumes. Our top five export destinations for vehicles manufactured in India, that is, Bangladesh, Sri Lanka, Nepal, South Africa and Indonesia, accounted for approximately 79% and 93% of the exports of commercial vehicles and passenger vehicles, respectively. We intend to strengthen our position in the geographic areas we are currently operating in and explore possibilities of entering new markets with similar market characteristics to the Indian market.

TDCV, our subsidiary company engaged in the design, development and manufacturing of M&HCVs, witnessed a decline in the overall sales by 22.1% to 9,067 units in Fiscal 2016 from 11,640 units in Fiscal 2015. In the South Korean market, TDCV's sales have increased by 3.4% from 6,808 units in Fiscal 2015 to 7,036 units in Fiscal 2016, primarily due to newly introduced Euro 6 models. However, the export market scenario was very challenging. Factors, such as low oil prices, local currency depreciation against the U.S. dollar, new 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 Algeria, Russia, Vietnam, South Africa, and Gulf Cooperation Countries. In Fiscal 2016, TDCV exported 2,031 units, lower by 58.0%, as compared to 4,832 units in Fiscal 2015.

Tata and other brand vehicles—Sales and Distribution

Our sales and distribution network in India as at March 2016 comprised approximately 3,887 contact points for sales and service for our passenger and commercial vehicle business. Our subsidiary, TML Distribution Company Limited, or TDCL, acts as a dedicated distribution and logistics management company to support the sales and distribution operations of our vehicles in India. We believe this has improved the efficiency of our selling and distribution operations and processes. We use a network of service centers on highways and a toll-free customer assistance center to provide 24-hour on-road maintenance, including replacement of parts, to vehicle owners.

TDCL provides distribution and logistics support for vehicles manufactured at our facilities and has set up stocking points at some of our plants and at different places throughout India. TDCL helps us improve planning, inventory management, transport management and timing of delivery. We have completed the initial rollout of a new customer relations management system, or CRM, at all of our dealerships and offices across the country, which supports users both at our company and among our distributors in India and abroad.

We market our commercial and passenger vehicles in several countries in Africa, the Middle East, South East Asia, South Asia, Australia, Russia and the Commonwealth of Independent States countries. We have a network of distributors in all such countries, where we export our vehicles. Such distributors have created a network of dealers and branch offices and facilities for sales and after-sales servicing of our products in their respective markets. We have also stationed overseas resident sales and service representatives in various countries to oversee our operations in the respective territories.

Tata and other brand vehicles—Competition

We face competition from various domestic and foreign automotive manufacturers in the Indian automotive market. Improving infrastructure and robust growth prospects compared to other mature markets have attracted a number of international companies to India who 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. We have designed our products to suit the requirements of the Indian market based on specific customer needs, such as safety, driving comfort, fuel efficiency and durability. We believe that our vehicles are suited to the general conditions of Indian roads and the local climate. The vehicles have also been designed to comply with applicable environmental regulations currently in effect. We also offer a wide range of optional configurations to meet the specific needs of our customers. We intend to develop and are developing products to strengthen our product portfolio in order to meet the increasing customer expectation of owning world-class products.

Tata and other brand vehicles—Seasonality

Demand for our vehicles in the Indian market is subject to seasonal variations. Demand generally peaks between January and March, although there is a decrease in demand in February just before release of the Government of India's 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 model year change.

Tata and other brand vehicles—Vehicle Financing

Through our vehicle financing division and a subsidiary, TMFL, we also provide financing services to purchasers of our vehicles through our independent dealers, who act as our agents, and through our branch network. 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 automotive business.

TMFL disbursed Rs.89,850 million and Rs.73,156 million in vehicle financing during Fiscal 2016 and 2015, respectively. During Fiscal 2016 and 2015, approximately 23% and 24%, respectively, of our vehicle unit sales in India were made by the dealers through financing arrangements where our captive vehicle financing divisions provided the support. Total vehicle finance receivables outstanding as at March 31, 2016 and 2015 amounted to Rs.163,370 million and Rs.158,016 million, respectively. As at March 31, 2016 and 2015, our customer finance receivable portfolio comprised 584,101 and 687,580 contracts, respectively. We follow specified internal procedures, including quantitative guidelines, for selection of our finance customers and assist in managing default and repayment risk in our portfolio. We originate all of the contracts through our authorized dealers and direct marketing agents with whom we have agreements. All our marketing, sales and collection activities are undertaken through dealers or by TMFL.

We securitize or sell our finance receivables on the basis of the evaluation of market conditions and funding requirements. The constitution of these pools is based on criteria that are decided by credit rating agencies and/or based on the advice that we receive regarding the marketability of a pool. We undertake these securitizations of our receivables due from purchasers by means of private placement.

We act as collection agent on behalf of the investors, representatives, special purpose vehicles or banks, in whose favor the receivables have been assigned, for the purpose of collecting receivables from the purchasers on the terms and conditions contained in the applicable deeds of securitization, in respect of which pass-through certificates are issued to investors in case of special purpose vehicles, or SPVs. We also secure the payments to be made by the purchasers of amounts constituting the receivables under the loan agreements to the extent specified by rating agencies by any one or all of the following methods:

- furnishing collateral to the investors, in respect of the obligations of the purchasers and the undertakings to be provided by us;
- furnishing, in favor of the investors, 14.50% of the gross receivables as cash collateral, for securitizations done through Fiscal 2014, either by way of a fixed deposit or bank guarantee to secure the obligations of the purchasers and our obligations as the collection agent, based on the quality of receivables and rating assigned to the individual pool of receivables by the rating agency(ies); and
- by way of over-collateralization or by investing in subordinate pass-through certificates to secure the obligations of the purchasers.

For further details, see Note 35(b) to our consolidated financial statements included elsewhere in this annual report on Form 20-F.

Jaguar Land Rover

In Fiscal 2016, Jaguar Land Rover's wholesale volumes were 544,085 units (including wholesales from our China Joint Venture), up 15.0%, compared to Fiscal 2015, primarily driven by the success of the new Land Rover Discovery Sport and Jaguar XE. Jaguar wholesale volume in Fiscal 2016 was 102,106 units (up 33.5%), and Land Rover wholesale volume was 441,979 (up 12.2%). Wholesales of Jaguar's all-new luxury performance SUV, the F-PACE, also commenced in the fourth quarter of Fiscal 2016, and we expect sales to ramp up given the positive reception in the market and a strong order book. Wholesale volume continued to grow year-on-year in the United Kingdom (up 26.2%), North America (up 37.7%) and Europe (up 45.2%) and in other overseas markets (up 0.9%). Wholesale volumes in China decreased by 17.3% in Fiscal 2016, compared to Fiscal 2015, as softer economic conditions in China, as well as the timing of new product launches, adversely impacted volumes during the year. However, sales in China improved during the last quarter of Fiscal 2016, up 28.3%, primarily driven by the continued success of new models, such as the Discovery Sport, now produced at the China Joint Venture, and the imported Jaguar XE, while wholesale volumes of more established models such as the F-TYPE, Range Rover and Range Rover Sport also grew in the fourth quarter of Fiscal 2016, compared to the same quarter last year.

Our total wholesale (including wholesale units sold from the China Joint Venture) volume for Jaguar Land Rover in Fiscal 2016, 2015 and 2014 are set forth in the table below:

	Fiscal 2016		Fiscal 2015		Fiscal 2014	
	Units	%	Units	%	Units	%
Jaguar	102,106	18.8%	78,083	16.5%	80,644	18.7%
Land Rover	441,979	81.2%	394,945	83.5%	351,245	81.3%
Total	544,085	100.0%	473,028	100.0%	431,889	100.0%

The strengths of the Jaguar Land Rover business include its internationally recognized brands, strong product portfolio of award-winning luxury performance cars, luxury performance SUVs and premium all-terrain vehicles and a global distribution network, strong research and development capabilities and a strong management team.

Retail volumes (including retail sales from the China Joint Venture) in Fiscal 2016 increased by 12.8% to 521,571 units from 462,209 units in Fiscal 2015 primarily driven by strong sales of the Jaguar XE and Land Rover Discovery Sport, as well as solid performance by the iconic Land Rover Defender in its run-out year. Retail volumes of more established models, such as the Land Rover Discovery, Range Rover and Range Rover Sport, also grew year-on-year, while the sales of the more mature Jaguar XF and XJ were softer, impacted by the launch of the new lightweight XF and refreshed 2016 Model Year XJ in September 2015 and December 2015 respectively. Retail sales of the Range Rover Evoque were down 11% in Fiscal 2016, compared to Fiscal 2015 due to the transition of localized production to the China Joint Venture, as well as a general slowdown in the Chinese economy. However, total retail sales of the Evoque strengthened in the final quarter (up 6%) as sales of the model increased in China, Europe and the United Kingdom year-on-year. By brand, Jaguar retail volumes increased by 22.8% to 94,449 units in Fiscal 2016 compared to 76,930 units in Fiscal 2015, while Land Rover retail volumes increased by 10.9% to 427,122 units in Fiscal 2016 from 385,279 units in Fiscal 2015.

United Kingdom

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

North America

Economic performance in North America (the United States and Canada) generally continued to strengthen over the year, as unemployment continued to fall, lower inflation driven by lower energy prices increased disposable incomes, and consumer confidence continued to grow, despite the rise in interest rates in the United States, contributing to an industry-wide increase in passenger car sales of 3.1% in the United States in Fiscal 2016 compared to Fiscal 2015. Jaguar Land Rover retail volumes in North America increased by 27.1% to 99,606 units in Fiscal 2016 from 78,372 units in Fiscal 2015, with a 35.1% increase in Land Rover retail volumes, primarily driven by the Land Rover Discovery Sport, Land Rover Discovery and Range Rover. Retail sales of the Range Rover Sport and Range Rover Evoque also grew, albeit more moderately, in Fiscal 2016. Jaguar retail volumes in North America decreased by 2.0% as the impact of the discontinued XK and softer XJ sales were only partially offset by increased sales volumes of the XF and F-TYPE. The Jaguar XE and F-PACE have recently been launched in North America and both went on general retail sale in May 2016.

Europe

Passenger car sales increased by 8.1% industry-wide in Europe, as the impact of quantitative easing and other policy action supported low but steady growth, despite the impact of terrorist attacks during the year. Jaguar Land Rover volumes in Europe increased by 42.0% to 124,734 units in Fiscal 2016 from 87,863 units in Fiscal 2015, with sales particularly strong in Germany, Italy, France and Spain. Land Rover volumes increased by 32.7% in Fiscal 2016, primarily driven by strong sales of the Discovery Sport, Range Rover and Range Rover Sport, as well as the Defender. Retail sales of the Evoque also grew modestly in Fiscal 2016 compared to Fiscal 2015. Jaguar volumes increased by 116.5% in Fiscal 2016, as sales of the new XE more than doubled Jaguar volumes in Europe, partially offset by softer sales of the XF and XJ due to the transition to the new XF and refreshed XJ in the second half of the year.

China

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

Overseas markets

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

We sold 2,844 units of Jaguar Land Rover vehicles in India through our exclusive dealerships in Fiscal 2016, marginally decreased by 1.0% compared to the 2,873 units sold in Fiscal 2015, supported by the manufacture of the Jaguar XE, XF, XJ, Range Rover Evoque and Land Rover Discovery Sport in India (vehicles assembled and sold in India are not subject to certain import duties). We expect that the continued efforts toward dealership network expansion and local manufacturing of Jaguar Land Rover products will enable us to further penetrate the premium/luxury automotive passenger car market in India.

Jaguar Land Rover—Sales & Distribution

As at March 31, 2016, we distributed our vehicles in approximately 123 markets across the world for Jaguar and approximately 153 markets across the world for Land Rover. Sales locations for our vehicles are operated as independent franchises. We are represented in our key markets through NSCs, 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.

Our products are sold through a variety of sales channels: through our dealerships for retail sales and for sale to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies, and governments. We 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 our business.

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

Jaguar Land Rover—Competition

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

Jaguar Land Rover—Seasonality

Jaguar Land Rover volumes are impacted by the biannual change in age-related registration plates of vehicles in the United Kingdom, 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

In addition to our automotive operations, we are also involved in other business activities, including information technology services. Net revenues, before inter-segment elimination, from these activities totaled Rs.29,116 million, Rs.27,152 million and Rs.24,989 million in Fiscal 2016, 2015 and 2014, respectively, representing nearly 1.1%, 1.0% and 1.1% of our total revenues before inter-segment elimination in the corresponding Fiscal periods.

Information Technology Services

As at March 31, 2016, we owned a 72.32% equity interest in our subsidiary, TTL. TTL, founded in 1994 and a part of Tata Motors Group, provides product development IT services solutions for PLM and Enterprise Resource Management, or ERM, to automotive, aerospace and consumer durables manufacturers and their suppliers. TTL's services include product design, analysis and production engineering, knowledge-based engineering, PLM, ERM and CRM systems. TTL also distributes, implements and supports PLM products from leading solution providers in the world, such as Dassault Systems and Autodesk.

TTL has its international headquarters in Singapore, with regional headquarters in the United States, India and the United Kingdom. In Fiscal 2014, TTL acquired Cambric Corporation, an engineering services organization, to achieve greater domain expertise and presence in the industrial equipment sector. TTL has a combined global workforce of around 8,087 professionals serving clients worldwide from facilities in the North America, Europe, and Asia Pacific regions. TTL responds to customers' needs through its subsidiary companies and through its offshore development centers in India, Thailand and Romania. TTL had 14 functional subsidiary companies and one joint venture as at March 31, 2016.

The consolidated revenues of TTL increased by 2.7% in Fiscal 2016 to Rs.26,871 million (including sales to Tata Motors Limited and its consolidated subsidiaries) from Rs.26,170 million in Fiscal 2015, due to operations in the automotive and aerospace markets. TTL recorded profit after tax of Rs.3,791 million in Fiscal 2016, reflecting an increase of 13.2% over Rs.3,349 million in Fiscal 2015.

Research and Development

Over the years, we have devoted significant resources toward our research and development activities. Our research and product development costs in Fiscal 2016, 2015 and 2014 were Rs.34,688 million, Rs.28,515 million and Rs.25,651 million, respectively. Our research and development activities focus on product development, environmental technologies and vehicle safety. In India, our 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.

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

We use a three-horizon strategy for managing our engineering and technology initiatives. The first-horizon involves products that we are currently working on to bring to the market. The second-horizon involves researching known technologies that Tata Motors may not be entirely familiar with at the present time but are needed for future products. Finally, the third-horizon is for "blue sky" research projects and projects aimed at fostering a culture of innovation in our company. Besides its own global network spanning across India, the United Kingdom and Italy, Tata Motors also has relationships with various universities based outside of India, including the University of Warwick in the United Kingdom and also institutions in the United States. The main endeavor, which Tata Motors has is to continuously search for innovative projects in the second and third horizons to integrate promising projects into the main stream projects in the first-horizon.

We have 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. In terms of physical assets used for product validation and testing, Tata Motors 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.

We plan to continue our endeavor in the research and development space to develop technologies, skill sets and competencies that will help us meet future product portfolio requirements. 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. Also, Tata Motors aims for timely and successful conclusion of technology projects so that the technology products begin induction into mainstream products, which will lead to a promising future product portfolio.

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 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 centers 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 endeavors 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 diesel variants of the Range Rover and Range Rover Sport, and conducts research and development related to the further application of alternative fuels and technologies, including electrification, to further improve the environmental performance of its vehicles, including the reduction of CO₂ emissions.

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

Intellectual Property

We create, own, and maintain a wide array of intellectual property assets throughout the world that are among our most valuable assets. Our intellectual property assets include patents, trademarks, copyrights, designs, trade secrets and other intellectual property rights. We proactively and aggressively seek to protect our intellectual property in India and other countries.

We own a number of patents and have applied for new patents which are pending for grant in India, as well as in other countries. We have also filed a number of patent applications outside India under the Patent Cooperation Treaty, which we expect will be effective in other countries going forward. We also obtain new patents as part of our ongoing research and development activities.

We own registrations for a number of trademarks and have pending applications for registration of these in India, as well as in other countries. The registrations mainly include trademarks for our vehicle models and other promotional initiatives. We use the Tata brand, which has been licensed to us by Tata Sons. We believe that establishment of the Tata word mark and logo mark in India and around the world is material to our operations. As part of our acquisition of TDCV, we have 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 our Jaguar Land Rover business, ownership (or co-ownership, as applicable) of core intellectual property associated with Jaguar Land Rover was transferred to us; 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 us 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 our intellectual property is important to us. In particular, the Tata, Jaguar, Land Rover and Range Rover brands are integral to the conduct of our business, a loss of which could lead to dilution of our brand image and have a material adverse effect on our business.

Components and Raw Materials

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

Our sourcing department in India has two divisions, namely, purchasing and supplier quality, or P&SQ, and supply chain management. P&SQ includes purchase program management, or PPM. The reorganization was done with a view to establish and define responsibility and accountability in the sourcing department. Purchasing oversees the commercial aspects of product sourcing. Our supplier quality department is primarily responsible for development of new components and maintaining the quality of supplies that we purchase. Our supply chain department oversees the logistics of the supply and delivery of parts from our suppliers, while PPM oversees execution of new projects.

As part of our strategy to become a value for money vehicle manufacturer, we have undertaken various initiatives to reduce our fixed and variable costs. In India we started an e-sourcing initiative in 2002, pursuant to which we procure some supplies through reverse auctions. We also use external agencies as third-party logistic providers. This has resulted in space and cost savings. Our initiatives to leverage information technology in supply chain activities have resulted in improved efficiency through real time information exchange and processing with our suppliers.

We have an established supplier quality sixteen step process in order to ensure quality of outsourced components. We formalized the component development process using Automotive Industry Action Group guidelines. We also have a program for assisting suppliers from whom we purchase raw materials or components to maintain quality. Preference is given to suppliers with TS 16949 certification. We also maintain a stringent quality assurance program that includes random testing of production samples, frequent re-calibration of production equipment and analysis of post-production vehicle performance, as well as an ongoing dialogue with supplier partners to eliminate production defects.

We are also exploring opportunities for increasing the global sourcing of parts and components from low cost countries, and have in place a supplier management program that includes supplier base upgradation, supplier quality improvement and supplier satisfaction surveys. We have begun to include our supply chain in our initiatives on social accountability and environment management activities, including supply chain carbon footprint measurement and knowledge sharing on various environmental aspects.

The principal materials and components required for use in our Jaguar Land Rover vehicles are steel and aluminum sheets, aluminum 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 and 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. We have long-term purchase agreements for critical components, such as transmissions, with ZF Friedrichshafen AG and for engines with Ford. 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 their requirements for parts and components, and we endeavor to work closely with our suppliers to form short- and medium-term plans for our business. We have established quality control programs to ensure that externally purchased raw materials and components are monitored and meet our 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 programs include site engineers who regularly interface with suppliers and carry out visits to supplier sites to ensure that 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 Jaguar Land Rover plants, who provide the link between the site engineers and the plants. Jaguar Land Rover has in the past worked, and is expected to continue to work, with its suppliers to optimize their procurements, including the sourcing of certain raw materials and component requirements from low-cost countries.

Although Jaguar Land Rover has commenced the production of its own in-house 2.0-liter, four-cylinder engines (first installed in the Jaguar XE, which went on retail sale in May 2015), at present we continue to source a large proportion of our engines from Ford. Separately, the supply of engines sourced through the Ford-PSA joint venture ceased in October 2015.

Suppliers

We have an extensive supply chain for procuring various components. We also outsource many manufacturing processes and activities to various suppliers. In such cases, we provide training to external suppliers who design and manufacture the required tools and fixtures.

Our 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.

Our 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. We continue to work with our suppliers for our Jaguar Land Rover business to optimize procurements and enhance our supplier base, including for the sourcing of certain of our 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 we believe may lead to the development of a low-cost supplier base for Jaguar Land Rover.

In India, we have established vendor parks in the vicinity of our manufacturing operations and vendor clusters have been formed at our 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.

As part of our pursuit of continued improvement in procurement, we have integrated our system for electronic interchange of data with our suppliers. This has facilitated real time information exchange and processing, which enables us to manage our supply chain more effectively.

We have established processes to encourage improvements through knowledge sharing among our vendors through an initiative called the Vendor Council, which consists of our 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 us and the suppliers: quality, efficiency, relationships and new technology development.

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

Ford has been and continues to be a major supplier of parts and services to Jaguar Land Rover. In connection with our acquisition of Jaguar Land Rover in June 2008, long-term agreements were entered into with Ford for technology sharing and joint development providing technical support across a range of technologies focused mainly around power train engineering so that we may continue to operate according to the existing business plan. This includes an EuCD platform, a shared platform consisting of shared technologies, common paths and systems. The EuCD platform is owned by Ford and is shared among Land Rover, Ford and Volvo cars.

Supply agreements aligned to the business cycle plan were entered into with Ford for (i) the long-term supply of engines developed by Ford and (ii) engines developed by Jaguar Land Rover but manufactured by Ford.

Following the global financial crisis and its cascading effect on the financial health of our suppliers, we have commenced efforts to assess supplier financial risk.

Suppliers are appraised based on our 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.

Capital and Product Development Expenditures

Our capital expenditure totaled Rs.306,233 million, Rs.335,771 million and Rs.272,832 million during Fiscal 2016, 2015 and 2014, respectively. Our capital expenditure during the past three Fiscal years related primarily to new product development and capacity expansion for new and existing products to meet market demand as well as investments toward improving quality, reliability and productivity that are each aimed at increasing operational efficiency.

We intend to continue to invest in our business units in general, and in research and product development in particular, over the next several years in order to improve our existing product range, develop new products and platforms and to build and expand our portfolio in the passenger vehicle and commercial vehicle categories. We believe this will strengthen our position in the Indian automotive market and help us to grow our market share internationally.

As part of this future growth strategy, we plan to make investments in product development, capital expenditure in capacity enhancement, plant renewal and modernization and to pursue other growth opportunities. Our subsidiaries also have their individual growth plans and related capital expenditure plans. These expenditures are expected to be funded largely through cash generated from operations, existing investible surplus in the form of cash and cash equivalents, investment securities and other external financing sources.

Governmental Regulations

Governmental Regulations in India

Automotive Mission Plan, 2016-2026

The Automotive Mission Plan 2016-26, or AMP 2026, is the collective vision of the Government of India and the Indian automotive industry, in which the goal is for the vehicles, auto components, and tractor industries to reach certain size benchmarks over the next ten years and also contribute to India's development, global footprint, technological maturity, competitiveness, and institutional structure and capabilities. AMP 2026 also seeks to define the trajectory of evolution of the automotive network in India, including the trajectory of specific regulations and policies that govern research, design, technology, testing, manufacturing, imports/exports, sales, use, repair, and scrapping of automotive vehicles, components and services.

The vision statement of AMP 2026—“Vision 3/12/65”—states: “By 2026, the Indian automotive industry will be among the top three of the world in engineering, manufacture and export of vehicles and auto components, and will encompass safe, efficient and environment friendly conditions for affordable mobility of people and transportation of goods in India comparable with global standards, growing in value to over 12% of India’s GDP, and generating an additional 65 million jobs”.

AMP 2026 envisages that the Government of India and the Indian automotive industry will work together to address all key issues relating to India achieving its rightful position in the global automotive industry. AMP 2026 will help the Indian automotive industry focus on its strengths and improve its competitiveness in select segments, achieve the annual production target of Rs.16,160,000 to Rs.18,895,000 in terms of its size, and establish its “Right to Win” on the global stage. By 2026, India could stand first in the world in production/sale of small cars, two wheelers, three wheelers, tractors and buses, third in passenger vehicles and heavy trucks, all of which is expected to account for up to 12% of GDP.

The Auto Policy, 2002

The Auto Policy was introduced by the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises of the Government of India in March 2002, with the aims, among other things, of promoting a globally competitive automotive industry that would emerge as a global source for automotive components, establishing an international hub for manufacturing small, affordable passenger cars, ensuring a balanced transition to open trade at a minimal risk to the Indian economy and local industry, encouraging modernization of the industry and facilitating indigenous design, research and development, as well as developing domestic safety and environment standards on par with international standards.

Auto Fuel Vision & Policy 2025

The Ministry of Petroleum and Natural Gas constituted an expert committee under the Chairmanship of Shri Saumitra Chaudhuri, Member Planning Commission, on December 19, 2012. Its objective was to recommend auto fuel quality applicable through model year 2025. The committee in its draft report has recommended Bharat Stage IV compliant fuel across the country by 2017 and Bharat Stage V compliant fuel with 10 ppm of sulfur to be made available from 2020 onward. The draft report proposes nationwide Bharat Stage V emission norms for new four-wheelers from model year 2020 and for all four-wheelers from model year 2021. It also recommends Bharat Stage VI emissions norms from model year 2024 onwards. In April 2014, the expert committee submitted its recommendations to the committee empowered by the Ministry of Petroleum and Natural Gas, which proposed the implementation of emission norms one year earlier than the expert committee’s recommendations, which would result in the implementation of Bharat Stage V emission norms starting in model year 2019 and Bharat Stage VI emissions norms starting in model year 2023. However, in January 2016, Government of India decided to implement the Bharat Stage VI emission norms even earlier by skipping Bharat Stage V emission norms. As such, the Bharat Stage VI norms will be made applicable from April 1, 2020 to all categories of vehicles across India.

FAME Scheme

A scheme called Faster Adoption and Manufacturing of Hybrid & Electric Vehicles, or FAME, was announced in February 2015 in India. This scheme specifies the details for operationalization of the National Mission on Electric Mobility 2020, or NEMMP. The overall scheme is intended to support plug-in vehicle, or xEV, market development and its manufacturing network to achieve self-sustenance by the end of the stipulated period. The scheme is proposed to be implemented over a period of six years beginning in April 2015 and lasting until 2020. The scheme has four focus areas: (1) technology development, (2) demand creation, (3) pilot projects, and (4) public charging infrastructure. Specific projects under the pilot projects, technology development, and charging infrastructure categories will require approval by the Project Implementation and Sanctioning Committee, or PISC, which is headed by the Secretary of the Department of Heavy Industry. The scheme will implement “demand driven R&D to achieve desirable target specs” for which the efforts would be to synergize government, industry, and academia efforts to maximize objectives of increasing domestic capacities of product and technology development and commercialization aimed at making the xEV market self-sustaining.

Central Motors Vehicles Rules, 1989

Chapter V of the Central Motor Vehicle Rules, 1989, or the CMV Rules, sets forth provisions relating to construction, equipment and maintenance of motor vehicles, including specifications for dimensions, gears, indicators, reflectors, lights, horns, safety belts and others. The CMV Rules govern emission standards for vehicles operating on CNG, gasoline, liquefied petroleum gas and diesel.

On and from the date of commencement of the CMV (Amendment) Rules, 1993, every manufacturer must submit the prototype of every vehicle to be manufactured by it for testing by the Vehicle Research and Development Establishment of the Ministry of Defense of the Government of India, the Automotive Research Association of India, Pune, the Central Machinery Testing and Training Institute, Budni (MP), the Indian Institute of Petroleum, Dehradun, the Central Institute of Road Transport, Pune, the International Center for Automotive Technology, Manesar or such other agencies as may be specified by the central government for granting a certificate by that agency as to the compliance of provisions of the Motor Vehicles Act, and the CMV Rules.

The CMV Rules also require the manufacturers to comply with notifications in the Official Gazette, issued by Government of India, to use such parts, components or assemblies in the manufacture of certain vehicles according to standards specified by either the Automotive Industry Standards Committee or the Bureau of Indian Standards.

Emission and Safety in India

In 1992, the Government of India issued emission and safety standards, which were further tightened in April 1996, under the Indian Motor Vehicle Act. Currently Bharat Stage IV norms, which are equivalent to Euro IV norms, are in force for four wheelers in 13 cities and Bharat Stage III norms, which are equivalent to Euro III norms, are in effect in the rest of India. Our vehicles comply with these norms. In 2014, the Ministry of Road Transport and Highways has extended Bharat Stage IV norms in 20 additional cities. In its draft GSR No.247 (E), dated April 1, 2015, the Ministry of Road Transport and Highways proposed the further extension of Bharat Stage IV norms in 30 additional cities starting July 1, 2015. We have vehicles that comply with Bharat Stage IV norms. Further to this, the Bharat Stage IV norms will be applicable for all vehicles across India from April 2017. In accordance with the product plan, the TML models would be complying to Bharat Stage IV norms in both PV and CV business from April 2017. Some of our products that conform to Bharat Stage IV norms include the Ace HT BS4, Super Ace Mint BS4, Ace CNG BS4, and Tata Magic BS4.

We are also working toward meeting all applicable regulations which we believe are likely to come into effect in various markets in the near future. Our vehicle exports to Europe comply with Euro V norms, and we believe our vehicles also comply with the various safety regulations in effect in the other international markets where we operate.

The Indian automobile industry is progressively harmonizing its safety regulations with international standards in order to facilitate sustained growth of the Indian automobile industry as well as to encourage export of automobiles from India.

India has been a signatory to the 1998 UNECE Agreement on Global Technical Regulations since April 22, 2006 and has voted in favor of all eleven Global Technical Regulations. We work closely with the Government of India to participate in WP 29 World Forum Harmonization activities.

India has a well-established regulatory framework administered by the Indian Ministry of Road Transport and Highways. The Ministry issues notifications under the CMV Rules and the Motor Vehicles Act. Vehicles manufactured in India must comply with applicable Indian standards and automotive industry standards. In January 2002, the Indian Ministry of Road Transport and Highways finalized plans on implementing automobile safety standards. The plans are based on traffic conditions, traffic density, driving habits and road user behavior in India and is generally aimed at increasing safety requirements for vehicles under consideration for Indian markets.

The existing Motor Vehicle Act may be replaced by the Road Transport and Safety Bill (RTSB) 2015, which is subject to legislative approval by the Parliament, which could expose us to additional liability for vehicle recalls and for manufacturer's liability for our vehicles. Further to this, the Ministry of Road Transport & Highways, or MoRTH, has issued a draft notification GSR 595(E) dated June 13, 2016 on vehicle recall (warranty after sale and norms therefore) which provides the "procedure for managing vehicle recalls" under Central Motor Vehicle Rule (CMVR) 127A with an indication that it would be applicable from October 1, 2016 for all vehicle categories. Any safety defect which has an impact on occupants and road users will have to be investigated in detail, and if a recall is required, the same will have to be performed by OEMs on the customer vehicles in accordance with the procedures laid down in the notification, and robust recording will have to be maintained. The Voluntary Recall Code has been in place since 2012.

The Essential Commodities Act, 1955

The Essential Commodities Act, 1955, as amended by the Essential Commodities (Amendment and Validation) Act, 2009, or the Essential Commodities Act, authorizes the Government of India, if it finds it necessary or expedient to do so, to provide for regulating or prohibiting the production, supply, distribution, trade and commerce in the specified commodities under the Essential Commodities Act, in order to maintain or increase supplies of any essential commodity or to secure their equitable distribution and availability at fair prices, or to secure any essential commodity for the defense of India or the efficient conduct of military operations. The definition of "essential commodity" under the Essential Commodities Act includes "component parts and accessories of automobiles".

Environmental Regulations

Manufacturing units or plants must ensure compliance with various environmental statutes; significant statutes for our business include the Water (Prevention and Control of Pollution) Act, 1974 and the rules thereunder, the Air (Prevention and Control of Pollution) Act, 1981 and the rules thereunder, the Environment Protection Act, 1986 and the rules thereunder and the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards, or PCBs, which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for establishing standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that units or plants are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. All of our manufacturing plants are either in possession of current, valid consents to operate and hazardous waste authorizations or are in the process of renewing their consents to operate and hazardous waste authorizations from the respective PCBs of the states where they operate.

The Ministry of Environment and Forests under the Government of India receives proposals for expansion, modernization and establishment of projects and the impact of such projects on the environment are assessed by the Ministry, before it grants environmental clearances for the proposed projects under the Environmental Impact Assessment Notification and Rules. All of our manufacturing plants have obtained environmental clearances for specific projects in the past as and when mandated.

We ensure that all prescribed norms are followed for management of waste and we have made significant investments toward pollution control and environmental protection at our manufacturing plants.

The Government of India intends to regulate end of life vehicles, or ELVs, which would be applicable to passenger cars and two wheelers. The Authorized Collection and Dismantling Centers, or ACDCs, would be equipped to handle commercial vehicles as well. The purpose of the ELV policy is to remove vehicles that have gone beyond their useful life such that these vehicles are endangering the environment and posing safety hazards to the public.

MoRTH prepared a concept note titled the Voluntary Vehicle Fleet Modernization Programme, or V-VMP, which may be applicable for vehicles purchased on or before March 31, 2005. The MoRTH has sought comments from the public and involved stakeholders. Various intensives, such as a reduction in excise duty by 50% and a special discount from automobile manufacturers, are intended to be given to the customers as part of this policy. The State Run Transport Undertakings, or SRTU, buses would be given a 100% excise duty exemption based on this policy to promote public transport and also to reduce congestion on the roads.

Regulation of Imports and Exports

Regulation of quantitative restrictions on imports into India were liberalized with effect from April 1, 2001, pursuant to India's World Trade Organization obligations, and imports of capital goods and automotive components were placed under the open general license category.

Automobiles and automotive components may, generally, be imported into India without a license from the Government of India subject to their meeting Indian standards and regulations, as specified by designated testing agencies. As a general matter, cars, UVs and SUVs in completely built up, or CBU, condition may be imported at 60% basic customs duty. However, cars with cost, insurance and freight value of more than U.S.\$40,000 or with engine capacities greater than 3,000 cubic centimeters for diesel variants and 2,500 cubic centimeters for gasoline variants, may be imported at a 100% basic customs duty. Commercial vehicles may be imported at a basic customs duty of 20% and components may be imported at basic customs duty ranging from at 10% to 7.5%.

The FDI Policy

Automatic approval for foreign equity investments up to 100% is allowed in the automobile manufacturing sector under the FDI Policy. See Item 10.D “—Exchange Controls” for additional information relating to restrictions on foreign investment under Indian law.

Indian Taxes

See Item 10.E “—Taxation” for additional information relating to our taxation.

Excise Duty

The Government of India imposes excise duty on cars and other motor vehicles and their chassis, which rates vary from time to time and across vehicle categories reflecting the policies of the Government of India. The chart below sets forth a summary of historical changes and the current rates of excise duty.

Change of Tax Rate	Excise Duty (per vehicle or chassis)						
	Small cars ¹	Cars other than small cars ²	Motor vehicles for more than 13 persons	Chassis fitted with engines for vehicles of more than 13 persons	Trucks	Chassis fitted with engines for trucks	Safari, SUVs and UVs
March 2012	12%	24% or 27% ¹	12%	15%	12%	15%	27%
May 2012	-	-	-	14%	-	14%	-
March 2013	-	-	-	-	-	13%	27% or 30%
February 2014	8%	20% or 24% ¹	8%	10%	8%	9%	24%
January 2015	12%	24% or 27% ¹	12%	14%	12%	13%	27% or 30%
March 2015 onward	12.50%	-	12.50%	-	12.50%	-	-

1. Small cars are cars with a length not exceeding 4,000 mm and an engine capacity not exceeding 1,500 cubic centimeters for cars with diesel engines, and not exceeding 1,200 cubic centimeters for cars with gasoline engines. The higher rate is applicable if the engine capacity exceeds 1,500 cubic centimeters.
2. Cars other than small cars are cars with a length exceeding 4,000 mm with an engine capacity exceeding 1,500 cubic centimeters for diesel engines and 1,200 cubic centimeters for gasoline engines.
- (-) indicates no change during the relevant year.

All vehicles and chassis are subjected to the automobile cess, which is assessed at 0.125%. Certain passenger vehicles are also subject to the National Calamity Contingent Duty, which is assessed at 1%. The education cess, assessed at 2%, and secondary and higher education cess, assessed at 1%, in addition to the excise duties indicated above, are exempted on goods, starting March 1, 2015. The infrastructure cess as follows has been imposed with effect from March 1, 2016 on motor vehicles falling under Chapter 87.03 Central Excise Tariff Act, that is, motor cars and other motor vehicles principally designed for the transport of up to nine persons including the driver:

1. 1% on small cars using petrol, CNG or LPG;
2. 2.50% on small cars using diesel; and
3. 4% on all categories of vehicles falling under Chapter 87.03 other than (1) and (2) above.

Value Added Tax

The Value Added Tax, or VAT, has been implemented throughout India. VAT enables set-off from sales tax paid on inputs by traders and manufacturers against the sales tax collected by them on behalf of the Government of India, thereby eliminating the cascading effect of taxation. Two main brackets of 5% and 12.5%, along with special brackets of 0%, 1%, 3%, 4%, 13.5%, 14%, 14.5%, 15%, 20%, 22% and 23% have been announced for various categories of goods and commodities sold in the country and certain states have also introduced additional VAT of 1% to 3% on specified commodities, including automobiles. In some of the states, a surcharge of 5% to 10% on VAT has been introduced on automobiles. Since its implementation, VAT has had a positive impact on our business. Prior to the implementation of VAT, a major portion of sales tax paid on purchases formed part of our total cost of materials. The implementation of VAT has resulted in savings on the sales tax component, as VAT paid on inputs may generally be set-off against tax paid on outputs.

In addition to VAT, a Central Sales Tax continues to exist, although it is proposed to be abolished in a phased manner. In the Indian Union Budget 2008-09, the Central Sales Tax rate was reduced to 2%, which remained unchanged in Fiscal 2016.

Goods and Services Tax

The Government of India is proposing to reform the indirect tax system in India with a comprehensive national goods and services tax, or GST, covering the manufacture, sale and consumption of goods and services. The expected date of introduction of the GST is still not clear. The proposed GST regime will combine taxes and levies by the central and state governments into one unified rate structure. There is a proposal to levy a 1% non-creditable tax to be collected by the Government of India and will be appropriated to the origin state government on every interstate movement of goods. The Government of India has publicly expressed the view that following the implementation of the GST, the indirect tax on domestically manufactured goods is expected to decrease along with prices on such goods.

We have benefitted and continue to benefit from excise duty exemptions for manufacturing facilities in the state of Uttarakhand and other incentives such as subsidies or loans from other states where we have manufacturing operations. While both the Government of India and other state governments of India have publicly announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to the effect of this or any other aspect of the tax regime following implementation of the GST.

Imposition of any additional taxes and levies by the Government of India designed to limit the use of automobiles could adversely affect the demand for our products and our results of operations.

Economic Stimulus Package and Incentives

The central value added tax rate, or Cenvat, was 12% since March 16, 2012. The Government of India made changes in the excise duty in February 2014, which were in effect until December 31, 2014 as follows: the Cenvat on small cars, trucks and buses was reduced to 8% in February 2014, whereas Cenvat on cars other than small cars was reduced to 20% or 24% from 24% or 27%. The Cenvat on UVs was reduced from 27% or 30% to 24%. The Cenvat for chassis, which was increased from 12% to 14% in the budget for the Fiscal 2013, was revised to 13% in the budget for the Fiscal 2014 and further reduced to 9% in February 2014.

The Government of India launched the NEMMP to encourage reliable, affordable and efficient electric vehicles that meet consumer performance and price expectations. Through collaboration between the government and industry for promotion and development of indigenous manufacturing capabilities, required infrastructure, consumer awareness and technology, the NEMMP aims to help India to emerge as a leader in the electric vehicle market in the world by 2020 and to contribute toward national fuel security.

Furthermore, the Ministry of Road Transport & Highways and the Bureau of Energy Efficiency in India finalized labeling regulations for the M1 category of vehicles, which includes passenger vehicles with nine seats or less.

The Government of India's plan to encourage India's transition to hybrid and electric mobility consists of the following initiatives:

- Demand Side: Mandate use of electric vehicles in areas such as public transportation and government fleets in order to create initial demand for OEMs and provide incentives for the sales of electric vehicles to consumers.
- Supply Side: Link incentives to localization of the production of key components of electric vehicle in a phased manner.
- Research and Development: Fund research and development programs along with OEMs and component suppliers to develop optimal solutions for India at low cost.
- Infrastructure Support: Develop pilot programs to support hybrid and/or electric vehicles and test their effectiveness and make modest investments to build public charging infrastructure to support electric vehicles, especially for buses.

Environmental, fiscal and other governmental regulations around the world

Our Jaguar Land Rover business has significant operations in the United States, Europe and China, which have stringent and ever evolving regulations relating to vehicular emissions. The proposed tightening of vehicle emissions regulations by the European Union will require significant costs of compliance for Jaguar Land Rover. While we are pursuing various technologies in order to meet the required standards in the various countries in which we operate, the costs of compliance with these required standards can be significant to our operations and may adversely impact our results of operations.

In the United Kingdom, the Bank of England base (interest) rate has been maintained at an historic low of 0.5% despite an improvement in the UK economy. The UK labor market and the general economy appear relatively stable, and support moderate growth. However, the referendum on the exit of the United Kingdom from the European Union is driving significant uncertainty, with the GBP weakening significantly since the outcome to leave the EU was announced, and could impact future economic growth.

Economic growth in the Eurozone remained low but positive during Fiscal 2016, as the European Central Bank continued with quantitative easing. Continued accommodative monetary and other policies are likely to support economic growth going forward; however, that growth is likely to be limited for some time.

The U.S. economy continues to strengthen as the U.S. Federal Reserve raised interest rates toward the end of 2015. Labor market conditions continue to improve, and low inflation driven by lower energy prices are encouraging consumer spending. The outlook for economic growth in the U.S. remains firmly positive and the dollar continues to strengthen against the backdrop of a stronger economic outlook.

China's economic performance softened during the year in line with the government's downward revision of GDP growth targets below 7% for 2016. However, stock market volatility at the beginning of 2016 continues to drive uncertainty over the Chinese economy with a possible further reduction in economic growth in the future that could weaken the Chinese currency further.

Greenhouse gas / CO₂ / fuel economy legislation

Legislation is in place limiting passenger car fleet average greenhouse gas emissions in Europe to 130 grams of CO₂ per kilometer for 100% of new cars in 2015. Different targets apply to each manufacturer based on its respective fleet of vehicles and average weight. We have received a permitted derogation from the weight-based target requirement available to small volume and niche manufacturers. As a result, we are permitted to reduce our emissions by 25% from 2007 levels rather than meeting a specific CO₂ emissions target. Jaguar Land Rover had an overall 2015 target of an average of 178.0 grams of CO₂ per kilometer for our full fleet of vehicles registered in the EU that year, with Jaguar Land Rover and Tata Motors monitored as a single "pooled" entity for compliance with this target (for Jaguar Land Rover alone, this would be 179.8 g/km). Our entire fleet met this target in 2014, delivering 178 grams of CO₂ per kilometer a year earlier than that legislated for 2015.

Furthermore, the European Union has regulated target reductions for 95% of a manufacturer's full fleet of new passenger cars registered in the European Union in 2020 to average 95 grams of CO₂ per kilometer, rising to 100% in 2021. The new rule for 2020 contains an extension of the niche manufacturers' derogation and permits us to reduce our emissions by 45% from 2007 levels, which enables us to apply for an overall target of 132 grams of CO₂ per kilometer. With the rapid growth of our sales, there is a risk that we may exceed the 300,000 unit niche manufacturers' derogation volume threshold before 2020. All cycle plans are now structured to achieve the non-derogated CO₂ target.

The European Union has also adopted an average emissions limit of 175 grams of CO₂ per kilometer for LCVs to be phased in between 2014 and 2017. Implementation of LCV CO₂ standards affect the Defender and a small number of Freelander and Discovery vehicles. We have been granted a small volume derogation by the European Commission for alternative specific emission targets for our LCV fleet for 2014 to 2016 inclusive, which applies to the Defender up through the end of its production in January 2016. Jaguar Land Rover met the emission limit of 255 grams of CO₂ per kilometer, which was the average amount of emissions of the top 70% of vehicles in the LCV category in terms of emissions performance. The average CO₂ emissions per kilometer for the entire fleet was 267 grams, while the specific target was 276.9 grams of CO₂ per kilometer. A further average emissions limit of 147 grams of CO₂ per kilometer for LCVs has been adopted for 2020.

In the United States, both CAFE standards and greenhouse gas emissions standards are imposed on manufacturers of passenger cars and light trucks. The National Highway Traffic Safety Administration, or the NHTSA, has set the federal CAFE standards for passenger cars and light trucks to meet an estimated combined average fuel economy level of 35.5 miles per U.S. gallon for 2016 model year vehicles. Meanwhile, the EPA and NHTSA issued a joint rule to reduce the average greenhouse gas emissions from passenger cars, light trucks and medium duty passenger vehicles for model years 2012 to 2016 of 250 grams of CO₂ per mile, or approximately 6.63L/100km or 35.5 miles per gallon if the requirements were met only through fuel economy improvements. The United States federal government extended this program to cars and light trucks for model years 2017 through 2025, targeting an estimated combined average emissions level of 243 grams of CO₂ per mile in 2017 and 163 grams per mile in 2025, which is equivalent to 54.5 miles per gallon if achieved exclusively through fuel economy standards. In addition, many other markets either have or will shortly implement similar greenhouse gas emissions standards (including Brazil, Canada, China, the European Free Trade Association, India, Japan, Mexico, Saudi Arabia, South Korea and Switzerland).

California is empowered to implement more stringent greenhouse gas emissions standards but has elected to accept the existing U.S. federal standards for compliance with the state's own requirements. The California Air Resources Board enacted regulations that deem manufacturers of vehicles for model years 2012 through 2016 that are in compliance with the EPA greenhouse gas emissions regulations to also be in compliance with California's greenhouse gas emissions regulations. In November 2012, the California Air Resources Board accepted the federal standard for vehicles with model years 2017 through 2025 for compliance with the state's own greenhouse gas emission regulations.

However, California is moving forward with other stringent emissions regulations for vehicles, including the Zero Emission Vehicle, or ZEV, regulations. The ZEV regulations require manufacturers to increase their sales of zero emissions vehicles each year, up to an industry average of 22% of vehicles sold in California by 2025. The precise sales required in order to meet a manufacturer's obligation in any given model year depend on the size of the manufacturer and the level of technology sold (for example, transitional zero emission technologies, such as plug in hybrids, can account for at least a proportion of a manufacturer's obligation, but these technologies earn compliance credits at a different rate from pure zero emissions vehicles). Other compliance mechanisms available under the ZEV regulations include banking and trading credits generated through the sale of eligible vehicles.

We are fully committed to meeting these standards, and technology deployment plans incorporated into cycle plans are directed at achieving these standards. These plans include the use of lightweight materials, including aluminum, which will contribute to the manufacture of lighter vehicles with improved fuel efficiency and thus reduce losses as a result of the improved driveline and aerodynamics. They also include the development and installation of smaller engines in our existing vehicles and other drivetrain efficiency improvements, including the introduction of eight-speed or nine-speed transmissions in some of our vehicles. We continue to introduce smaller vehicles, such as the Jaguar XE, which is our most fuel efficient Jaguar thus far. The technology deployment plans also include the research, development and deployment of hybrid electric vehicles. These technology deployment plans require significant investment. Additionally, local excise tax initiatives are a key consideration in ensuring our products meet customer needs for environmental footprint and cost of ownership concerns, as well as continued access to major city centers, such as London's and Paris's ultra low emission zones and similar low emissions areas being contemplated in Berlin and Beijing.

Non-greenhouse gas emissions legislation

The European Union has adopted the latest in a series of more stringent standards for emissions of other air pollutants from passenger and light commercial vehicles, such as nitrogen oxides, carbon monoxide, hydrocarbons and particulates. These standards are being phased in from September 2014 (Euro 6b) and September 2017 (Euro 6c) for passenger cars and from September 2015 (Euro 6b) and September 2018 for light commercial vehicles. September 2015 will see the adoption of real world driving emissions monitoring, or RDE, while September 2017 will see RDE become mandatory, along with a move to the new worldwide light duty test procedure, or WLTP, coincident with Euro 6c in Europe to address global concerns on more customer correlated fuel economy certified levels as well as air quality concerns. Other markets are expected to follow. All our programs are fully engineered to enable the adoption of these new requirements, and we are accelerating some of these initiatives to improve RDE ahead of the mandated timing.

In the United States, existing California low emission vehicle regulations and the recently adopted Low Emission Vehicle III, or LEV III, regulations, as well as the state's ZEV regulations, place stricter limits on emissions of particulates, nitrogen oxides, hydrocarbons, organics and greenhouse gases from passenger cars and light trucks. These regulations require increasing levels of technology in engine control systems, on board diagnostics and after treatment systems, which all affect the base costs of our powertrains. The new California LEV III and ZEV regulations cover model years 2015 to 2025. Additional regulations on evaporative emissions also require more advanced materials to eliminate fuel evaporative losses and longer warranty periods (up to 150,000 miles in the United States).

In addition, in April 2014, the Tier 3 Motor Vehicle Emission and Fuel Standards issued by the United States Environmental Protection Agency, or the EPA, were finalized. With Tier 3, the EPA has established more stringent vehicle emissions standards broadly aligned to the California LEV III standards for 2017 to 2025 model year vehicles. The EPA made minor amendments to these Tier 3 standards in January 2015.

While Europe and the United States lead the implementation of these emissions programs, other nations and states typically follow on with adoption of similar regulations two to four years thereafter. For example, China's Stage III fuel consumption regulation targets a national average fuel consumption of 6.9L/100km by 2015 and its Stage IV regulation targets a national average fuel consumption of 5.0L/100km by 2021. In response to severe air quality issues in Beijing and other major Chinese cities, the Chinese government also intends to adopt more stringent emissions standards beginning in 2016.

To comply with the current and future environmental norms, we may have to incur substantial capital expenditure and research and development expenditure to upgrade products and manufacturing facilities, which would have an impact on our cost of production and results of operations.

Noise legislation

The European Commission adopted new rules (which apply to new homologations from July 2016) to reduce noise produced by cars, vans, buses, coaches and light and heavy trucks. Noise limit values would be lowered in two steps of each two A-weighted decibels for vehicles other than trucks, and one A weighted decibel in the first step and two in the second step for trucks. Compliance would be achieved over a 10-year period from the introduction of the first phase.

Vehicle safety legislation

Vehicles sold in Europe are subject to vehicle safety regulations established by the European Union or by individual Member States. In 2009, the European Union enacted a new regulation to establish a simplified framework for vehicle safety, repealing more than 50 existing directives and replacing them with a single regulation aimed at incorporating relevant United Nations standards. The incorporation of the United Nations standards commenced in 2012. The European Commission has introduced regulations requiring new model cars to have electronic stability control systems and relating to low-rolling resistance tires, requirements for tire pressure monitoring systems, and requirements for heavy vehicles to have advanced emergency braking systems and lane departure warning systems. In the European Union, new safety requirements came into force from November 2014 for all new vehicles sold in the European Union market. The new mandatory measures include safety belt reminders, electric car safety requirements, easier child seat anchorages, tire pressure monitoring systems and gear shift indicators.

NHTSA issues U.S. federal motor vehicle safety standards covering a wide range of vehicle components and systems, such as airbags, seatbelts, brakes, windshields, tires, steering columns, displays, lights, door locks, side impact protection and fuel systems. We are required to test new vehicles and equipment and assure their compliance with these standards before selling them in the United States. We are also required to recall vehicles found to have defects that present an unreasonable risk to safety or which do not conform to the required federal motor vehicle safety standards, and to repair them without charge to the owner. The financial cost and impact on consumer confidence of such recalls can be significant depending on the repair required and the number of vehicles affected. We have no investigations relating to alleged safety defects or potential compliance issues pending before NHTSA.

These standards add to the cost and complexity of designing and producing vehicles and equipment. In recent years NHTSA has mandated, among other things:

- a system for collecting information relating to vehicle performance and customer complaints, and foreign recalls to assist in the early identification of potential vehicle defects as required by the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act; and
- enhanced requirements for frontal and side impact, including a lateral pole impact.

Furthermore, the Cameron Gulbransen Kids Transportation Safety Act of 2007, or the Kids and Cars Safety Act, passed into law in 2008, requires NHTSA to enact regulations related to rearward visibility and brake to shift interlock and requires NHTSA to consider regulating the automatic reversal functions on power windows. The costs to meet these proposed regulatory requirements may be significant.

Vehicle safety regulations in Canada are similar to those in the United States; however, many other countries have vehicle regulatory requirements which differ from those in the United States. The differing requirements among various countries create complexity and increase costs such that the development and production of a common product that meets the country regulatory requirements of all countries is not possible. Global Technical Regulations, or GTRs, developed under the auspices of the United Nations, continue to have an increasing impact on automotive safety activities, as indicated by legislation in the European Union. In 2008, GTRs on electronic stability control, head restraints and pedestrian protection were each adopted by the United Nations World Forum for the Harmonization of Vehicle Regulations, and are now in different stages of national implementation. While global harmonization is fundamentally supported by the automobile industry in order to reduce complexity, national implementation may still introduce subtle differences into the system.

Insurance Coverage

The Indian insurance industry is predominantly state-owned and insurance tariffs are regulated by the Indian Insurance Regulatory and Development Authority. We have insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations, including business interruptions, and which we believe are in accordance with industry standards in India. We have obtained coverage for product liability for some of our vehicle models in several countries to which we export vehicles. TDCV has insurance coverage as is required and applicable to cover all normal risks in accordance with industry standards in South Korea, including product liability. We have also taken insurance coverage on directors and officers liability to minimize risks associated with international litigation for us and our subsidiaries.

Jaguar Land Rover has maintained insurance coverage that is reasonably adequate to cover normal risks associated with the operation of our business, such as coverage for people, property and assets, including construction and general, auto and product liability, in accordance with treasury policy. On August 12, 2015, a series of explosions caused widespread damage at the Port of Tianjin in China, one of three major locations in China through which Jaguar Land Rover imports its vehicles. At the time of the explosion, approximately 5,800 Jaguar Land Rover vehicles were stored at various locations in Tianjin. Many of these vehicles were destroyed or damaged in the explosion, and, as a result, Jaguar Land Rover recognized an exceptional charge of GBP212 million, which was partially reduced to GBP157 million in the 12 months ended March 31, 2016, due to insurance recoveries. Any further insurance and other potential recoveries may take some months to conclude, and therefore will be recognized only in future periods when paid or confirmed. There can be no assurance that any claim under our insurance policies will be honored fully or timely, our insurance coverage will be sufficient in any respect or our insurance premiums will not increase substantially. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, or have to pay higher insurance premiums, our financial condition may be affected.

We are insured by insurers of recognized financial standing against such losses and risks and in such amounts as are prudent and customary in the business in which it is engaged. All such insurance is in full force and effect.

We are able to renew our existing insurance coverage, as and when such policies expire or to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business, as now conducted.

Export Promotion Capital Goods

Since Fiscal 1997, we have benefited from participation in the Export Promotion Capital Goods Scheme, or the EPCG Scheme, which permits us to import capital equipment under a special license at a substantially reduced customs duty. Our participation in this scheme is subject to us fulfilling an obligation to export goods manufactured or produced by the use of capital equipment imported under the EPCG Scheme to the value of a multiple of the cost plus insurance and freight value of these imports or customs duty saved over a period of 6, 8 and 12 years from the date of obtaining the special license. We currently hold 107 licenses which require us to export our products of a value of approximately Rs.77.86 billion between the years 2002 to 2022, and we carefully monitor our progress in meeting our incremental milestones. After fulfilling some of the export obligations as per provisions of Foreign Trade Policy, as at March 31, 2016, we have remaining obligations to export products worth approximately Rs.11.94 billion by March 2022. In the event that the export obligation under the EPCG Scheme is not fulfilled, we would have to pay the differential between the reduced and normal duty on the goods imported along with interest. In view of our past record of exceeding our export milestones, and our current plans with respect to our export markets, we do not currently foresee any impediments to meeting our export obligation in the required time frame.

Legal Proceedings

In the normal course of business, we face claims and assertions by various parties. We assess such claims and assertions and monitor the legal environment on an ongoing basis, with the assistance of external legal counsel where appropriate. We record a liability for any claims where a potential loss is probable and capable of being estimated and disclose such matters in our financial statements, if material. For potential losses which are considered reasonably possible, but not probable, we provide disclosure in the financial statements, but do not record a liability in our financial statements unless the loss becomes probable. Should any new developments arise, such as a change in law or rulings against us, we may need to make provisions in our financial statements, which could adversely impact our reported financial condition and results of operations. Furthermore, if significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, there could be a material adverse effect on our business and profitability. Certain claims that are above Rs.200 million in value are described in Note 33 to our consolidated financial statements included in this annual report on Form 20-F. Certain claims that are below Rs.200 million in value pertain to indirect taxes, labor and other civil cases. There are other claims against us which pertain to motor accident claims in India (involving vehicles that were damaged in accidents while being transferred from our manufacturing plants to regional sales offices), product liability claims and consumer complaints. Some of these cases relate to replacement of parts of vehicles and/or compensation for deficiency in services provided by us or our dealers.

Capital work-in-progress as at March 31, 2014, included building under construction at Singur in West Bengal of Rs.3,098.8 million for the purposes of manufacturing automobiles. In October 2008, we moved the Nano project from Singur in West Bengal to Sanand in Gujarat. In June 2011, the newly elected Government of West Bengal (State Government) enacted a law cancelling the land lease agreement at Singur, and took over possession of the land. We challenged the constitutional validity of the law. In June 2012, the Calcutta High Court declared the law unconstitutional and restored our rights under the land lease agreement. The State Government filed an appeal in the Supreme Court of India in August 2012, which is pending disposal.

Though we continue to rigorously press our rights, contentions and claims in the matter, we have been advised that the time it may take in disposal of the appeal is uncertain. We have also been advised that we have a good case and can strongly defend the appeal, but the questions that arise are issues of constitutional law and thus the result of the appeal cannot be predicted. In these circumstances, in view of the uncertainty on the timing of resolution, following the course of prudence, the management has, in Fiscal 2015, made a provision for carrying capital cost of buildings at Singur amounting to Rs.3,098.8 million, excluding other assets (electrical installations, etc.) and expenses written off/provided in earlier years, security expenses, lease rent and claim for interest on the whole amount (including Rs.3,098.8 million). We shall, however, continue to pursue the case and assert our rights and our claims in the courts.

In South Korea, our union employees filed a lawsuit to include some elements of non-ordinary salary and bonus as part of “ordinary wages” for the period December 2007 to May 2011. The district court ruled in favor of the union employees in January 2013 and ordered TDCV to pay the employees KRW 17.2 billion and interest, up to the period of payment. We recorded a provision of KRW 45.8 billion (Rs.2,565 million) as at March 31, 2014, in respect of this lawsuit and consequential obligation for all employees (including non-union employees). TDCV filed an appeal against the order to the High Court of Seoul, which gave its verdict on December 24, 2014. The High Court of Seoul, following the decision of the Supreme Court in a case of an unaffiliated company, determined that some elements of non-ordinary salary were part of “ordinary wages” and the need to be paid with retrospective effect. However, based on the “Good Faith Principle” and because any retrospective payment would have high financial impact on the Company, the court determined that the bonuses and work performance salary would not be eligible for retrospective payment. Accordingly, the liability was determined at KRW 99 million and interest of KRW 20 million thereon.

Furthermore, in order to maintain the claim for the period from June 2011 to March 2014, TDCV union employees filed a case in the Seoul district court on November 24, 2014. In addition to the items included in the first lawsuit, one new item for additional 50% allowance for overtime work was added. However, after receipt of the final judgment of the Seoul High Court for the first lawsuit, which was not in their favor, the labor union decided to withdraw the second lawsuit and submitted the case withdrawal confirmation on March 19, 2015. Accordingly, the provision created as at March 31, 2014 of KRW 45.8 billion (Rs.2,643 million) has been reversed in Fiscal 2015.

The Competition Commission of India, or CCI, has initiated an inquiry against us 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. The CCI through its order, dated August 25, 2014, held that the OEMs had violated the provisions of Section 3 and Section 4 of the Competition Act, 2002, and imposed a penalty of 2% of the average turnover for three years. Subsequently, we and other car manufacturers filed a writ petition before the Delhi High Court challenging the constitutional validity of Section 22(3) and 27(b) of the Indian Competition Act under which the order was passed and penalty imposed. The matter is currently pending before the Delhi High Court.

During Fiscal 2015, Jaguar Land Rover’s Brazilian subsidiary received a demand for approximately 167 million Brazilian reals in relation to additional indirect taxes. Brazilian authorities claimed that taxes relating to the Programa de Integração Social and the Contribuição para Financiamento da Seguridade Social were due on local vehicle and parts sales made in 2010. The matter is currently being contested before the Brazilian appellate authorities. Professional legal opinions we have obtained in Brazil support our position that the basis of the tax authority’s assertion is incorrect and, as a result, the likelihood of any settlement ultimately having to be made is considered remote.

We believe that none of the contingencies would have a material adverse effect on our financial condition, results of operations or cash flows.

C. Organizational Structure.

Tata Sons—Our Promoter and its Promoted Entities

Tata Sons holds equity interests in its promoted companies engaged in a wide range of businesses. The various companies promoted by Tata Sons, including Tata Motors Limited, are based substantially in India and had combined consolidated revenues of approximately over US\$100 billion in Fiscal 2016. The businesses of entities promoted by Tata Sons can be categorized under seven business sectors, namely, engineering, materials, energy, chemicals, consumer products, services, and communications and information systems.

Some of the entities promoted by Tata Sons have their origins in the trading business founded by the founder Mr. Jamsetji Nusserwanji Tata in 1868, which was developed and expanded in furtherance of his dreams by his two sons, Sir Dorabji Tata and Sir Ratan Tata, following their father’s death in 1904. The family’s interests subsequently vested largely in the Sir Ratan Tata Trust, the Sir Dorabji Tata Trust and other associate trusts, or the Tata Trusts. The Tata Trusts have been established for philanthropic and charitable purposes and together own a significant percentage of the share capital of Tata Sons.

Over the years, the operations of the entities promoted by Tata Sons have expanded to encompass a number of major industrial and commercial enterprises, including Indian Hotels Company Limited (1902), Tata Steel (1907), one of the top ten steel manufacturers in the world, Tata Power Company Limited (1910), Tata Chemicals Limited (1939), which is the world's second largest manufacturer of soda ash, and Tata Motors Limited (1945). Other Tata entities include Voltas Limited (1954), and Tata Global Beverages Ltd, (1962), along with its UK-based subsidiary Tetley.

Tata Consultancy Services Limited, or TCS, a subsidiary of Tata Sons which started its operations in the 1960s as a division of Tata Sons and later became a listed public company, is a leading software service provider in India and several countries abroad and the first Indian software firm to exceed sales of US\$4 billion. TCS has delivery centers around the globe including the United States of America, the United Kingdom, Hungary, Brazil, Uruguay and China, as well as India.

Tata Sons promoted India's first airline, Tata Airlines, which later became Air India (India's national carrier), as well as India's largest general insurance company, New India Assurance Company Limited, both of which were subsequently taken over by the government as part of the Government of India's nationalization program. In 1999, entities promoted by Tata Sons also invested in several telephone and telecommunication ventures, including acquiring a significant portion of the Government of India's equity stake in the then state owned Videsh Sanchar Nigam Limited, which was subsequently renamed Tata Communications Limited. Companies promoted by Tata Sons are building multinational businesses that aspire to achieve growth through excellence and innovation, while balancing the interests of shareholders, employees and society.

Some of the emerging companies promoted by Tata Sons include Titan Company, established in 1984, which is manufacturing India's largest and best-known range of personal accessories, such as watches, jewelry, sunglasses, and prescription eyewear, and excels in precision engineering, Tata Housing Development Company, established in 1984, a real estate developer in India, Tata AIA Life Insurance Company, established in 2001, which is a joint venture between Tata Sons and AIA Life Group Ltd, Tata AIG General Insurance Company, established in 2001, which provides non-life insurance solutions to individuals, groups and corporate houses in India and Tata Capital, established in 2007, a systemically important non-deposit taking non-banking financial company, or NBFC, that fulfils the financial needs of retail and institutional customers in India, Tata Realty and Infrastructure Limited, established in 2007 which is an Infrastructure and Real Estate developer, AirAsia (India) Limited, a joint venture established in 2013 which is a low cost airline, Tata SIA Airlines Limited, a joint venture established in 2013 which is engaged in full service scheduled passenger airline services, Tata Advanced Systems Limited, established in 2006 and its subsidiaries which are, *inter alia*, engaged in scientific, technical and research and development activities, manufacturing, testing and experimenting equipment, components, etc, in the field of Advanced Defence Technologies, Security Systems, Aerospace & Aerostructures.

We have for many years been a licensed user of the "TATA" brand owned by Tata Sons, and thus have gained from the use of the "TATA" brand and its brand equity. Tata Sons instituted a corporate identity program in the year 1998 to re-position the brand to compete in a global environment. A substantial ongoing investment and recurring expenditure is undertaken by Tata Sons to develop and promote a strong, well-recognized and common brand, which is intended to represent for the consumer a high level of quality, service and reliability associated with products and services offered by the entities promoted by Tata Sons.

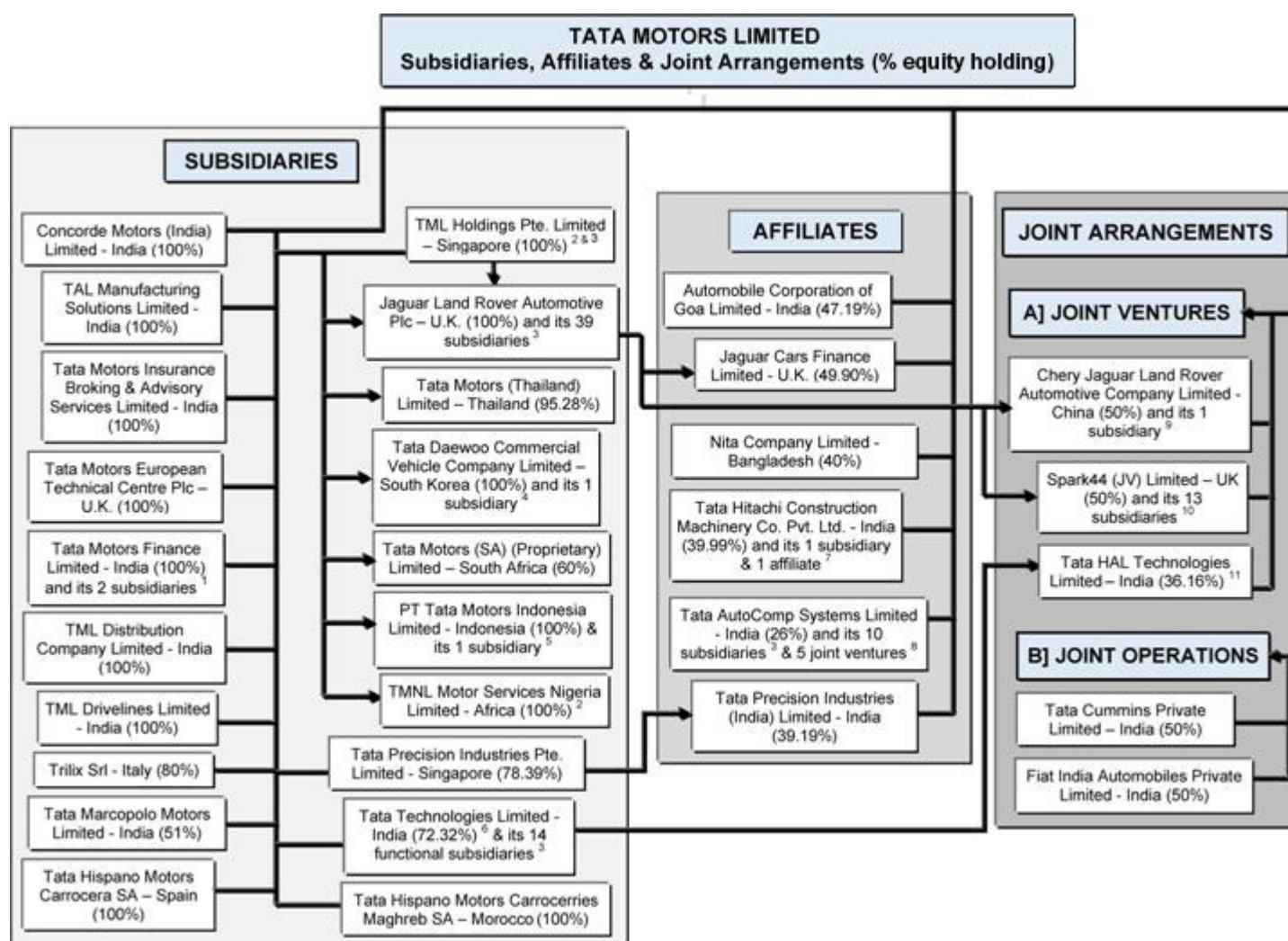
Companies which have subscribed to the Tata Brand Equity & Business Promotion Scheme pay an annual subscription fee to use the "TATA" business name and trademarks and participate in and gain from the promotion of the Tata brand equity as well as to avail themselves of various services including legal, human resources, economics and statistics, corporate communications and public affairs services of Tata Sons. We believe that we benefit from the use of and association with the "TATA" brand identity and accordingly, Tata Motors Limited and certain of its subsidiaries have subscribed to the Tata Brand Equity & Business Promotion Agreement and pay an annual subscription fee to Tata Sons which is in the range of 0.15% to 0.25% of the annual net income (defined as net revenues exclusive of excise duties and other governmental taxes and non-operating income), subject to a ceiling of 5% of annual profit before tax (defined as profit after interest and depreciation but before income tax), each calculated on a standalone basis for these entities. In some of the past years, Tata Sons has lowered the absolute amount of subscription fee in light of its outlay for activities related to brand promotion and protection in those years. In Fiscal 2013, Tata Motors Limited on a standalone basis paid an amount less than 0.25% of its annual net income calculated in accordance with Indian GAAP, and in Fiscal 2014 and 2015, no amount was paid in view of losses of Tata Motors Limited calculated on a standalone basis. Pursuant to our licensing agreement with Tata Sons, we have also undertaken certain obligations for the promotion and protection of the Tata brand identity licensed to us under the agreement. The agreement can be terminated by written agreement between the parties, by Tata Sons upon our breach of the agreement and our failure to remedy such a breach, or by Tata Sons upon providing six months' notice for reasons to be recorded in writing. The agreement can also be terminated by Tata Sons upon the occurrence of certain specified events, including liquidation of Tata Motors Limited.

The entities promoted by Tata Sons continue to follow the ideals, values and principles of ethics, integrity and fair business practices espoused by the founder Mr. Jamsetji Tata, and his successors. To further protect and enhance the Tata brand equity, these values and principles have been articulated in the Tata Code of Conduct, which has been adopted by the entities promoted by Tata Sons. The Tata Trusts have also made significant contributions towards national causes through promotion of public institutions in the field of science, such as the Indian Institute of Science and the Tata Institute of Fundamental Research and in the field of social services through the Tata Institute of Social Sciences, the Tata Memorial Hospital, the National Centre for the Performing Arts in Mumbai and, more recently, the Tata Medical Center at Kolkata in India for cancer patients, set up by the Tata Trusts and supported by Tata Sons and its promoted companies. The Tata Trusts are among the largest charitable foundations in India.

Some of the entities promoted by Tata Sons hold shares in other companies promoted by Tata Sons. Similarly, some of our directors may hold directorships on the boards of Tata Sons and/or other entities promoted by Tata Sons. However, there are no voting agreements, material supply or purchase agreements or any other relationships or agreements that have the effect of binding us with other entities promoted by Tata Sons at management, financial or operational levels. With the exception of Tata Steel, which under our Articles of Association has the right to appoint one director on our board of directors, neither Tata Sons nor its subsidiaries have any special contractual or other power to appoint our directors or management. They have only the voting power of their shareholdings in Tata Motors. Except as set forth in the tables below under the heading “Subsidiaries and Affiliates” and except for approximately a 15.37% equity interest in Tata Services Ltd, a 17.29% equity interest in Tata International Limited and a 10.47% equity interest in Tata Industries Limited, our shareholdings in other entities promoted by Tata Sons are generally insignificant as a percentage of their respective outstanding shares or in terms of the amount of our investment or the market value of our shares of those companies.

Subsidiaries and Affiliates

The subsidiaries, joint operation and equity method affiliates and joint ventures of Tata Motors Limited that together with Tata Motors Limited form the Tata Motors Group as at March 31, 2016 are set forth in the chart below:



- (1) Holding company of Tata Motors Finance Solutions Limited, which was converted to a public limited company from a private limited with effect from June 4, 2015 and also acquired 100% shareholding in Sheba Properties Limited, a 100% subsidiary of TML, with effect from March 31, 2016.
- (2) Holding Company of Jaguar Land Rover Automotive plc, Tata Daewoo Commercial Vehicle Co. Limited, Tata Motors (Thailand) Limited, Tata Motors (SA) (Proprietary) Limited and PT Tata Motors Indonesia. Also incorporated TMNL Motor Services Nigeria Limited with effect from September 2, 2015.
- (3) These subsidiaries are based in many countries outside India.
- (4) Holding in its subsidiary, Tata Daewoo Commercial Vehicle Sales and Distribution Co. Ltd. is 100%.
- (5) Holding in PT Tata Motors Distribusi Indonesia subsidiary is 100%.
- (6) The holdings in these 14 subsidiaries range between 72.32% and 72.37%.
- (7) With one 100% subsidiary in Spain and 1 affiliate in China with effective holding of 22.48%.
- (8) Out of the 10 subsidiaries with holdings ranging from 13% to 26%, three are presently under the process of liquidation, and there are six joint ventures with holding of 13% in each.
- (9) Chery Jaguar Land Rover Automotive Sales Company Limited, a wholly owned subsidiary of Chery Jaguar Land Rover Automotive Co. Limited.
- (10) The holding company for 13 wholly owned subsidiary companies situated in various countries outside India.
- (11) An affiliate of Tata Technologies Limited.

Out of the above, the following are our three significant subsidiaries as defined under Regulation S-X:

<u>Name</u>	<u>Country of Incorporation</u>	<u>Ownership Interest / Voting Power</u>
Jaguar Land Rover Automotive plc	United Kingdom	100%
Jaguar Land Rover Limited	United Kingdom	100%
Jaguar Land Rover Holdings Limited	United Kingdom	100%

With respect to certain subsidiaries and affiliates, where Tata Motors Limited has a joint venture partner, voting on certain items of business may be based on affirmative voting provisions and board of director's participation clauses in the relevant joint venture agreement(s).

D. Property, Plants and Equipment

Facilities

We operate six principal automotive manufacturing facilities in India. The first facility was established in 1945 at Jamshedpur in the state of Jharkhand in eastern India. We had commenced construction of the second facility in 1966 (with production commencing in 1976) at Pune, in the state of Maharashtra in western India, the third facility in 1985 (with production commencing in 1992) at Lucknow, in the state of Uttar Pradesh in northern India, the fourth at Pantnagar in the state of Uttarakhand, India, which commenced operations in Fiscal 2008, the fifth at Sanand in Gujarat in western India for manufacturing of the Nano, which commenced operations in June 2010, and the sixth plant for manufacturing Tata Marcopolo buses under our joint venture with Marcopolo and LCVs at Dharwad in Karnataka (which buses are also produced at Lucknow). The Jamshedpur, Pune, Sanand, Pantnagar and Lucknow manufacturing facilities have been accredited with a ISO/TS 16949:2000(E) certification.

The manufacturing facilities of TDCV are based in Gunsan, South Korea. TDCV has received the ISO/TS 16949 certification, an international quality systems specification given by SGS UK Ltd., an International Automotive Task Force, or IATF, accredited certification body. It is the first South Korean automobile OEM to be awarded an ISO/TS 16949 certification.

Fiat India Automobiles Private Limited, our joint arrangement with Fiat Group, has its manufacturing facility located in Ranjangaon, Maharashtra. The plant is used for manufacturing Tata and Fiat branded cars and engines, and transmissions for use by both partners.

Tata Motors (Thailand) Limited is our joint venture with Thonburi Automotive Assembly Plant Co. Ltd, and has a manufacturing facility located in Samutprakarn province, Thailand. The facility is used for the manufacture and assembly of pickup trucks. Through our joint venture in Thailand, we offered refreshed versions of Tata brand pickup trucks in Fiscal 2016 and increased the joint venture's product range by introducing Daewoo brand M&HCV trucks in Thailand. We intend to introduce further upgraded versions of pickup trucks and introduce Tata brand M&HCV trucks in Thailand in Fiscal 2017.

Through Jaguar Land Rover, we currently operate four principal automotive manufacturing facilities in the United Kingdom at Solihull, Castle Bromwich, Halewood and the Engine Manufacturing Centre at Wolverhampton, as well as two product development facilities in the United Kingdom at Gaydon and Whitley. Most of these facilities are owned as freehold estates or are held through long-term leaseholds, generally with nominal rents. We also own a joint venture manufacturing plant under our China Joint Venture, in Changshu, near Shanghai, as part of a RMB 10.9 billion investment that also includes a new research and development center, which opened in October 2014. Construction of a new engine plant for production of fuel-efficient engines is also contemplated under the joint venture agreement. Jaguar Land Rover also recently opened a new manufacturing facility in Brazil, which manufactures the Evoque and Discovery Sport for the Brazilian market.

Tata Motors (SA) (Proprietary) Limited, our joint venture with Tata Africa Holdings (SA) (Proprietary) Ltd. for the manufacture and assembly operations of our LCVs and M&HCVs in South Africa, owns and operates a manufacturing facility located in Rosslyn, South Africa.

Description of environmental issues that may affect our utilization of facilities

Tata and other brand vehicles

As with other participants in the automobile industry around the world, we are exposed to regulatory risks related to climate change. The design and development of fuel-efficient vehicles and vehicles running on alternative renewable energy has become a priority as a result of fossil fuel scarcity, escalating price and growing awareness about energy efficiency among customers.

We have adopted the Tata Group Climate Change Policy which addresses key climate change issues related to products, processes and services. We are committed to reduction of greenhouse gas emissions throughout the lifecycle of our products and development of fuel efficient and low greenhouse gas emitting vehicles, as an integral part of our product development and manufacturing strategy.

Considering the climate change risk, we are actively involved in partnerships with technology providers to embrace energy-efficient technologies not only for products but also for processes and are also participating actively in various national committees in India, which are working on formulating policies and regulations for improvement of the environment, including through reduction of greenhouse gases.

India, as a party to the United Nations Framework Convention on Climate Change, 1992 and its Kyoto Protocol, 1997, has been committed to addressing the global problem on the basis of the principle of “common but differentiated responsibilities and respective capabilities” of the member parties. At present, there are no legally binding targets for greenhouse gas reductions for India as it is a developing country. There are, however, opportunities for minimizing energy consumption through elimination of energy losses during manufacturing, thereby reducing manufacturing costs and increasing productivity.

The United Nations 21st Conference on Climate Change, Conference of the Parties, or COP 21, was held in Paris from November 30, 2015 to December 11, 2015. The Honorable Prime Minister Narendra Modi highlighted India’s commitment to reduce its emission intensity to 33% to 35% by 2030 compared to 2005 levels, through nationally determined development measures and priorities.

In order to manage regulatory and general risks of climate change, we are increasingly investing in the design and development of fuel efficient and alternative energy vehicles, in addition to implementing new advanced technologies to increase efficiency of our internal combustion engines. We have manufactured CNG and CNG-electric hybrid versions of buses, LCVs, and the Ace Xenon, as well as a liquefied petroleum gas version of the Indica passenger vehicle.

Moreover, we use refrigerants such as R134A in our products in order to minimize our contribution toward greenhouse gas emissions. We also ensure that no refrigerant is released to the atmosphere during any service, repair and maintenance of the air-conditioning systems of our vehicles by first recovering the refrigerant charge before the system is serviced and recharged. In addition, since 2009, we have voluntarily disclosed fuel-efficiency information for our passenger vehicles in India in accordance with a decision by SIAM. We are also continually in the process of developing products to meet the current and future emission norms in India and other countries. For example, we offer products which meet the Bharat Stage III and Bharat Stage IV norms in India and Euro V norms in International markets.

We also strive to increase the proportion of energy sourced from renewables. As one of our prime objectives, we have endeavored to incorporate environmentally sound practices in our processes, products and services. Our manufacturing facilities at Pune, Jamshedpur, Lucknow, Sanand, Dharwad and Pantnagar in India each have an Environmental Management System in place and have achieved ISO-14001 certification. We have been implementing various Environment Management Programs on energy conservation such as reduction in electricity and fuel consumption with resulting reductions in greenhouse gas emissions. We are actively working toward a shift to gas fuels to meet process heat requirements.

Jaguar Land Rover

Our production facilities are subject to a wide range of environmental, health and safety requirements. These requirements address, among other things, air emissions, wastewater discharges, accidental releases into the environment, human exposure to hazardous materials, the storage, treatment, transportation and disposal of wastes and hazardous materials, the investigation and clean-up of contamination, process safety and the maintenance of safe conditions in the workplace. Many of our operations require permits and controls to monitor or prevent pollution. We have incurred, and will continue to incur, substantial ongoing capital and operating expenditures to ensure compliance with current and future environmental, health and safety laws and regulations or their more stringent enforcement. Violations of these laws and regulations could result in the imposition of significant fines and penalties, the suspension, revocation or non-renewal of our permits, or the closure of our plants. Other environmental, health and safety laws and regulations could impose restrictions or onerous conditions on the availability or the use of raw materials we need for our manufacturing process. Violations of these laws and regulations may occur, among other ways, from errors in monitoring emissions of hazardous or toxic substances from our vehicles or production sites into the environment, such as our use of incorrect methodologies or defective or inappropriate measuring equipment, errors in manually capturing results, or other mistaken or unauthorized acts of our employees, suppliers or agents.

Our manufacturing process results in the emission of greenhouse gases such as CO₂. We expect requirements to reduce greenhouse gasses to become increasingly more stringent and costly to address over time. For example, the European Union Emissions Trading Scheme, or EUETS, a systemwide scheme in the European Union in which allowances to emit greenhouse gases are issued and traded, is now in Phase 3 (2013 to 2020) and applies to our three manufacturing facilities. We have managed our EUETS allowances during previous phases of the EUETS scheme and use these remaining allowances from these earlier phases to meet our compliance requirements. The automotive sector has also been given recognition of being at risk of “carbon leakage” in accordance with the EUETS rules. This means that we will receive an increase in free allowances from 2015 and 2019. As a consequence of these actions, we currently project that we will reach the end of Phase 3 without the need to purchase EUETS carbon allowances. In Phase 4 of the scheme from 2020 to 2027, free allowances will be completely phased out by 2027 for all organizations in the EUETS scheme, so we project that we will be required to purchase EUETS allowances in Phase 4 of the scheme, potentially at a substantial cost.

We have a Climate Change Agreement, or CCA, in the United Kingdom which covers our manufacturing energy use. This requires us to deliver a 15% reduction in energy use per vehicle by 2020 compared to the 2008 baseline. Our projections show that we are on track to achieve this target and consequently will not need to purchase carbon allowances under this scheme.

We are also registered as a participant in the Carbon Reduction Commitment Energy Efficiency Scheme, or CRC Scheme, which regulates emissions from electricity and gas use, primarily in our non-vehicle manufacturing activities in the United Kingdom. We will be purchasing allowances under this scheme during 2016 for the emissions in Fiscal 2015.

The Department of Energy and Climate Change of the United Kingdom has recently issued a consultation on potential changes to the energy taxation regime in the United Kingdom. The U.K.’s treasury department has advised that the envisaged changes need to be cost neutral and should not result in a decrease in the revenues raised from the schemes. These changes may lead to elimination of the CRC Scheme and amendments to the CCA. Jaguar Land Rover has worked with the Society of Motor Manufacturers and Traders to compile and submit a response to the consultation. These changes may result in an increased cost of compliance to our business.

Many of our sites have an extended history of industrial activity. We may be required to investigate and remediate contamination at those sites, as well as properties we formerly operated, regardless of whether we caused the contamination or whether the activity causing the contamination was legal at the time it occurred. For example, some of our buildings at our Solihull plant and other plants in the United Kingdom are undergoing an asbestos-removal program in connection with ongoing refurbishment and rebuilding. In connection with contaminated properties, as well as our operations generally, we also could be subject to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property damage resulting from hazardous substance contamination or exposure caused by our operations, facilities or products. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at our facilities, could result in substantial unanticipated costs. We could be required to establish or substantially increase financial reserves for such obligations or liabilities, and, if we fail to accurately predict the amount or timing of such costs, the related adverse impact on our business, financial condition or results of operations could be material.

Production Capacity

The following table shows our production capacity as at March 31, 2016 and production levels by plant and product type in Fiscal 2016 and 2015:

	As at March 31, 2016	Year ended March 31,	
	Production Capacity	2016	2015
		Production (Units)	
Tata Motors Plants in India¹			
Medium and heavy commercial vehicles, light commercial vehicles, utility vehicles and passenger cars	1,588,784	466,622	458,339
Jaguar Land Rover^{2,5}			
Utility vehicles, passenger cars	770,812	559,880	470,536
Other subsidiary companies' plants (excluding Jaguar Land Rover)³			
Medium and heavy commercial vehicles, buses, bus bodies and pickup trucks	57,000	20,237	23,670
Joint operations⁴ (Passenger Vehicles)	100,000	29,931	32,298

1. This refers to estimated production capacity on a double-shift basis for all plants (except the Uttarakhand plant for which capacity is on a three-shift basis) for the manufacture of vehicles and replacement parts.
2. Production capacity is on a three-shift basis.
3. The plants are located in South Korea, Morocco, South Africa and Thailand. Production capacity of plants at Morocco are on a single-shift basis.
4. Excludes production of engines/powertrains.
5. Includes capacity at Chery Jaguar Land Rover Automotive Company Limited.

Properties

We produce vehicles and related components and carry out other businesses through various manufacturing facilities. In addition to our manufacturing facilities, our properties include sales offices and other sales facilities in major cities, repair service facilities and research and development facilities.

The following table sets forth information, with respect to our principal facilities, a substantial portion of which are owned by us as at March 31, 2016. The remaining facilities are on leased premises.

<u>Location</u>	<u>Facility or Subsidiary / Joint Operations Name</u>	<u>Principal Products or Functions</u>
<u>India</u>		
<i>In the State of Maharashtra</i>		
Pune (Pimpri, Chinchwad, Chikhali ¹ , Maval)	Tata Motors Limited	Automotive vehicles, components and research and development
Pune (Chinchwad)	TAL Manufacturing Solutions Ltd.	Factory automation equipment and services
Pune (Hinjewadi) ¹	Tata Technologies Ltd.	Software consultancy and services
Mumbai, Pune	Tata Motors Limited/Concorde Motors (India) Ltd./Tata Motors Finance Ltd.	Automobile sales and service and vehicle financing
Nagpur ¹	TAL Manufacturing Solutions Ltd.	Production of advanced composite floor beams, including machining of metal fittings for Boeing 787 Dreamliner
Satara	Tata Cummins Pvt. Ltd.	Automotive engines
Pune (Ranjangaon)	Fiat India Automobiles Pvt. Ltd.	Automotive vehicles and components
<i>In the State of Jharkhand</i>		
Jamshedpur	Tata Motors Limited	Automotive vehicles, components and research and development
Jamshedpur	TML Drivelines Ltd.	Axles and transmissions for M&HCVs
Jamshedpur	Tata Cummins Pvt. Ltd.	Automotive engines
<i>In the State of Uttar Pradesh</i>		
Lucknow ¹	Tata Motors Limited	Automotive vehicles, parts and research and development
	Tata Marcopolo Motors Ltd.	Bus bodies
<i>In the State of Karnataka</i>		
Dharwad	Tata Motors Limited	Automotive vehicles, components, spare parts and warehousing
	Tata Marcopolo Motors Ltd.	Bus body manufacturing
Bengaluru ²	Concorde Motors (India) Ltd.	Automobile sales and service
<i>In the State of Uttarakhand</i>		
Pantnagar ¹	Tata Motors Limited	Automotive vehicles and components
<i>In the State of Gujarat</i>		
Sanand	Tata Motors Limited	Automotive vehicles and components
<i>Rest of India</i>		
Hyderabad ² & Chennai ¹	Concorde Motors (India) Ltd.	Automobile sales and service
Cochin, Delhi	Concorde Motors (India) Ltd.	Automobile sales and service
Various other properties in India	Tata Motors Limited/Tata Motors Finance Ltd.	Vehicle financing business (office/residential)
<u>Outside India</u>		
Singapore	Tata Technologies Pte Ltd.	Software consultancy and services

<u>Location</u>	<u>Facility or Subsidiary / Joint Operations Name</u>	<u>Principal Products or Functions</u>
Republic of South Korea	Tata Daewoo Commercial Vehicles Co. Ltd	Automotive vehicles, components and research and development
Thailand	Tata Motors (Thailand) Ltd. Tata Technologies (Thailand) Ltd.	Pick-up trucks Software consultancy and services
United Kingdom	Tata Motors European Technical Centre	Engineering consultancy and services
United Kingdom	INCAT International PLC, Tata Technologies Europe Ltd and Cambric UK Ltd	Software consultancy and services
United Kingdom		
Solihull	Jaguar Land Rover Holdings Limited	Automotive vehicles and components
Castle Bromwich	Jaguar Land Rover Limited	Automotive vehicles and components
Halewood	Jaguar Land Rover Limited	Automotive vehicles and components
Gaydon	Jaguar Land Rover Holdings Limited	Research and product development
Whitley	Jaguar Land Rover Limited	Headquarters and research and product development
Wolverhampton	Jaguar Land Rover Limited	Engine manufacturing
Spain	Tata Hispano Motors Carrocera S.A.	Bus body service
Morocco	Tata Hispano Motors Carrocerries Maghreb SA	Bus body manufacturing and service
South Africa	Tata Motors (SA) (Proprietary) Limited	Manufacture and assembly operations of vehicles
Indonesia	PT Tata Motors Indonesia	Distribution of vehicles
Italy	Trilix Srl.	Automotive design and engineering
<u>Rest of the world</u>		
Various (e.g. United States, United Kingdom, China, Europe, Australia)	Tata Technologies Ltd.	Software consultancy and services
	Jaguar Land Rover ³	National sales companies Regional sales offices

Note: Excludes facilities held by our joint ventures, including the manufacturing plant held by Jaguar Land Rover Automotive Company Limited.

1. Land at each of these locations is held under an operating lease.
2. Some of the facilities are held under an operating lease and some are owned.
3. National sales companies are held by various subsidiaries of the Jaguar Land Rover group of companies.

Substantially all of our owned properties are subject to mortgages in favor of secured lenders and debenture trustees for the benefit of secured debenture holders. A significant portion of our property, plant and equipment, except those in the United Kingdom, is pledged as collateral securing indebtedness incurred by us. We believe that there are no material environmental issues that may affect our utilization of these assets.

We have additional property interests in various locations around the world for limited manufacturing, sales offices, and dealer training and testing. The majority of these are housed within leased premises.

For further details regarding the current legal proceedings with respect to the leased land in West Bengal, please refer to Item 4.B “—Business Overview—Legal Proceedings” of this annual report on Form 20-F.

We consider all of our principal manufacturing facilities and other significant properties to be in good condition and adequate to meet the needs of our operations.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

You should read the following discussion of our financial condition and results of operations together with our consolidated financial statements prepared in conformity with IFRS and information included in this annual report on Form 20-F. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors including, but not limited to, those set forth in Item 3.D and elsewhere in this annual report on Form 20-F.

A. Operating Results

All financial information discussed in this section is derived from our audited financial statements included in this annual report on Form 20-F, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Overview

In Fiscal 2016, our total revenue (net of excise duties), including finance revenues, increased by 2.7% to Rs.2,697,422 million from Rs.2,625,265 million in Fiscal 2015. We recorded net income (excluding the share attributable to non-controlling interests) of Rs.95,883 million in Fiscal 2016, representing a decrease by 25.3% or Rs.32,408 million over net income in Fiscal 2015 of Rs.128,291 million.

Automotive operations

Automotive operations are our most significant segment, accounting for 99.5% of our total revenues in each of Fiscal 2016, 2015, and 2014. In Fiscal 2016, revenue from automotive operations before inter-segment eliminations was Rs.2,683,327 million, as compared to Rs.2,612,303 million in Fiscal 2015 and Rs.2,329,582 million in Fiscal 2014.

Our automotive operations include:

- All 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 our vehicles in certain markets.

Our automotive operations segment is further divided into Tata and other brand vehicles (including financing thereof), and Jaguar Land Rover. In Fiscal 2016, Jaguar Land Rover contributed 81.7% of our total automotive revenue compared to 82.9% in Fiscal 2015 and 81.3% in Fiscal 2014 (before intra-segment elimination) and the remaining 18.3% was contributed by Tata and other brand vehicles in Fiscal 2016 compared to 17.1% in Fiscal 2015 and 18.7% in Fiscal 2014. Jaguar Land Rover revenue includes a translation loss from GBP to Indian rupees. For further detail see Item 5.A “—Operating Results—Fiscal 2016 Compared to Fiscal 2015—Revenue.”

Other Operations

Our other operations business segment mainly includes information technology services, machine tools and factory automation solutions. Our revenue from other operations before inter-segment eliminations was Rs.29,116 million in Fiscal 2016, an increase of 7.2% from Rs.27,152 million in Fiscal 2015. Revenues from other operations represented 1.1%, 1.0% and 1.1% of our total revenues, before inter-segment eliminations, in Fiscal 2016, 2015 and 2014, respectively. Earnings before other income, interest and tax before inter-segment eliminations (segment earnings), were Rs.4,212 million in Fiscal 2016 and Rs.3,448 million and Rs.2,634 million in Fiscal 2015 and 2014, respectively.

Geographical breakdown

We have pursued a strategy of increasing exports of Tata and other brand vehicles to new and existing markets. Improved market sentiment in certain countries to which we export and a strong portfolio of Jaguar Land Rover vehicles have enabled us to increase sales in these international markets in Fiscal 2016. Sales in Europe have overtaken those in China, and Europe has become our second largest single market in terms of volume, after India. Sales in Europe increased by 45.2% in Fiscal 2016, in terms of volume. Besides, Jagaur Land Rover, TDCV, our subsidiary in South Korea, and TTL, our specialized subsidiary engaged in engineering, design and information technology services, contributes to our revenue from international markets. The proportion of our net sales earned from markets outside of India has decreased marginally to 84.7% in Fiscal 2016 from 86.2% in Fiscal 2015, due to growth in revenues from India. Our net sales do not include revenues of the China Joint Venture (which commenced operations in Q3 of Fiscal 2015), as the China Joint Venture is an equity accounted investee.

The following table sets forth our revenue from our key geographical markets:

Revenue	Year ended March 31,					
	2016		2015		2014	
	Rs. in million	Percentage	Rs. in million	Percentage	Rs. in million	Percentage
India	411,399	15.2%	361,206	13.8%	364,591	15.6%
China	494,359	18.3%	758,085	28.9%	656,138	28.0%
United Kingdom	448,389	16.6%	351,527	13.4%	290,162	12.4%
United States of America	435,932	16.2%	314,009	12.0%	266,436	11.4%
Rest of Europe	415,022	15.4%	317,303	12.1%	292,378	12.4%
Rest of the World	492,321	18.3%	523,135	19.8%	472,056	20.2%
Total	2,697,422	100%	2,625,265	100%	2,341,761	100%

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.

Significant Factors Influencing Our Results of Operations

Our results of operations are dependent on a number of factors, which mainly include the following:

- **General economic conditions.** We, similar to other participants in the automotive industry, are materially affected by general economic conditions. See Item 3.D “—Risk Factors—Risks associated with Our Business and the Automotive Industry”.
- **Interest rates and availability of credit for vehicle purchases.** Our volumes are significantly dependent on availability of vehicle financing arrangements and their associated costs. For further discussion of our credit support programs, see Item 4.B “—Business Overview—Automotive Operations”.
- **Excise duties and sales tax rates.** In India, the excise and sales tax rate structures affect the cost of vehicles to the end user and, therefore, impact demand significantly. For a detailed discussion regarding tax rates applicable to us, please see Item 4.B “—Business Overview—Government Regulations—Excise Duty”.
- **Our competitive position in the market.** For a detailed discussion regarding our competitive position, see Item 4.B “—Business Overview—Automotive Operations—Tata and other brand vehicles—Competition”.
- **Cyclicity and seasonality.** Our results of operations are also dependent on the cyclicity and seasonality in demand in the automotive market. For a detailed discussion on seasonal factors affecting our business, please see Item 4.B “Business Overview—Automotive Operations—Tata and other brand vehicles—Seasonality” and 4.B “Business Overview—Automotive Operations—Jaguar Land Rover—Seasonality”.
- **Environmental Regulations.** Governments in the various countries in which we operate are placing a greater emphasis on raising emission and safety standards for the automobile industry. Compliance with applicable environmental and safety laws, rules, regulations and standards will have a significant impact on costs and product life cycles in the automotive industry. For further details with respect to these regulations, please see Item 4.B “—Business Overview—Government Regulations”.
- **Foreign Currency Rates.** Our operations and our financial position are quite sensitive to fluctuations in foreign currency exchange rates. Jaguar Land Rover earns significant revenue in the United States, Europe and China, and also sources a significant portion of its input material from Europe. Thus, any exchange rate fluctuations of GBP to Euro, GBP to U.S. dollar and GBP to other currencies would affect our financial results. We have significant borrowings in foreign currencies denominated mainly in U.S. dollars. Our consolidated financial results are affected by foreign currency exchange fluctuations through both translation and transaction risks. Changes in foreign currency exchange rates may positively or negatively affect our revenues, results of operations and net income. To the extent that our financial results for a particular period will be affected by changes in the prevailing exchange rates at the end of the period, such fluctuations may have a substantial impact on comparisons with prior periods. Furthermore, Jaguar Land Rover constitutes a major portion of consolidated financial position, the figures of which are translated into Indian rupees. However, the translation effect is a reporting consideration and does not impact our underlying results of operations. Please see Item 11 “Quantitative and Qualitative Disclosures About Market Risk” and Note 35(d)(i) – (a) to our consolidated financial statements included elsewhere in this annual report on Form 20-F for further detail on our exposure to fluctuations in foreign currency exchange rates.
- **Political and Regional Factors.** As with the rest of the automotive industry, we are affected by political and regional factors. For a detailed discussion regarding these risks, please see Item 3.D “Key Information—Risk Factors—Political and Regulatory Risks.”

Results of operations

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

	Percentage of Total Revenue Year ended March 31,			Percentage Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Total revenues	100%	100%	100%	2.7%	12.1%
Raw materials, components and purchase of product for sale (including change in inventories of finished goods & work-in-progress)	59.7	61.0	61.7	0.7	10.8
Employee cost	10.7	9.5	9.1	15.1	17.1
Other expenses	21.7	20.8	21.3	7.2	9.4
Provision for loss of inventory (net of insurance recoveries)	0.6	—	—	100.0	—
Depreciation and amortization	6.2	5.1	4.7	25.0	21.8
Expenditure capitalized	-6.2	-5.8	-5.8	8.9	13.3
Other (income)/ loss (net)	-0.1	-0.4	-0.3	-72.8	48.8
Interest income	-0.3	-0.3	-0.3	6.2	1.6
Interest expense (net)	1.8	2.0	2.3	-8.3	-1.6
Foreign exchange (gain) / loss (net)	1.4	0.5	-0.8	203.4	166.4
Impairment of an equity accounted investee	—	—	0.3	—	-100.0
Share of (profit) / loss of equity accounted investees	-0.2	0.1	0.1	-430.3	-6.9
Net income before tax	4.6	7.5	7.7	-37.3	10.5
Income tax expense	-1.0	-2.6	-2.1	-60.2	43.4
Net income	3.6	4.9	5.6	-25.0	-1.6
Net income attributable to shareholders of Tata Motors Limited	3.6	4.9	5.6	-25.3	-1.9
Net income attributable to non-controlling interests	— *	— *	— *	25.0	71.4

* Less than 0.1

The following table sets forth selected data regarding our automotive operations (Tata and other brand vehicles (including financing thereof) and Jaguar Land Rover) for the periods indicated and the percentage change from period-to-period (before inter-segment eliminations):

	Year ended March 31,			Percentage Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Total Revenues (Rs. million)	2,683,327	2,612,303	2,329,582	2.7	12.1
Earnings before other income, interest and tax (Rs. million)	191,195	244,551	207,396	-21.8	17.9
Earnings before other income, interest and tax (% to total revenue)	7.1%	9.4%	8.9%		

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

	Year ended March 31,			Percentage Change	
	2016	2015	2014	2015 to 2016	2014 to 2015
Total Revenues (Rs. million)	29,116	27,152	24,989	7.2	8.7
Earnings before other income, interest and tax (Rs. million)	4,212	3,448	2,634	22.2	30.9
Earnings before other income, interest and tax (% to total revenue)	14.5%	12.7%	10.5%		

Fiscal 2016 Compared to Fiscal 2015

Revenue

Our total consolidated revenue (net of excise duty, where applicable), including finance revenue, increased by 2.7% to Rs.2,697,422 million in Fiscal 2016 from Rs.2,625,265 million in Fiscal 2015.

The increase in revenue was driven by both Tata brand vehicles in India and our Jaguar Land Rover business. The revenue of our Tata brand vehicles increased by 9.6% to Rs.490,344 million in Fiscal 2016 from Rs.447,218 million in Fiscal 2015 due to increased volumes of M&HCV. The revenue of our Jaguar Land Rover business increased by 1.3% to Rs.2,193,059 million in Fiscal 2016 from Rs.2,165,673 million in Fiscal 2015, primarily due to volume increases driven by the success of new products we launched, such as the Discovery Sport and the XE, as well as strong growth in the United Kingdom, North America and European markets. The increase in revenue also reflects an increase on account of foreign currency translation gain from GBP to Indian rupees of Rs.2,087 million pertaining to Jaguar Land Rover. The increase in revenue of Rs.25,299 million at our Jaguar Land Rover business (excluding translation impact) was mainly attributable to an increase in sales of Land Rover from 394,945 units in Fiscal 2015 to 441,979 units in Fiscal 2016, an increase of 11.9%, which was supplemented by an increase in sales of Jaguar-brand vehicles to 102,106 units in Fiscal 2016 from 78,083 units in Fiscal 2015, an increase of 30.8%.

Our revenues from sales of vehicles and spares manufactured in India increased by 17.0% to Rs.423,698 million in Fiscal 2016 from Rs.362,214 million in Fiscal 2015. The increase was mainly attributable to increased revenues of M&HCVs in India, which increased by 31.8% to Rs.219,097 million in Fiscal 2016 from Rs.166,263 in Fiscal 2015, primarily due to replacement of fleet vehicles, supported by stable freight rates across key routes, lower fuel prices, higher load factor and renewal of mining activities in certain states of India. Such increase in revenue was partially offset by the decrease in revenue of LCVs, which decreased by 14.6% to Rs.58,860.7 million in Fiscal 2016 from Rs.68,890 million in Fiscal 2015. Furthermore, revenue attributable to passenger cars decreased by 10.7% to Rs.33,224.4 million in Fiscal 2016 from Rs.37,196 million in Fiscal 2015, and revenue attributable to utility vehicles decreased by 20.3% to Rs.10,399.7 million in Fiscal 2016 from Rs.13,051 million in Fiscal 2015.

Revenue from our vehicle financing operations marginally declined by 1.3% to Rs.22,319 million in Fiscal 2016, as compared to Rs.22,631 million in Fiscal 2015.

Revenue attributable to TDCV, our subsidiary company engaged in design, development and manufacturing of M&HCVs, decreased by 13.2% to Rs.47,742 million in Fiscal 2016 from Rs.55,016 million in Fiscal 2015, primarily due to lower export sales, which was partially offset by an increase in domestic volumes. Factors, such as low-oil prices, local currency depreciation against the U.S. dollar, new statutory regulations to reduce imports, slowdown in the Chinese economy, which impacted commodity-exporting countries, and increased dealer inventory, adversely impacted TDCV's exports in major markets, such as Algeria, Russia, Vietnam, South Africa and Gulf Cooperation Council, or GCC, countries.

Revenue from other operations, before inter-segment eliminations, increased by 7.2% to Rs.29,116 million in Fiscal 2016 from Rs.27,152 million in Fiscal 2015, and represents 1.1% and 1.0% of our total revenues, before inter-segment eliminations, in Fiscal 2016 and 2015, respectively.

Cost and Expenses

Raw Materials, Components and Purchase of Products for Sale (including change in inventories of finished goods and work-in-progress) (material costs)

Material costs increased marginally by 0.7% to Rs.1,611,639 million in Fiscal 2016 from Rs.1,601,056 million in Fiscal 2015.

At our Jaguar Land Rover operations, material costs in Fiscal 2016 marginally decreased by 0.8% to Rs.1,293,304 million from Rs.1,304,221 million in Fiscal 2015. Material costs attributable to our Jaguar Land Rover operations had decreased by Rs.10,917 million in Fiscal 2016 mainly due to a positive movement of foreign currency rates applicable for sourcing countries and a decrease in duties of GBP 593 million, primarily due to a decrease in sales in China, which partially offset increases in material costs, primarily due to changes in product mix and higher volumes. Material costs at our Jaguar Land Rover operations as a percentage of revenue decreased to 59.2% in Fiscal 2016 from 60.3% in Fiscal 2015 (in GBP terms).

Material costs for Tata and other brand vehicles has also increased by 7.5% to Rs.313,172 million in Fiscal 2016 from Rs.291,206 million in Fiscal 2015, primarily due to increase in volumes. However, material costs as a percentage of total revenue (excluding finance revenue) decreased to 66.9% in Fiscal 2016, as compared to 68.6% in Fiscal 2015, primarily due to favorable product mix leading to higher contribution margin.

At our India operations, material costs have increased by 28.7% to Rs.143,924 million in Fiscal 2016, as compared to Rs.111,823 million in Fiscal 2015 for M&HCVs, which was partially offset by a decrease in the material costs for LCVs by 4.9% to Rs.40,439 million in Fiscal 2016, as compared to Rs.42,531 million in Fiscal 2015. In the passenger vehicle segment, material costs for passenger cars decreased by 8.7% to Rs.29,183 million in Fiscal 2016, as compared to Rs.31,957 million in Fiscal 2015 and for utility vehicles, by 24.0% to Rs.8,529 million in Fiscal 2016, as compared to Rs.11,228 millions in Fiscal 2015.

Material costs have decreased by 20.5% to Rs.31,159 million in Fiscal 2016, as compared to Rs.39,177 million in Fiscal 2015 for TDCV, primarily due to lower volumes particularly in the export market. The decrease was partially offset by an unfavorable foreign currency translation from KRW to Indian rupees of Rs.728 million. As a percentage of total revenue, material cost decreased to 65.3% in Fiscal 2016, compared to 71.2% in Fiscal 2015. Increased sales prices of models that comply with Euro 6 regulations in the domestic market and a favorable product mix contributed to a higher contribution ratio.

Provision for Loss of Inventory

On August 12, 2015, a series of explosions caused widespread damage at the Port of Tianjin in China, one of three major locations in China through which Jaguar Land Rover imports its vehicles. A provision of Rs.16,384 million (GBP 157 million) (net of insurance recoveries of Rs.5,342 million (GBP 55 million)) has been recognised against the carrying value of inventory for the damage due to explosion at the port of Tianjin in China. We may have additional claims for insurance recoveries in future.

Employee Costs

Our employee costs increased by 15.1% in Fiscal 2016 to Rs.288,117 million from Rs.250,401 million in Fiscal 2015, including the foreign currency translation impact from GBP to Indian rupees discussed below. Our permanent headcount increased by 4.2% as at March 31, 2016 to 76,598 employees from 73,485 employees as at March 31, 2015, primarily due to new production facilities and research and development centers at Jaguar Land Rover, and the average temporary headcount remain flat at 40,205 employees in Fiscal 2016 from 40,213 employees in Fiscal 2015.

The employee cost at Jaguar Land Rover increased by 17.6% to Rs.228,730 million in Fiscal 2016 from Rs.194,467 million in Fiscal 2015. This increase includes an unfavorable foreign currency translation from GBP to Indian rupees of Rs.546 million. In GBP terms, employee costs at Jaguar Land Rover increased to GBP 2,321 million in Fiscal 2016 from GBP1,977 million in Fiscal 2015. The employee cost at Jaguar Land Rover as a percentage to revenue increased to 10.5% in Fiscal 2016 from 9.0% in Fiscal 2015. Due to consistent increases in volumes and to support new launches and product development projects, Jaguar Land Rover increased its average permanent headcount by 19.6% in Fiscal 2016 to 29,789 employees from 24,902 employees in Fiscal 2015. However, the average temporary headcount was flat at 7,216 employees in Fiscal 2016 from 7,225 employees in Fiscal 2015. Total number of permanent employees as at March 31, 2016 was 30,750, as compared to 27,004 as at March 31, 2015 for Jaguar Land Rover.

The employee cost for Tata and other brand vehicles (including financing thereof) increased by 6.6% to Rs.46,836 million in Fiscal 2016 from Rs.43,922 million in Fiscal 2015.

For our India operations, employee costs increased marginally by 0.8% to Rs.36,834 million in Fiscal 2016 from Rs.36,547 million in Fiscal 2015, mainly due to regular annual increases in salary. However, the permanent headcount decreased marginally by 2.9% as at March 31, 2016 to 36,177 employees from 37,243 employees as at March 31, 2015, which was mainly driven by efforts to rationalize employee costs across our India operations. However, the average temporary headcount increased by 13.9% to 31,625 employees in Fiscal 2016 from 27,772 employees in Fiscal 2015, mainly due to increase in M&HCV volumes.

Employee costs at TDCV increased by 64.0% to Rs.7,370 million in Fiscal 2016 from Rs.4,493 million in Fiscal 2015. During Fiscal 2015, TDCV reduced employee costs by write back of a provision of Rs.2,643 million due to the resolution of the lawsuit filed by TDCV union employees. After adjusting for the write back in Fiscal 2015, employee costs increased marginally by 3.3%.

In Fiscal 2016, we closed the manufacturing operations at Tata Hispano Motors Carrocerries Maghreb, or Hispano Maghreb, and paid Rs.223 million as employee separation costs. The closure was triggered by sustained underperformance that was mainly attributable to challenging market conditions in the regions where Hispano Maghreb operates.

Other Expenses

Other expenses increased by 7.2% to Rs.585,321 million in Fiscal 2016 from Rs.545,910 million in Fiscal 2015. This increase reflects an unfavorable foreign currency translation of GBP to Indian rupees of Rs.818 million pertaining to Jaguar Land Rover. As a percentage of total revenues, these expenses increased to 21.7% in Fiscal 2016 from 20.8% in Fiscal 2015. The major components of expenses are as follows:

	Year ended March 31,		Change	Percentage of Total Revenue	
	2016	2015		Year ended March 31, 2016	2015
	(Rs. in millions)				
Freight and transportation expenses	103,351	84,309	22.6%	3.8%	3.2%
Works operation and other expenses	223,315	213,280	4.7	8.3	8.1
Publicity	87,685	85,773	2.2	3.3	3.3
Allowance for trade and other receivables, and finance receivables	15,319	25,597	-40.2	0.6	1.0
Warranty and product liability expenses	67,539	60,266	12.1	2.5	2.3
Research and development expenses	34,688	28,515	21.6%	1.3%	1.1%

1. The increase in freight and transportation expenses corresponds to an increase in volumes at both Tata brand vehicles and Jaguar Land Rover operations, predominantly on account of increased sales of M&HCV and growth in North America and Europe and the United Kingdom, respectively, on an annual basis.
2. Our works operation and other expenses represented 8.3% and 8.1% of total revenue in Fiscal 2016 and 2015, respectively. On absolute terms, the expenses have increased by 4.7% to Rs.223,315 million in Fiscal 2016 from Rs.213,280 million in Fiscal 2015. These mainly relate to volume-related expenses at Jaguar Land Rover and Tata Motors. Engineering expenses at Jaguar Land Rover have increased, reflecting our increased investment in the development of new vehicles by 6.4% to Rs.65,054 million in Fiscal 2016 from Rs.61,127 million in Fiscal 2015. A significant portion of these costs are capitalized and shown under the line item "expenditure capitalized" discussed below.
3. Publicity expenses remains flat at 3.3% of our total revenues in Fiscal 2016 and 2015. In addition to routine product and brand campaigns, we incurred expenses relating to new product introduction campaigns in Fiscal 2016, namely the new Jaguar XE, the all new Jaguar XF, the refreshed 2016 model year Jaguar XJ, new Jaguar F-PACE and the Range Rover Evoque (including convertible) at Jaguar Land Rover, and the SIGNA range of trucks, the Ace Mega and the "Made of Great" campaign and auto expo at our India operations.
4. Our allowance for trade and other receivables represented 0.6% and 1.0% of total revenues in Fiscal 2016 and Fiscal 2015, respectively. The allowances for finance receivables mainly relate to India operations. These mainly reflect provisions for the impairment of vehicle loans of Rs.8,600 million for Fiscal 2016 as compared to Rs.23,226 million for the same period in 2015. The decrease in provision is mainly due to improved financing (more M&HCV and lower loan-to-value ratio) during the year and increased collections. Based on our assessment of non-recoverability of overdues in trade and other receivables, we have recorded a provision of Rs.6,719 million in Fiscal 2016, compared to a provision of Rs.2,371 million in Fiscal 2015, increased mainly at Jaguar Land Rover due to certain doubtful debts.
5. Warranty and product liability expenses represented 2.5% and 2.3% of our total revenues in Fiscal 2016 and Fiscal 2015, respectively. The warranty expenses at Jaguar Land Rover represented 2.86% of the revenue as compared to 2.57% last year whereas for Tata Motors Indian operations these represent 1.16% of revenue as compared to 1.17% last year. In May 2016, an industry-wide passenger airbag safety recall was announced in the United States by the NHTSA in respect of airbags from Takata. Certain front-passenger airbags from Takata are installed in vehicles sold by Jaguar Land Rover Group. Accordingly, we recognized an additional provision of Rs.6,415 million (GBP 67 million) for the estimated cost of repairs in Fiscal 2016. Please refer to Item 5.A "Critical Accounting Policies" of this annual report for further details.
6. Research and product development costs represent research costs and costs pertaining to minor product enhancements, refreshes and upgrades to existing vehicle models. These represented 1.3% of total revenues for Fiscal 2016 as compared to 1.1% in Fiscal 2015.

Expenditure capitalized

This represents employee costs, stores and other manufacturing supplies and other works expenses incurred mainly toward product development projects. Considering the nature of our industry, we continually invest in the development of new products and invest to address safety, emission and other regulatory norms. The expenditure capitalized increased by 8.9% to Rs.166,783 million in Fiscal 2016 from Rs.153,218 million in Fiscal 2015. The increase includes a favorable foreign currency translation impact from GBP to Indian rupees of Rs.363 million pertaining to Jaguar Land Rover. These reflect expenditures on new products and other major product development plans.

Depreciation and Amortization

Our depreciation and amortization expenses increased by 25.0% in Fiscal 2016, the breakdown of which is as follows:

	Year ended March 31,	
	2016	2015
	(Rs. in millions)	
Depreciation	79,643	65,398
Amortization	88,432	69,098
Total	<u>168,075</u>	<u>134,496</u>

The increase in depreciation and amortization expenses includes an unfavorable foreign currency translation from GBP to Indian rupees of Rs.580 million pertaining to Jaguar Land Rover. The increase in depreciation expenses was primarily due to full-year depreciation of the new engine plant at the Wolverhampton facility in the United Kingdom and expenses attributable to plant and equipment and tooling, which are mainly toward capacity and new products. The amortization expenses for Fiscal 2016 mainly related to product development costs capitalized and new products introduced during this period namely the XE, the F-PACE, the new XF and the 2016 model year Evoque. Depreciation and amortization expenses represented 6.2% and 5.1% of total revenues in Fiscal 2016 and Fiscal 2015, respectively.

Other income (net)

There was a net gain of Rs.3,136 million in Fiscal 2016, as compared to Rs.11,508 million in Fiscal 2015, representing a decrease of 72.8%.

- i. The loss on change in the fair value of commodity derivatives mainly at Jaguar Land Rover increased to Rs.11,555 million in Fiscal 2016, as compared to Rs.3,627 million in Fiscal 2015, primarily due to the significant fall in commodity prices of major commodities, including aluminum, copper and platinum.
- ii. We recorded a loss on a sale of assets and assets written off of Rs.9,477 million in Fiscal 2016, as compared to Rs.3,512 million in Fiscal 2015. In Fiscal 2016, certain product development in progress were identified for write off.
- iii. Gain on sale of available-for-sale investments increased to Rs.1,814 million in Fiscal 2016, as compared to Rs.1,195 million in Fiscal 2015.
- iv. Miscellaneous income increased by 28.1% to Rs.21,908 million in Fiscal 2016 from Rs.17,101 million in Fiscal 2015. During Fiscal 2014, legislation was enacted that allows companies in the United Kingdom to elect for the Research and Development Expenditure Credit, or RDEC, on qualifying expenditures incurred since April 1, 2013, instead of the existing super-deduction rules. Accordingly, the amount not relating to capitalized product development expenditure of Rs.3,748 million and Rs.2,909 million for the Fiscal 2016 and 2015, respectively, have been recognized as miscellaneous income. Further, the increase was primarily due to income earned from royalties received from Chery Jaguar Land Rover Automotive Company Ltd. of Rs.2,466 million in Fiscal 2016, as compared to Rs. 503 million in Fiscal 2015.

For further details see Note 30 to our consolidated financial statements included elsewhere in this annual report on Form 20-F.

Interest expense (net)

Our interest expense (net of interest capitalized) decreased by 8.3% to Rs.47,913 million in Fiscal 2016 from Rs.52,232 million in Fiscal 2015. As a percentage of total revenues, interest expense represented 1.8% in Fiscal 2016, compared to 2.0% in Fiscal 2015. The interest expense (net) for Jaguar Land Rover was GBP 90 million (Rs.8,833 million) in Fiscal 2016, as compared to GBP 135 million (Rs.12,779 million) in Fiscal 2015, due to prepayment penalties of GBP 2 million in Fiscal 2016, as compared to GBP 77 million in Fiscal 2015. The decrease (excluding prepayment penalty) in interest expense is primarily due to the prepayment of higher coupon senior notes during Fiscal 2016 and Fiscal 2015, offset by an unfavorable foreign currency translation of Rs.361 million from GBP to Indian rupees. For our operations of Tata and other brand vehicles (including financing thereof), interest expense decreased marginally by 1.0% to Rs.39,249 million in Fiscal 2016 from Rs.39,665 million in Fiscal 2015. This includes mark-to-market on interest rate swaps of Rs. 1171.3 million at TML Holdings Pte Ltd. See Item 5.B “—Liquidity and Capital Resources” of this annual report on Form 20-F for additional details on our debt financing arrangements.

Foreign exchange (gain)/loss (net)

We had a net foreign exchange loss of Rs.38,468 million in Fiscal 2016, compared to Rs.12,681 million in Fiscal 2015. This was primarily attributable to our Jaguar Land Rover operations.

- i. Jaguar Land Rover recorded an exchange loss of Rs.32,837 million in Fiscal 2016, as compared to Rs.11,949 million in Fiscal 2015. We incurred a net exchange loss on senior notes of Rs.5,639 million in Fiscal 2016, as compared to Rs.15,387 million in Fiscal 2015, mainly due to appreciation of the U.S. dollar, as compared to GBP as at March 31, 2016. Further, there was a loss of Rs.13,441 million in Fiscal 2016, as compared to Rs.11,536 million in Fiscal 2015, due to fluctuations in foreign currency exchange rates on derivatives contracts, mainly reflecting a stronger U.S. dollar and Euro, offset by weaker Chinese RMB and emerging market currencies. Furthermore, this also includes a loss on revaluation of other assets and liabilities of Rs.9,166 million in Fiscal 2016, as compared to a gain of Rs.11,195 million in Fiscal 2015.
- ii. For India operations, due to depreciation of the Indian rupee mainly against the U.S. dollar, we incurred exchange losses. There was a net exchange loss of Rs.2,781 million in Fiscal 2016, as compared to Rs.1,777 million in Fiscal 2015, mainly attributable to foreign currency denominated borrowings.

Income Taxes

Our income tax expense decreased by 60.2% to Rs.27,513 million in Fiscal 2016 from Rs.69,150 million in Fiscal 2015, resulting in consolidated effective tax rates of 22.1% and 34.9%, for Fiscal 2016 and 2015, respectively.

Reasons for significant differences in the company's recorded income tax expense of Rs.27,513 million in Fiscal 2016, as compared to Rs.69,150 million in Fiscal 2015, income tax expense are mainly the following:

- i. During Fiscal 2016, Tata Motors Limited, on a standalone basis, did not recognize a deferred tax asset, amounting to Rs.8,152 million, as compared to Rs.13,844 million in Fiscal 2015, with respect to tax losses, due to the uncertainty of future taxable profit against which tax losses can be utilized.
- ii. Furthermore, during Fiscal 2016, deferred tax assets totaling Rs.5,137 million, as compared to Rs.7,089 million in Fiscal 2015, were not recognized in certain subsidiaries due to uncertainty of realization.
- iii. Income tax expense on undistributed earnings of subsidiaries was Rs.5,402 million in Fiscal 2016, as compared to Rs.7,805 million in Fiscal 2015.
- iv. In Fiscal 2016, there was a tax credit due to share of profit of equity accounted investees of Rs.1,138 million, (due to profits at our China Joint Venture) as compared to loss of Rs.334 million in Fiscal 2015.
- v. During Fiscal 2016, Tata Motors Limited, on a standalone basis received additional consideration of Rs.3,245 million, from TML Holdings Pte Ltd, a wholly owned subsidiary towards divestment of investments in Fiscal 2014 in a foreign subsidiary. Further, Tata Motors Limited, on a standalone basis divested investments in Sheba Properties Limited, wholly owned subsidiary, to Tata Motors Finance Ltd, a subsidiary, resulting in a profit of Rs.3,304 million. The resultant gain was subject to capital gains tax in India for Tata Motors Limited, on a standalone basis, resulting in utilization of business losses having a tax effect of Rs.550 million.

During Fiscal 2015, TML Holdings Pte Ltd, a wholly-owned subsidiary, repurchased 35,000,000 equity shares, par value US\$1 each, at a price of US\$7.99 each. The resultant gain was subject to capital gains tax in India for Tata Motors Limited, on a standalone basis, resulting in utilization of business losses having a tax effect of Rs.4,469 million.

- vi. The relevant Indian tax regulations mandate that companies pay tax on book profits, known as the Minimum Alternate Tax, or MAT. MAT may be carried forward and set off against future income tax liabilities computed under normal tax provisions within a period of ten years. We had recognized deferred tax assets in respect of MAT paid in prior years for Tata Motors Limited on a standalone basis.

In Fiscal 2015, the Government of India amended Indian income tax laws extending the concessional tax rate of 15% on dividends received from foreign subsidiaries indefinitely. This amendment will result in lower utilization of deferred tax assets in respect of MAT paid, due to which we have written off previously recognized deferred tax assets in respect of MAT paid of Rs.7,772 million.

- vii. Additional deduction for patent, research and product development cost of Rs.14,494 million in Fiscal 2016, as compared to Rs.7,203 million in Fiscal 2015. During Fiscal 2016, we have applied for tax benefit under patent box regime in the United Kingdom leading to additional benefit of Rs.6,958 million.
- viii. Reduction due to change in statutory tax rate by Rs.2,069 million to Rs.5,931 million in Fiscal 2016 as compared to Rs.8,000 million in Fiscal 2015.
- ix. During Fiscal 2016, tax on dividend from subsidiaries, joint operations, equity accounted investees and available-for-sale investments was Rs.1,345 million, as compared to a credit of Rs.84 million in Fiscal 2015, mainly due to an additional dividend received during Fiscal 2016.

For further details see Note 17 to our consolidated financial statements included elsewhere in this annual report on Form 20-F.

Share of profit of equity-accounted investees and non-controlling interests in consolidated subsidiaries, net of tax

In Fiscal 2016, our share of profit of equity-accounted investees reflected a gain of Rs.5,775 million, as compared to a loss of Rs.1,748 million in Fiscal 2015.

- Our share of profit (including other adjustments) in Chery Jaguar Land Rover Automotive Company Limited in Fiscal 2016 was Rs.5,781 million, as compared to a loss of Rs.1,213 million in Fiscal 2015.
- Our share of loss in Tata Hitachi Construction Machinery Co Private Ltd was Rs.421 million in Fiscal 2016, as compared to Rs.768 million in Fiscal 2015.

The share of non-controlling interests in consolidated subsidiaries increased by 25.0% to Rs.989 million in Fiscal 2016 from Rs.791million in Fiscal 2015, primarily due to increased profitability of one of our subsidiaries, TTL.

Net income

Our consolidated net income in Fiscal 2016, excluding shares of non-controlling interests, decreased by 25.3% to Rs. 95,883 million from Rs.128,291 million in Fiscal 2015. Net income as a percentage of total revenues also decreased from 4.9% in Fiscal 2015 to 3.5% in Fiscal 2016. This decrease was mainly the result of the following factors:

- Earnings before other income, interest and tax for Jaguar Land Rover decreased by 33.8% to Rs.181,763 million in Fiscal 2016 from Rs.274,382 million in Fiscal 2015, which amounted to 8.3% in Fiscal 2016 of sales, as compared to 12.7% in Fiscal 2015.

The decrease in profitability was mainly attributable to softer sales in China, product mix and higher depreciation and amortization. Further, Jaguar Land Rover recorded a provision for loss of inventory (net of insurance recoveries) of Rs.16,384 million (GBP157 million), following the assessment of the physical condition of the vehicles involved in the explosion at the port of Tianjin in China in August 2015. Furthermore, in May 2016, an industry-wide passenger airbag safety recall was announced in the United States by the NHTSA in respect of airbags from Takata. Certain front-passenger airbags from Takata are installed in vehicles sold by Jaguar Land Rover Group. Accordingly, we recognized an additional provision of Rs.6,415 million (GBP 67 million) for the estimated cost of recall in Fiscal 2016.

These were primarily offset by the following factors:

- Earnings before other income, interest and tax for Tata and other brand vehicles increased to Rs.9,432 million in Fiscal 2016, as compared to a loss of Rs.29,831 million in Fiscal 2015, primarily due to increased volume of M&HCVs.

Fiscal 2015 Compared to Fiscal 2014

Revenue

Our total consolidated revenue (net of excise duty, where applicable), including finance revenue, increased by 12.1% to Rs.2,625,265 million in Fiscal 2015 from Rs.2,341,761 million in Fiscal 2014.

The increase in revenue was primarily driven by our Jaguar Land Rover business, where revenue increased by 14.3% to Rs.2,165,673 million in Fiscal 2015 from Rs.1,894,590 million in Fiscal 2014, due to volume increases across products and markets. The increase in revenue also reflects an increase on account of a foreign currency translation gain from GBP to Indian rupees of Rs.30,187 million pertaining to Jaguar Land Rover. The increase in revenue of Rs.240,896 million at our Jaguar Land Rover business (excluding translation impact) was mainly attributable to an increase in sales of the new Range Rover Sport, Range Rover Evoque and new Range Rover from 223,517 units in Fiscal 2014 to 271,043 units in Fiscal 2015, an increase of 21.3%, which was offset by a marginal reduction in sales of Jaguar-brand vehicles to 78,083 units in Fiscal 2015 from 80,644 units in Fiscal 2014. The increase in revenue pertaining to Jaguar Land Rover in Fiscal 2015 was also attributable to an indirect tax incentive by Jaguar Land Rover of Rs.13,054 million as compared to Rs.8,463 million in Fiscal 2014.

The increase in revenue was also attributable to an increase in revenue of Tata and other brand vehicles (including financing thereof) by 2.8% to Rs.447,218 million in Fiscal 2015 from Rs.435,012 million in Fiscal 2014.

Our revenues from sales of vehicles and spares manufactured in India increased by 5.2% to Rs.362,214 million in Fiscal 2015 from Rs.344,369 million in Fiscal 2014. The increase was mainly attributable to increased revenues of M&HCVs (in India), which increased by 28.5% to Rs.166,263 million in Fiscal 2015 from Rs.129,350 in Fiscal 2014. Furthermore, revenue attributable to passenger cars increased by 22.5% to Rs.37,196 million in Fiscal 2015 from Rs.30,370 million in Fiscal 2014. These were offset by a decrease in revenue attributable to LCVs by 8% to Rs.68,890 million in Fiscal 2015 from Rs.74,900 million in Fiscal 2014. Revenue attributable to utility vehicles decreased by 5.5% to Rs.13,051 million in Fiscal 2015 from Rs.13,810 million in Fiscal 2014.

Revenue from our vehicle financing operations decreased by 24.3% to Rs.22,631 million in Fiscal 2015 as compared to Rs.29,876 million in Fiscal 2014, due to lower vehicle financing activity and an increase in defaults.

Revenue attributable to TDCV, our subsidiary company engaged in design, development and manufacturing of M&HCVs, increased by 15.7% to Rs.55,015 million in Fiscal 2015 from Rs.47,533 million in Fiscal 2014.

Revenue (net of excise duty, where applicable) from other operations, before inter-segment eliminations, increased by 8.7% to Rs.27,152 million in Fiscal 2015 from Rs.24,989 million in Fiscal 2014, and represents 1.0% and 1.1% of our total revenues, before inter-segment eliminations, in Fiscal 2015 and 2014, respectively.

Cost and Expenses

Raw Materials, Components and Purchase of Products for Sale (including change in stock) (material costs)

Material costs increased by 10.8% to Rs.1,601,056 million in Fiscal 2015 from Rs.1,444,946 million in Fiscal 2014. The increase in absolute terms in material costs in Fiscal 2015 was mainly attributable to increased volumes at our Jaguar Land Rover business and includes an unfavorable foreign currency translation from GBP to Indian rupees for Jaguar Land Rover operations which resulted in an increase in material costs of Rs.19,432 million in Fiscal 2015 compared to Fiscal 2014.

At our Jaguar Land Rover operations, material costs in Fiscal 2015 increased by 13.0% to Rs.1,304,221 million from Rs.1,154,510 million in Fiscal 2014. Material costs at our Jaguar Land Rover operations as a percentage of revenue decreased to 60.3% in Fiscal 2015 from 61.4% in Fiscal 2014 (in GBP terms). Material costs attributable to our Jaguar Land Rover operations increased by Rs.107,668 million in Fiscal 2015 due to an increase in volume of sales and an increase in duties by Rs.13,340 million, mainly due to increased sales to China. However, as a percentage of revenue attributable to our Jaguar Land Rover operations, duties decreased from 10.4% in Fiscal 2014 to 9.9% in Fiscal 2015, due to an increase in sales in China of our 2.0 liter engines which attract a lower duty. Furthermore, the decrease in material cost as a percentage to revenue was mainly due to cost reduction programs undertaken by Jaguar Land Rover of approximately GBP 206 million (Rs.20,311 million) and positive movement of foreign currency rates applicable for sourcing countries of GBP 301 million (Rs.29,678 million).

Material costs for Tata and other brand vehicles have also increased by 4.8% to Rs.291,206 million in Fiscal 2015 from Rs.277,820 million in Fiscal 2014. However, material costs as a percentage of total revenue (excluding finance revenue) were 68.6% in Fiscal 2015 and 2014.

At our India operations, material costs have increased by 22% to Rs.111,823 million in Fiscal 2015, as compared to Rs.91,673 million in Fiscal 2014 for M&HCVs and by 17.9% to Rs.31,957 million in Fiscal 2015, as compared from Rs.27,105 million in Fiscal 2014 for passenger cars. Material costs have decreased by 25% to Rs.42,531 million in Fiscal 2015 as compared to Rs.56,684 million in Fiscal 2014 for LCVs and by 13.5% to Rs.11,228 million in Fiscal 2015 as compared from Rs.12,979 million in Fiscal 2014 for utility vehicles.

Material costs have increased by 14.9% to Rs.39,177 million in Fiscal 2015 as compared to Rs.34,102 million in Fiscal 2014 for TDCV, due to increased sales. The increase is also due to an unfavorable foreign currency translation from KRW to Indian rupees of Rs.1,348 million. However, material costs as a percentage of total revenue were 71.2% in Fiscal 2015 and 71.7% in Fiscal 2014.

Employee Costs

Our employee costs increased by 17.1% in Fiscal 2015 to Rs.250,401 million from Rs.213,903 million in Fiscal 2014, including the foreign currency translation impact from GBP to Indian rupees discussed below. Our permanent headcount increased by 6.7% as at March 31, 2015 to 73,485 employees from 68,889 employees as at March 31, 2014, and the average temporary headcount increased by 14.1% to 40,213 employees in Fiscal 2015 from 35,260 employees in Fiscal 2014.

The employee cost at Jaguar Land Rover increased by 21.4% to Rs.194,467 million in Fiscal 2015 from Rs.160,147 million in Fiscal 2014. This increase includes an unfavorable foreign currency translation from GBP to Indian rupees of Rs.3,076 million. In GBP terms, employee costs at Jaguar Land Rover increased to GBP 1,977 million in Fiscal 2015 from GBP1,654 million in Fiscal 2014. The employee cost at Jaguar Land Rover as a percentage to revenue increased to 9.0% in Fiscal 2015 from 8.5% in Fiscal 2014. Due to consistent increases in volumes and to support new launches and product development projects, Jaguar Land Rover increased its average permanent headcount by 7.8% as at March 31, 2015 to 24,902 employees from 23,111 employees as at March 31, 2014, and the average temporary headcount increased by 49.2% to 7,225 employees in Fiscal 2015 from 4,842 employees in Fiscal 2014. The increase in employee cost was also due to wage negotiations in November 2014 for Jaguar Land Rover plant workers. Total number of permanent employees as at March 31, 2015 was 27,004 as compared to 22,186 as at March 31, 2014 for Jaguar Land Rover.

The employee cost for Tata and other brand vehicles (including financing thereof) increased by 2.8% to Rs.43,922 million in Fiscal 2015 from Rs.42,739 million in Fiscal 2014.

For our India operations, employee costs increased by 8.5% to Rs.36,547 million in Fiscal 2015 from Rs.33,672 million in Fiscal 2014. We incurred Rs.930 million in Fiscal 2015 toward an employee early-separation scheme, as compared to Rs.535 million in Fiscal 2014. Excluding the employee early-separation charge, the employee cost increased by 7.5% to Rs.35,617 million in Fiscal 2015 from Rs.33,137 million in Fiscal 2014, mainly due to regular annual increases in salary. The permanent headcount decreased marginally by 3.1% as at March 31, 2015 to 37,243 employees from 38,434 employees as at March 31, 2014, which was driven by efforts to rationalize employee costs across our India operations. For our India operations, the average temporary headcount increased by 3.0% to 27,772 employees in Fiscal 2015 from 26,973 employees in Fiscal 2014.

Employee costs at TDCV decreased by 22.1% to Rs.4,493 million in Fiscal 2015 from Rs.5,771 million in Fiscal 2014. The decrease of employee costs attributable to TDCV during Fiscal 2015 was mainly due to the reversal of Rs.2,643 million, following the resolution of the lawsuit filed by TDCV union employees. Please see Item 4.B “—Business Overview—Legal Proceedings” of this annual report on Form 20-F for further details on the lawsuit filed by TDCV union employees.

In Fiscal 2014, we closed the manufacturing operations at Tata Hispano Motors Carrocera S.A. and paid Euro 12.4 million (Rs.1,006 million) as employee separation costs. The closure was triggered by sustained underperformance that was mainly attributable to challenging market conditions in the regions where Hispano operates.

Other Expenses

Other expenses increased by 9.4% to Rs.545,910 million in Fiscal 2015 from Rs.498,778 million in Fiscal 2014. This increase mainly reflects an increase of volumes at Jaguar Land Rover and an unfavorable foreign currency translation of GBP to Indian rupees of Rs.6,694 million pertaining to Jaguar Land Rover. As a percentage of total revenues, these expenses decreased to 20.8% in Fiscal 2015 from 21.3% in Fiscal 2014. The major components of expenses are as follows:

	Year ended March 31,		Change	Percentage of Total Revenue	
	2015	2014		Year ended March 31, 2015	2014
	(Rs. in millions)				
Freight and transportation expenses	84,309	75,439	11.8%	3.2%	3.2%
Works operation and other expenses	213,280	186,067	14.6%	8.1%	7.9%
Publicity	85,773	81,425	5.3%	3.3%	3.5%
Allowance for trade and other receivables, and finance receivables	25,597	26,830	-4.6%	1.0%	1.1%
Warranty and product liability expenses	60,266	57,957	4.0%	2.3%	2.5%
Research and development expenses	28,515	25,651	11.2%	1.1%	1.1%

1. The increase in freight and transportation expenses corresponds to an increase in volumes at our Jaguar Land Rover operations, predominantly on account of increased China sales on an annual basis.
2. Our works operation and other expenses represented 8.1% and 7.9% of total revenue in Fiscal 2015 and 2014, respectively. These mainly relate to volume-related expenses at Jaguar Land Rover. Furthermore, engineering expenses at Jaguar Land Rover have increased, reflecting our increased investment in the development of new vehicles by 11.8% to Rs.61,127 million in Fiscal 2015 from Rs.54,658 million in Fiscal 2014. A significant portion of these costs are capitalized and shown under the line item “expenditure capitalized” discussed below.
3. Publicity expenses decreased to 3.3% of our revenues in Fiscal 2015 from 3.5% in Fiscal 2014. In addition to routine product and brand campaigns, we incurred expenses relating to new product introduction campaigns in Fiscal 2015, namely the new Range Rover, new Range Rover Sport, Range Rover Evoque, Jaguar F-TYPE, smaller powertrain derivatives of the XF and XJ, the XF Sportbrake at Jaguar Land Rover, and the Ultra trucks, Zest and Bolt at our India operations.
4. Our allowance for trade and other receivables represented 1.0% and 1.1% of total revenues in Fiscal 2015 and Fiscal 2014, respectively. The allowances for trade and other receivables, and finance receivables mainly relate to India operations. These mainly reflect provisions for the impairment of vehicle loans of Rs.23,226 million for Fiscal 2015 as compared to Rs.24,139 million for the same period in 2014. The rate of defaults was due to prolonged unanticipated deterioration in the economic environment in India, which severely affected fleet owners and transporters. Furthermore, based on our assessment of non-recoverability of overdues in trade and other receivables, we have recorded a provision of Rs.2,371 million in Fiscal 2015, a decrease by 11.9% compared to a provision of Rs.2,691 million in Fiscal 2014.
5. Warranty and product liability expenses represented 2.3% and 2.5% of our revenues in Fiscal 2015 and Fiscal 2014, respectively. The warranty expenses at Jaguar Land Rover represented 2.57% of the revenue as compared to 2.84% last year, primarily due to product and market mix, whereas for Tata Motors Indian operations these represent 1.17% of revenue as compared to 0.99% last year. The increased cost for Tata Motors Indian operations represented an increase in warranty period from two years to four years for certain M&HCV models, resulting in an increase in warranty accrual from Rs.438 million in Fiscal 2014 to Rs.652 million in Fiscal 2015. Please refer to Item 5.A “—Critical Accounting Policies” of this annual report for further details.
6. Research and product development costs represent research costs and costs pertaining to minor product enhancements, refreshes and upgrades to existing vehicle models. These represented 1.1% of total revenues for Fiscal 2015 and 2014.

Expenditure capitalized

This represents employee costs, stores and other manufacturing supplies and other works expenses incurred mainly toward product development projects. Considering the nature of our industry, we continually invest in the development of new products and invest to address safety, emission and other regulatory norms. The expenditure capitalized increased by 13.3% to Rs.153,218 million in Fiscal 2015 from Rs.135,247 million in Fiscal 2014. The increase includes a favorable foreign currency translation impact from GBP to Indian rupees of Rs.2,654 million pertaining to Jaguar Land Rover. These reflect expenditures on new products and other major product development plans.

Depreciation and Amortization

Our depreciation and amortization expenses increased by 21.8% in Fiscal 2015, the breakdown of which is as follows:

	Year ended March 31,	
	2015	2014
	(Rs. in millions)	
Depreciation	65,398	52,426
Amortization	69,098	58,037
Total	134,496	110,463

The increase in depreciation and amortization expenses includes an unfavorable foreign currency translation from GBP to Indian rupees of Rs.1,543 million pertaining to Jaguar Land Rover. The increase in depreciation expenses was on account of asset additions, which primarily include the launch of Ingenium engines at the Wolverhampton facility in the United Kingdom and expenses attributable to plant and equipment and tooling, which are mainly toward capacity and new products. The amortization expenses for Fiscal 2015 mainly related to product development costs capitalized and new products introduced during this period and during Fiscal 2014, primarily the Jaguar F-TYPE coupe and all-wheel drive derivatives, the new Discovery Sport, the Zest and Ultra trucks. Depreciation and amortization expenses represented 5.1% and 4.7% of total revenues in Fiscal 2015 and Fiscal 2014, respectively.

Other income (net)

There was a net gain of Rs.11,508 million in Fiscal 2015, as compared to Rs.7,733 million in Fiscal 2014, representing an increase of 48.8%.

- i. During Fiscal 2014, we repaid senior notes before maturity and consequently recognized a loss of Rs.4,792 million toward reversal of previously recognized gain of the fair value of prepayment option. Please see Item 5.B “—Liquidity and Capital Resources-Long-term funding” of this annual report on Form 20-F for details on prepayments of senior notes in Fiscal 2014.
- ii. There was a loss on the fair value of conversion option relating to foreign currency convertible notes of Rs.838 million in Fiscal 2014. The notes were fully converted in Fiscal 2014.
- iii. We recorded a loss on a sale of assets and assets written off of Rs.3,512 million in Fiscal 2015 as compared to Rs.294 million in Fiscal 2014.

Capital work-in-progress as at March 31, 2014, included building under construction at Singur in the state of West Bengal in India of Rs.3,098.8 million for the purposes of manufacturing automobiles. We have made a provision for carrying capital costs of buildings at Singur amounting to Rs.3,098.8 million in Fiscal 2015, excluding other assets, such as electrical installations, expenses written off/provided for in earlier years, security expenses, lease rent and our claim for the interest on the whole amount (including on the Rs.3,098.8 million carrying capital costs). Please see Item 4.B “Information on the Company—Business Overview—Legal Proceedings” of the annual report on Form 20-F for additional details on the claims related to the Singur facility.

- iv. Miscellaneous income increased by 10.6% to Rs.13,474 million in Fiscal 2015 from Rs.12,179 million in Fiscal 2014. During Fiscal 2014, legislation was enacted that allows United Kingdom (UK) companies to elect for the RDEC on qualifying expenditures incurred since April 1, 2013, instead of the existing super-deduction rules. Accordingly, the amount not relating to capitalized product development expenditure of Rs.2,909 million and Rs.1,712 million for the Fiscal 2015 and 2014, respectively, have been recognized as miscellaneous income. Further, the increase was due to income earned from services provided to the China Joint Venture of Rs.1,134 million in Fiscal 2015 as compared to Rs.179 million in Fiscal 2014. Furthermore, Jaguar Land Rover earned commissions of Rs.1,163 million in Fiscal 2015 as compared to Rs.183 million in Fiscal 2014. In addition, in Fiscal 2015 we recorded an income of Rs.366 million on the sale of occupancy rights.

For further details see Note 30 to our consolidated financial statements included elsewhere in this annual report on Form 20-F.

Interest expense (net)

Our interest expense (net of interest capitalized) decreased by 1.6% to Rs.52,232 million in Fiscal 2015 from Rs.53,095 million in Fiscal 2014. As a percentage of total revenues, interest expense represented 2.0% in Fiscal 2015 compared to 2.3% in Fiscal 2014. The interest expense (net) for Jaguar Land Rover was GBP135 million (Rs.12,779 million) in Fiscal 2015 as compared to GBP 138 million (Rs.13,272 million) in Fiscal 2014, which includes prepayment penalties of GBP 77 million as compared to GBP 53 million in Fiscal 2014. The decrease (excluding prepayment penalty) in interest expense is primarily due to the prepayment of higher coupon senior notes during Fiscal 2014 and 2015, offset by an unfavorable foreign currency translation of Rs.1,143 million from GBP to Indian rupees. For our operations of Tata and other brand vehicles (including financing thereof), interest expense increased marginally by 1.8% to Rs.39,665 million in Fiscal 2015 from Rs.38,966 million in Fiscal 2014. See Item 5.B “—Liquidity and Capital Resources” of this annual report on Form 20-F for additional details on our debt financing arrangements.

Foreign exchange (gain)/loss (net)

We had a net foreign exchange loss of Rs.12,681 million in Fiscal 2015, compared to a net gain of Rs.19,104 million in Fiscal 2014. This was primarily attributable to our Jaguar Land Rover operations.

- i. Jaguar Land Rover recorded an exchange loss of Rs.11,949 million in Fiscal 2015, as compared to a gain of Rs.25,244 million in Fiscal 2014. We incurred a net exchange loss on senior notes of Rs.15,387 million in Fiscal 2015, as compared to a gain of Rs.8,367 million in Fiscal 2014, mainly due to appreciation of U.S. dollars as compared to GBP as at March 31, 2015. Further, there was a loss of Rs.11,536 million in Fiscal 2015 as compared to a gain of Rs.16,253 million in Fiscal 2014, due to fluctuations in foreign currency exchange rates on derivatives contracts, mainly reflecting a weaker Chinese RMB, which includes a gain of Rs.4,338 million on cash flow hedges in Fiscal 2015 as compared to Rs.10,771 million in Fiscal 2014. The above loss is offset by revaluation of other assets and liabilities by gain of Rs.11,195 million as compared to Rs.4,979 million.
- ii. For India operations, due to depreciation of the Indian rupee mainly against the U.S. dollar, we incurred exchange losses. There was a net exchange loss of Rs.1,777 million in Fiscal 2015 as compared to Rs.4,841 million in Fiscal 2014, attributable to foreign currency denominated borrowings.

Impairment in respect of equity-accounted investees

In Fiscal 2014, impairment loss in respect of equity-accounted investees was Rs.8,034 million in respect of our investment in an associate, Tata Hitachi Construction Machinery Co. Pvt Ltd.

Income Taxes

Our income tax expense increased by 43.4% to Rs.69,150 million in Fiscal 2015 from Rs.48,227 million in Fiscal 2014, resulting in consolidated effective tax rates of 34.9% and 26.9%, for Fiscal 2015 and 2014, respectively.

Reasons for significant differences in the company's recorded income tax expense of Rs.69,150 million as compared to Rs.38,245 million income tax expense computed at the domestic statutory tax rate of respective jurisdictions where entities are domiciled for Fiscal 2015 are as follows:

- i. During Fiscal 2015, for Tata Motors Limited, on a standalone basis, we have not recognized a deferred tax asset, amounting to Rs.13,844 million, with respect to tax losses, due to the uncertainty of future taxable profit against which tax losses can be utilized.
- ii. Furthermore, during Fiscal 2015, deferred tax assets totaling Rs.7,089 million were not recognized in certain subsidiaries due to uncertainty of realization.
- iii. During Fiscal 2015, TML Holdings Pte Ltd, a wholly-owned subsidiary, repurchased 35,000,000 equity shares, par value US\$1 each, at a price of US\$7.99 each. The resultant gain was subject to capital gains tax in India for Tata Motors Limited, on a standalone basis, resulting in utilization of business losses having a tax effect of Rs.4,469 million.
- iv. Income tax expense on undistributed earnings of subsidiaries was Rs.7,805 million in Fiscal 2015.
- v. The relevant Indian tax regulations mandate that companies pay tax on book profits, known as the Minimum Alternate Tax, or MAT. MAT may be carried forward and set off against future income tax liabilities computed under normal tax provisions within a period of ten years. We had recognized deferred tax assets in respect of MAT paid in prior years for Tata Motors Limited on a standalone basis.

In Fiscal 2015, the Government of India amended Indian income tax laws extending the concessional tax rate of 15% on dividends received from foreign subsidiaries indefinitely. This amendment will result in lower utilization of deferred tax assets in respect of MAT paid, due to which we have written off previously recognized deferred tax assets in respect of MAT paid of Rs.7,772 million.

- vi. The above differences were offset by the change in withholding tax rate in China resulting in credit of Rs.6,269 million in Fiscal 2015, attributable to dividends in China being subject to a reduced withholding tax rate of 5% (rather than 10%), as set out in the new United Kingdom-China tax treaty.

Reasons for significant differences in the company's recorded income tax expense of Rs.48,227 million as compared to Rs.35,741 million income tax expense computed at the domestic statutory tax rate of respective jurisdictions where entities are domiciled for Fiscal 2014 are as follows:

- i. Income tax expense on undistributed earnings of subsidiaries was Rs.12,994 million in Fiscal 2014.
- ii. Furthermore, in Fiscal 2014, we recognized Rs.4,676 million tax expenses on dividends from Jaguar Land Rover due to income taxes applicable to Tata Motors Limited on a standalone basis.
- iii. In Fiscal 2014, we have recognized net credit of Rs.5,300 million, representing a reduction in statutory tax rates applicable to a subsidiary in the UK.
- iv. In Fiscal 2014, we had written off previously recognized deferred tax assets in respect of MAT paid of Rs.7,318 million in light of lower taxable profit, considering the economic slowdown in India.

As explained above in the reconciliation from our statutory tax rates to effective tax rates for Fiscal 2015 and Fiscal 2014, our income tax expense in fiscal 2015 increased by Rs.20,923 million mainly due to:

- i. Non-recognition of deferred tax assets amounting to Rs.20,933 million in Tata Motors Limited and certain subsidiaries due to uncertainty of future taxable profits; and
- ii. Tax effect on shares purchased by a wholly owned subsidiary of Rs.4,469 million;

which were offset by:

- i. a lower charge on undistributed earnings and dividend of subsidiaries, joint operations and equity accounted investees of Rs.9,845 million; and
- ii. a reduction, due to a change in statutory tax rate, by Rs.2,700 million to Rs.8,000 million in Fiscal 2015, as compared to Rs.5,300 million in Fiscal 2014.

For further details see Note 17 to our consolidated financial statements included elsewhere in this annual report on Form 20-F.

Share of profit of equity-accounted investees and non-controlling interests in consolidated subsidiaries, net of tax

In Fiscal 2015, our share of profit of equity-accounted investees reflected a loss of Rs.1,748 million, as compared to Rs.1,878 million in Fiscal 2014, a decrease of 6.9%.

- Our share of loss (including other adjustments) in Chery Jaguar Land Rover Automotive Company Limited in Fiscal 2015 was Rs.1,213 million as compared to Rs.807 million in Fiscal 2014.
- Our share of loss in Tata Hitachi Construction Machinery Co Private Ltd was Rs.768 million in Fiscal 2015 as compared to Rs.1,354 million in Fiscal 2014.

The share of non-controlling interests in consolidated subsidiaries increased by 71.2% to Rs.791 million in Fiscal 2015 from Rs.462 million in Fiscal 2014, primarily due to increased profitability of one of our subsidiaries, TTL.

Net income

Our consolidated net income in Fiscal 2015, excluding shares of non-controlling interests, decreased marginally by 1.9% to Rs.128,291 million from Rs.130,717 million in Fiscal 2014. Net income as a percentage of total revenues also decreased from 5.6% in Fiscal 2014 to 4.9% in Fiscal 2015. This decrease was mainly the result of the following factors:

- There was a decrease in revenue from our vehicle financing operations by 24.3% to Rs.22,631 million in Fiscal 2015 from Rs.29,876 million in Fiscal 2014.

- Negative earnings before other income, interest and tax for Tata and other brand vehicles (including financing thereof) of Rs.29,831 million in Fiscal 2015 from Rs.20,631 million in Fiscal 2014. The losses were mainly attributable to reduction in sales volumes of small commercial vehicles and competitive pressure on pricing, as well as a decrease in vehicle financing activity. Furthermore, there was an increase in depreciation expenses as a result of additions to plants and facilities in recent years, and in amortization expenses for product development costs due to new products launched. While we have implemented cost-reduction program, in the short-term, we expect that the level of fixed costs are expected to continue to have a negative impact on earnings.

These were primarily offset by the following factors:

- Earnings before other income, interest and tax for Jaguar Land Rover increased by 20.3% to Rs.274,382 million in Fiscal 2015 from Rs.228,027 million in Fiscal 2014 which amounted to 12.7% in Fiscal 2015 of sales as compared to 12.0% in Fiscal 2014. The decrease in net income for Fiscal 2015 was also offset by a favorable foreign currency translation of Rs.698 million from GBP to Indian rupees. The improvement in profitability was mainly attributable to increases in volumes across all markets, introduction of the Jaguar F-TYPE and smaller powertrain derivative of XF and XJ and XF Sportbrake, the new Range Rover, the new Range Rover Sport and Range Rover Evoque. Furthermore, the performance was also supported by the positive impact of the continuing strength of the U.S. dollar against the GBP and the Euro, improving its revenues against the backdrop of a largely GBP and Euro cost base.
- Impairment loss of Rs.8,034 million in respect of investment in an associate in Fiscal 2014.

Recent Accounting Pronouncements

Please refer to Note 2(v) to our consolidated financial statements included elsewhere in this annual report on Form 20-F for adopted and yet to be adopted accounting pronouncements as at March 31, 2016.

Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities as of the date of this annual report on Form 20-F and the reported amounts of revenues and expenses for the years presented. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and at each balance sheet date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

Impairment of Goodwill

Cash-generating units to which goodwill is allocated are tested for impairment annually at each balance sheet date, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that unit and then to the other assets of the unit *pro rata* on the basis of carrying amount of each asset in the unit. Goodwill impairment loss recognized is not reversed in subsequent period. Please refer to Note 14 to our consolidated financial statements included elsewhere in this annual report on Form 20-F for assumptions used for goodwill impairment.

Impairment

Property, plant and equipment and intangible assets

At each balance sheet date, we assess whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, we estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement.

Finance receivables

We provide allowances for credit losses in finance receivables based on historical loss experience, current economic conditions and events and the estimated collateral values for repossessed vehicles. This requires estimates, including the amounts and timing of future cash flows expected to be received, which reflect changes in related observable data from period to period that may be susceptible to changes.

Impairment of equity-accounted investees

In Fiscal 2014, we recognized an impairment loss of Rs.8,034 million in respect of its investment in an associate, Tata Hitachi Construction Machinery Company Ltd, on account of economic slowdown and increased competition from new entrants. The associate is engaged in the business of manufacture and sale of construction equipment. The recoverable amount of the investment is determined based on value in use.

Product Warranty

Vehicle warranties are provided for a specified period of time. Our vehicle warranty obligations vary depending upon the type of the product, geographical location of its sale and other factors.

The estimated liability for vehicle warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and our estimates regarding possible future incidence based on actions on product failures.

Changes in warranty liability as a result of changes in estimated future warranty costs and any additional costs in excess of estimated costs, can materially affect our net income. Determination of warranty liability is based on the estimated frequency and amount of future claims, which are inherently uncertain. Our policy is to continuously monitor warranty liabilities to determine the adequacy of our estimate of such liabilities. Actual claims incurred in the future may differ from our original estimates, which may materially affect warranty expense.

Employee Benefits

Employee benefit costs and obligations are dependent on assumptions used in calculating such amounts. These assumptions include salary increase, discount rates, health care cost trend rates, benefits earned, interest cost, expected return on plan assets, mortality rates and other factors.

While we believe that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our employee benefit costs and obligations.

Recoverability/recognition of deferred tax assets

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

B. Liquidity and Capital Resources

We finance our capital expenditures and research and development investments through cash generated from operations, cash and cash equivalents, debt and equity funding. We also raise funds through the sale of investments, including divestments in stakes of subsidiaries on a selective basis.

The key element of the financing strategy is maintaining a strong financial position that allows us to fund our capital expenditures and research and development investments efficiently even if earnings are subject to short-term fluctuations. Our treasury policies for liquidity and capital resources are appropriate for the automotive operations and are set through business specific sensitive analysis and by benchmarking our competitors. These are reviewed periodically by our board of directors.

Our business segments are (i) automotive operations and (ii) all other operations. We provide financing for vehicles sold by dealers in India. Our automotive operations segment is further divided into Tata and other brand vehicles (including financing thereof) and Jaguar Land Rover. Furthermore, given the nature of our industry and competition, we are required to make significant investments in product development on an ongoing basis.

Principal Sources of Funding Liquidity

Our funding requirements are met through a mixture of equity, convertible or non-convertible debt securities and other long-term and short-term borrowings. We access funds from debt markets through commercial paper programs, convertible and non-convertible debentures, and other debt instruments. We continually monitor funding options available in the debt and equity capital markets with a view to maintaining financial flexibility.

See Note 35 to our audited consolidated financial statements included elsewhere in this annual report on Form 20-F for additional disclosures on financial instruments related to liquidity, foreign exchange and interest rate exposures and use of derivatives for risk management purposes.

The following table sets forth our short-term and long-term debt position:

	Year ended March 31,	
	2016	2015
	(Rs. in millions)	
Total short-term debt (excluding current portion of long-term debt)	114,508	131,547
Total current portion of long-term debt	73,349	48,919
Long-term debt net of current portion	504,511	544,862
Total Debt	692,368	725,328

During Fiscal 2016 and 2015, the effective weighted average interest rate on our long-term debt was 7.2% and 7.6% per annum, respectively.

The following table sets forth a summary of long-term debt outstanding as at March 31, 2016.

Details of Long-term debt	Currency	Initial Principal amounts (millions)	Redeemable on	Interest Rate	Amount of Repayment (Rs. millions)	Outstanding (Rs. millions)	
						31-Mar-16	31-Mar-15
Non Convertible Debentures	INR			Various	38,655	111,317	127,728
Collateralized debt obligations	INR			Various	5,767	401	6,168
Buyers credit from bank	Various			Various	1,188	15,106	16,425
Loan from banks / financial institutions	Various			Various	77,223	148,264	140,048
Compulsory convertible Preference shares	INR			8.780%	—	4,340	—
Others					—	3,072	2,615
Senior Notes							
Tata Motors Ltd	USD	250	due 2024	5.750%	—	16,413	15,450
Jaguar Land Rover	USD	500	due 2023	5.625%	—	32,919	30,936
Jaguar Land Rover	GBP	400	due 2023	3.875%	—	37,814	36,600
Jaguar Land Rover	GBP	400	due 2022	5.000%	—	37,846	36,630
Jaguar Land Rover	USD	410	due 2021	8.125%	—	5,503	5,171
TML Holdings Pte Ltd	USD	300	due 2021	5.750%	—	19,639	18,557
Jaguar Land Rover	GBP	500	due 2020	8.250%	5,765	—	5,350
Tata Motors Ltd	USD	500	due 2020	4.625%	—	32,825	30,899
Jaguar Land Rover	USD	500	due 2020	3.500%	—	32,980	30,931
Jaguar Land Rover	USD	500	due 2019	4.250%	—	33,007	31,013
Jaguar Land Rover	USD	700	due 2018	4.125%	—	46,415	43,519
TML Holdings Pte Ltd	SGD	350	due 2018	4.250%	16,451	—	15,741
					22,216	295,361	300,797
Total Long-term debt					145,049	577,860	593,781

The following table sets forth a summary of the maturity profile for our outstanding long-term debt obligations as at March 31, 2016.

Payments Due by Period ¹	Rs. in millions
Within one year	106,495
After one year and up to two years	65,389
After two year and up to five years ²	326,287
After five year and up to ten years ²	230,694
Total	728,865

1. Including interest

2. Jaguar Land Rover has only senior notes as long-term debt obligations as at March 31, 2016 of Rs.226,484 million.

The following table sets forth our total liquid assets, namely cash and cash equivalents, short-term deposits and investments in mutual funds:

	As at March 31,	
	2016	2015
	(Rs. in millions)	
Total cash and cash equivalents	171,536	197,431
Total short-term deposits	127,810	104,391
Total mutual funds investments	192,330	140,686
Total liquid assets	491,676	442,508

These resources enable us to address business needs in the event of changes in credit market conditions. Of the above liquid assets, Jaguar Land Rover holds Rs.442,817 million and Rs.394,092 million as at March 31, 2016 and 2015, respectively. Most of the Jaguar Land Rover's liquid assets are maintained in GBP and smaller balances are maintained in USD, EUR and RMB and other currencies to meet operational requirements in those geographies.

We expect to invest in property, plant and equipment and product development of approximately Rs.398 billion during Fiscal 2017.

We will continue to invest in new products and technologies to meet consumer and regulatory requirements and in our manufacturing base in the United Kingdom and overseas. Jaguar Land Rover recently announced the initial investment of GBP1 billion to build a manufacturing facility in Slovakia with annual capacity of 150,000 units and production scheduled to begin in 2018. In addition, Jaguar Land Rover also announced an incremental investment of GBP450 million to double capacity at the engine manufacturing facility in Wolverhampton, as well as announcing a manufacturing partnership with Magna Steyr, an operating unit of Magna International Inc, to build vehicles in Graz, Austria. We expect that these investments will enable us to pursue further growth opportunities and address competitive positioning. We expect to meet most of our investments out of operating cash flows and cash liquidity available to us. In order to meet the balance of the requirements of our investments, we may be required to raise funds through additional loans and by accessing the capital markets from time to time, as deemed necessary.

With the ongoing need for investments in products and technologies, Tata Motors Limited was free cash flow (which is a non-IFRS measure that equals cash flow from operating activities, less payment for property, plant and equipment and intangible assets) negative in Fiscal 2016, calculated on a standalone basis, and expects to be free cash flow negative in Fiscal 2017. We expect 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 ratings of Tata Motors Limited for short-term borrowing and long-term borrowing from the following rating agencies as at March 31, 2016: Credit Analysis & Research Limited, or CARE, ICRA Limited, or ICRA, CRISIL Ltd, or CRISIL, Standard & Poor's Ratings Group, or S&P, and Moody's Investors Service, or Moody's. A credit rating is not a recommendation to buy, sell or hold securities. A credit rating may be subject to withdrawal or revision at any time. Each rating should be evaluated separately of any other rating:

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

We believe that we have sufficient liquidity available to meet our planned capital requirements. However, our 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, the United Kingdom, the United States, Europe and China, which are beyond our control. A decrease in the demand for our vehicles could affect our ability to obtain funds from external sources on acceptable terms or in a timely manner.

Our cash is located at various subsidiaries. The cash in some of these jurisdictions, notably South Africa and Brazil, is subject to certain restrictions on cash pooling, intercompany loan arrangements or interim dividends. However, annual dividends are generally permitted, and we do not believe that these restrictions have, or are expected to have, any impact on our ability to meet our cash obligations.

Long-term funding

In order to refinance our existing borrowings and for supporting long-term funding needs, we continued to raise funds during Fiscal 2015 and 2016. We had in the past issued convertible notes, which were convertible into equity or repayable on maturity. Details of major funding during Fiscal 2012 through Fiscal 2016 are provided below.

In May 2011, Jaguar Land Rover issued GBP1 billion equivalent senior notes. The senior notes included GBP500 million senior notes due 2018 at a coupon of 8.125% per annum, US\$410 million senior notes due 2018 at a coupon of 7.75% per annum and US\$410 million senior notes due 2021 at a coupon of 8.125% per annum. The 2018 senior notes were callable in May 2014 and Jaguar Land Rover subsequently redeemed them in full through a tender offer/deposit with the agent in March 2014. In March 2015, US\$326 million of the senior notes due 2021 were prepaid with the remaining balance of US\$84 million prepaid in May 2016.

In September 2011, we raised syndicated foreign currency term loans of US\$500 million in two tranches with tenors between four to seven years. The proceeds were used to finance general capital expenditure and investments in our overseas subsidiaries in accordance with guidelines on External Commercial Borrowings, or ECB, issued by the RBI. These were prepaid fully in Fiscal 2015.

In March 2012, Jaguar Land Rover issued GBP500 million senior notes due 2020 at a coupon of 8.25% per annum. The proceeds were used for general corporate purposes. The notes are callable at a premium for the present value of future interest rates, if called before a specified date and thereafter are callable at fixed premiums. In March 2015, GBP442 million of these notes were prepaid, and the remaining GBP58 million were prepaid in March 2016.

During Fiscal 2013, we issued rated, listed, unsecured non-convertible debentures of Rs.21,000 million with maturities between two to seven years.

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

In May 2013, TML Holdings Pte Ltd., or TMLHS, issued SGD350 million, senior notes due 2018 at a coupon of 4.25% per annum. TMLHS refinanced these notes in Fiscal 2016 by obtaining a new syndicated loan of US\$250 million maturing in March 2020.

During Fiscal 2014, TMLHS further raised US\$600 million equivalent (US\$460 million and SGD176.8 million) through a syndicated loan facility with US\$300 million equivalent (US\$250 million and SGD62.8 million) maturing in November 2017 and US\$300 million equivalent (US\$210 million and SGD114 million) in November 2019. This fund has been utilized for the general corporate purposes of Tata Motors Limited's Indian operations. TMLHS repaid these loans in Fiscal 2016 by obtaining a new syndicated loan of US\$600 million (with US\$300 million maturing in October 2020 and US\$300 million maturing in October 2022).

In December 2013 and January 2014, Jaguar Land Rover Automotive plc issued US\$700 million senior notes due 2018 at a coupon of 4.125% per annum and GBP400 million senior notes due 2022 at a coupon of 5% per annum. The proceeds have been utilized to refinance the GBP500 million senior notes due 2018 at a coupon of 8.125% per annum and US\$410 million senior notes due 2018 at a coupon of 7.75% per annum, which were callable in May 2014 and subsequently redeemed them in full through a tender offer/deposit with the agent in March 2014.

During Fiscal 2014, we issued rated, listed, unsecured, non-convertible debentures, or NCDs, of Rs.11,000 million. The proceeds have been utilized for general corporate purposes.

Jaguar Land Rover Automotive plc, as borrower, had entered into a committed revolving credit facility for three and five years under a facility agreement in December 2011 with a syndicate of banks. In July 2013, Jaguar Land Rover Automotive plc amended and restated the facility to GBP1,250 million at better pricing and terms and conditions, which has since been upsized to GBP1,290 million. On July 29, 2015, Jaguar Land Rover refinanced the facility using a new facility agreement with a syndicate of more than 28 banks, increasing the size to GBP 1.8 billion, all maturing in five years (2020) and subsequently upsized the facility to GBP 1.87 billion in September 2015. Jaguar Land Rover is subject to certain customary financial and other covenants under this facility. As at March 31, 2016, the facility was fully undrawn.

In Fiscal 2015, TMFL, and its subsidiary, TMFSL, issued NCDs and commercial paper and raised Rs.26,043 million and Rs.114,832 million, respectively. Bank borrowings through secured and unsecured term loans continued to remain as the major source of funds for long-term borrowing. Furthermore, during Fiscal 2015, TMFL issued unsecured perpetual NCDs worth Rs.503 million toward tier 1 capital and unsecured long-term NCDs worth Rs.2,350 million as tier 2 capital to enhance its capital adequacy ratio based on the RBI guidelines.

In Fiscal 2015, Jaguar Land Rover Automotive plc issued US\$500 million senior notes due 2019 at a coupon of 4.250% per annum, US\$500 million senior notes due 2020 at a coupon of 3.500% per annum and GBP 400 million senior notes due 2023 at a coupon of 3.875% per annum. The proceeds were used for part prepayment of US\$326 million senior notes due 2021 at a coupon of 8.125% per annum and GBP442 million senior notes due 2020 at a coupon of 8.250% per annum and are being used for general corporate purposes, including support for our ongoing growth and their capital spending requirements.

In Fiscal 2015, TML Holdings Pte. Ltd. issued US\$300 million senior notes due 2021 at a coupon of 5.750% per annum for equity buyback.

In Fiscal 2015, we issued US\$500 million senior unsecured notes due 2020 at a coupon of 4.625% per annum and US\$250 million senior unsecured notes due 2024 at a coupon of 5.750% per annum. The proceeds have been used to refinance existing ECB of US\$500 million and the balance of the proceeds is being used to incur new additional capital expenditure and other permitted purposes as per RBI ECB guidelines.

During Fiscal 2015, Tata Motors Limited issued rated, listed, unsecured NCDs of Rs.26,000 million. The proceeds have been utilized for general corporate purposes.

During Fiscal 2016, Tata Motors Limited allotted 150,490,480 Ordinary Shares (including 32,049,820 shares underlying ADRs) of Rs.2 each at a premium of Rs.448 per share, totaling Rs.67,721 million, and 26,509,759 'A' Ordinary Shares of Rs.2 each at a premium of Rs.269 per share, totaling Rs.7,184 million, pursuant to the rights issue. 154,279 Ordinary Shares and 20,531 'A' Ordinary Shares have been kept in abeyance. Out of the proceeds of the rights issue, Rs.5 billion have been used for funding expenditure toward plant and machinery, Rs.15 billion toward research and product development, Rs.40 billion toward repayment in full or in part of certain long-term and short-term borrowings, and Rs.14.011 billion toward general corporate purposes.

During Fiscal 2016, TML Holdings Pte. Ltd., 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 Rs.100 each convertible after seven years which qualified as tier 1 capital.

In Fiscal 2016, TMFL, and its subsidiary, TMFSL, issued NCDs and commercial paper and raised Rs.22,140 million and Rs.130,837 million, respectively. Bank borrowings through secured and unsecured term loans continued to remain as the major source of funds for long-term borrowing, and during, Fiscal 2016 Rs.23,250 million was raised.

We plan to refinance and raise long-term funding through borrowings or equity issuances, on the basis of review of business plans, operating results and covenant requirements of our existing borrowings.

Short-term funding

We fund our 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. We had borrowings of Rs.114,508 million and Rs.131,547 million as at March 31, 2016 and 2015, respectively.

Our working capital limit for our India operations is Rs.140,000 million. The working capital limits are secured by hypothecation of existing current assets of Tata Motors Limited including stock of raw material, stock in process, semi-finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivables and book debts, including vehicle financing receivables and all other moveable current assets except cash and bank balances, loans and advances of Tata Motors Limited, both present and future. The working capital limit is renewed annually for Tata Motors Limited.

We had unused credit facilities of Rs.339,424 million and Rs.290,655 million as at March 31, 2016 and 2015, respectively.

Loan Covenants

Some of our 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 investments in subsidiaries. In addition, certain negative covenants may limit our ability to borrow additional funds or to incur additional liens, and/or provide for increased costs in case of breach. Certain of our 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.

We monitor compliance with our financial covenants on an ongoing basis. We also review our refinancing strategy and continue to plan for deployment of long term funds to address any potential non-compliance.

In Fiscal 2014, we were not in compliance with one covenant contained in our 2009 NCDs relating to our ratio of total outside liabilities to tangible net worth, which was waived by the lenders and did not result in any default or penalties. Under the terms of the bank guarantee agreement, a breach of one covenant is not an event of default and also does not require us to pay increased costs. Such non-compliance with loan covenants has not triggered and is not expected to trigger any cross-default provisions under any of our other financing documents. However, it may lead to payment of additional costs as a consequence of such breaches unless waived by the lenders. We believe that the above non-compliance will not affect our ability to raise funds in the future, but may possibly increase the cost of borrowings and/or offerings and credit enhancements. These NCDs were prepaid for Rs.19,941 million (including premium on redemption) in Fiscal 2015 and therefore there is no ongoing breach of these financial covenants.

Certain debt issued at Jaguar Land Rover Automotive plc is subject to customary covenants and events of default which include, among other things, restrictions or limitations on the amount of cash which can be transferred outside the Jaguar Land Rover group of companies in the form of dividends, loans or investments. These are referred to as restricted payments in the relevant Jaguar Land Rover financing documentation. In general, the amount of cash which can be transferred outside the Jaguar Land Rover group is limited to 50% of its consolidated net income (as defined in the relevant financing documentation from January 2011). As at March 31, 2016, the estimated amount that is available for dividend payments, other distributions and restricted payments outside the Jaguar Land Rover group of companies is approximately GBP 3,459 million.

Cash Flow Data

The following table sets forth selected items from our consolidated statements of cash flows for the periods indicated.

	Rs. in millions		
	2016	2015	2014
Net Cash provided by Operating Activities:	374,713	365,401	371,432
Net income after tax	96,872	129,082	131,179
Adjustments to net income after tax	284,906	316,600	245,410
Changes in operating assets and liabilities	13,333	(38,048)	39,608
Income tax paid	(20,398)	(42,233)	(44,765)
Net Cash used in Investing Activities	(370,501)	344,177	(296,330)
Purchase of property, plant and equipment and intangible assets (net)	(311,014)	(300,899)	(258,335)
Net investment, short term deposit, margin money and loans given	(67,374)	(50,395)	(43,401)
Acquisitions	—	—	(1,294)
Dividend and interest received	7,887	7,115	6,700
Net Cash provided by / (used in) Financing Activities	(37,929)	30,610	(48,248)
Equity issuance / Proceeds from issue of shares by a subsidiary to non-controlling shareholders (net of issue expenses)	74,334	—	(3)
Dividends paid (including to non-controlling shareholders of subsidiaries)	(1,059)	(7,207)	(7,213)
Interest paid	(56,068)	(69,131)	(67,619)
Short term (net) borrowings (net of debt issuance cost)	(18,780)	30,110	(25,509)
Long term (net) borrowings (net of debt issuance cost)	(36,356)	76,838	52,096
Net change in cash and cash equivalents	(33,717)	51,834	26,854
Cash and cash equivalents, end of the year	171,536	197,431	159,922

Fiscal 2016 compared to Fiscal 2015

Cash and cash equivalents decreased by Rs.25,895 million in Fiscal 2016 (offset by a favorable currency translation of Rs.5,680 million from GBP to Indian rupees) from Rs.197,431 million in Fiscal 2015, to Rs.171,536 million. The decrease in cash and cash equivalents resulted from the changes to our cash flows in Fiscal 2016 when compared to Fiscal 2015 as described below.

Net cash provided by operating activities totaled Rs.374,713 million in Fiscal 2016, an increase of Rs.9,312 million, as compared to Fiscal 2015.

The earnings before other income, interest and tax of Jaguar Land Rover decreased to Rs.181,763 million in Fiscal 2016 from Rs.274,382 million in Fiscal 2015, and for Tata and other brand vehicles (including financing thereof) profit before other income, interest and tax increased to Rs.9,433 million in Fiscal 2016, as compared to a loss of Rs.29,831 million in Fiscal 2015. Therefore, the net income after tax (after adjustments) decreased to Rs.381,778 million in Fiscal 2016 from Rs.445,682 million in Fiscal 2015.

The changes in operating assets and liabilities resulted in a net inflow of Rs.13,333 million in Fiscal 2016, as compared to an outflow of Rs.38,048 million in Fiscal 2015. Primarily, as a result of an increase in volumes in Fiscal 2016 and new launches in April 2016, at Jaguar Land Rover inventories increased by Rs.49,602 million in Fiscal 2016, as compared to Rs.29,447 million in Fiscal 2015 and trade receivables by Rs.1,543 million, as compared to Rs.25,246 million in Fiscal 2015. After considering the increase in accounts payable and provisions, mainly driven by increase in volumes, there was a net inflow of cash on account of changes in operating assets and liabilities of Rs.42,315 million in Fiscal 2016, as compared to an outflow of Rs.13,261 million in Fiscal 2015, at Jaguar Land Rover.

For Tata and other brand vehicles (including financing thereof), there was a net outflow of cash on account of changes in operating assets and liabilities of Rs.28,880 million in Fiscal 2016, as compared to Rs.20,915 in Fiscal 2015. In Fiscal 2016, the net outflow in vehicle finance receivables was Rs.13,955 million as compared to net inflow in vehicle financing receivables of Rs.4,033 million in Fiscal 2015. Excluding finance receivables, there was an outflow of Rs.14,925 million in Fiscal 2016, compared to an inflow of Rs.24,949 million in Fiscal 2015, which was attributable to an increase in trade receivables by Rs.6,516 million and inventory by Rs.7,752 million.

Income tax paid has decreased to Rs.20,398 million in Fiscal 2016 as compared to Rs.42,233 million in Fiscal 2015, which was primarily attributable to tax payments by Jaguar Land Rover's foreign subsidiaries in their respective tax jurisdictions, lower profitability at Jaguar Land Rover together with impact of provisioning for the Tianjin incident.

Net cash used in investing activities totaled Rs.370,501 million in Fiscal 2016, as compared to Rs.344,177 million for Fiscal 2015, an increase of Rs.26,324 million or 7.6%, mainly due to investment in property, plant and equipment by Jaguar Land Rover and product development projects both at our Jaguar Land Rover and India operations. In Fiscal 2016, payments for capital expenditure at Jaguar Land Rover was flat at Rs.276,932 million from Rs.272,703 million in Fiscal 2015. The increases in capital expenditure were intended to support continued growth in sales volumes at Jaguar Land Rover and engine manufacturing facilities in the United Kingdom and Brazil. Further, in Fiscal 2016, payments for capital expenditure at Tata and other brand vehicles (including financing thereof) increased by 22.6% to Rs.33,682 million from Rs.27,477 million in Fiscal 2015, mainly related to new products planned for future.

The following table sets forth a summary of our cash flow on property plant and equipment and intangible assets for the periods indicated.

	For the year ended,	
	2016	2015
	(Rs. in millions)	
Tata and other brand vehicles	33,682	27,477
Jaguar Land Rover	276,932	272,703

Our net investment in short-term deposit margin moneys and loans resulted in an outflow of Rs.67,374 million in Fiscal 2016, as compared to Rs.50,395 million in Fiscal 2015, which mainly related to investment of surplus cash in bank deposits and mutual funds by Jaguar Land Rover of Rs.50,838 million and Tata and other brand vehicles (including financing thereof) of Rs.18,571 million. In Fiscal 2015, Jaguar Land Rover invested Rs.12,259 million in the Chery Jaguar Land Rover Automotive Company Limited.

Net cash outflow from financing activities totaled Rs.37,929 million in Fiscal 2016, as compared to an inflow of Rs.30,610 million in Fiscal 2015, mainly due to decreased in long-term and short-term borrowings.

For Tata and other brand vehicles (including financing thereof), the short-term debt decreased by Rs.14,002 million and long-term debt (net) decreased by Rs.27,996 million, due to repayments from the proceeds of rights issuance of shares. Specifically, there was an increase in debt (short-term and long-term) of Rs.9,169 million in Fiscal 2016 at TMFL including Rs.4,283 million by privately placed, cumulative non-participative compulsory convertible preference, as compared to Rs.3,541 million in Fiscal 2015.

For Jaguar Land Rover, the short-term debt (net) decreased by Rs.4,634 million due to repayment of loans in some of the overseas subsidiary, and long-term debt (net) decreased by Rs.5,839 million in Fiscal 2016 due to prepayment of remaining balance of USD 84 million senior notes.

Interest paid is Rs.56,068 million in Fiscal 2016, as compared to Rs.69,131 million in Fiscal 2015. For Jaguar Land Rover interest paid is Rs.11,420 million in Fiscal 2016, as compared to Rs.23,509 million in Fiscal 2015. This includes prepayment charges on senior notes of GBP2 million (Rs.197 million) in Fiscal 2016, as compared to GBP 77 million (Rs.7,592 million) in Fiscal 2015. For Tata and other brand vehicles, interest paid was Rs.44,538 million in Fiscal 2016, as compared to Rs.38,074 million in Fiscal 2015. Please see Item 5.B “—Liquidity and Capital Resources—Long-term funding” of this annual report on Form 20-F for additional details on our prepayments of senior notes.

Fiscal 2015 compared to Fiscal 2014

Cash and cash equivalents increased by Rs.37,509 million in Fiscal 2015 (offset by an unfavorable currency translation of Rs.11,949 million from GBP to Indian rupees) from Rs.159,922 million in Fiscal 2014, to Rs.197,431 million. The increase in cash and cash equivalents resulted from the changes to our cash flows in Fiscal 2015 when compared to Fiscal 2014 as described below.

Net cash provided by operating activities totaled Rs.365,401 million in Fiscal 2015, which decreased by Rs.6,031 million as compared to Fiscal 2014.

The earnings before other income, interest and tax of Jaguar Land Rover increased from Rs.228,027 million in Fiscal 2014 to Rs.274,382 million in Fiscal 2015, whereas there was a loss before other income, interest and tax of Tata and other brand vehicles (including financing thereof) of Rs.29,831 million in Fiscal 2015 as compared to a loss of Rs.20,631 million in Fiscal 2014. Therefore, the net income after tax (after adjustments) increased from Rs.376,589 million in Fiscal 2014 to Rs.445,682 million in Fiscal 2015.

The changes in operating assets and liabilities resulted in a net outflow of Rs.38,048 million in Fiscal 2015 as compared to an inflow of Rs.39,608 million in Fiscal 2014. As a result of an increase in volumes at Jaguar Land Rover, inventories increased by Rs.29,447 million in Fiscal 2015, as compared to Rs.36,430 million in Fiscal 2014 and trade receivables increased by Rs.25,246 million, as compared to a decrease of Rs.10,526 million. After considering the increase in accounts payable and provisions, mainly driven by increase in volumes, there was a net outflow of cash on account of changes in operating assets and liabilities of Rs.13,261 million in Fiscal 2015 as compared to an inflow of Rs.37,762 million in Fiscal 2014, at Jaguar Land Rover.

For Tata and other brand vehicles (including financing thereof), there was a net outflow of cash on account of changes in operating assets and liabilities of Rs.20,915 million in Fiscal 2015, as compared to an inflow of Rs.319 in Fiscal 2014. In Fiscal 2015, the net inflow in vehicle finance receivables was Rs.4,033 million as compared to net outflow in vehicle financing receivables of Rs.11,195 million in Fiscal 2014. Excluding finance receivables, there was an outflow of Rs.24,949 million in Fiscal 2015 compared to an inflow of Rs.11,514 million in Fiscal 2014, which was primarily attributable to an increase in trade receivables, inventory and other financial assets and increases in acceptances (bill discounting).

Income tax paid has decreased to Rs.42,233 million in Fiscal 2015 as compared to Rs.44,765 million in Fiscal 2014, which was primarily attributable to tax payments by Jaguar Land Rover's foreign subsidiaries in their respective tax jurisdictions. Net cash used in investing activities totaled Rs.344,178 million in Fiscal 2015 as compared to Rs.296,330 million for Fiscal 2014, an increase of Rs.47,848 million, mainly due to investment in property, plant and equipment by Jaguar Land Rover and product development projects both at our Jaguar Land Rover and India operations. In Fiscal 2015, payments for capital expenditure at Jaguar Land Rover increased by 21.0% to Rs.272,703 million from Rs.225,398 million in Fiscal 2014. The increases in the capital expenditure were intended to support continued growth in sales volumes at Jaguar Land Rover and setting up new engine manufacturing facilities in the UK.

The following table sets forth a summary of our cash flow on property plant and equipment and intangible assets for the periods indicated.

	For the year ended,	
	2015	2014
	(Rs. in millions)	
Tata and other brand vehicles	27,477	32,237
Jaguar Land Rover	272,703	225,398

Our net investment in short-term deposit margin moneys and loans resulted in an outflow of Rs.50,395 million in Fiscal 2015 as compared to Rs.43,401 million in Fiscal 2014, which mainly related to investment of surplus cash in bank deposits and mutual funds mainly by Jaguar Land Rover of Rs.40,151 million. In Fiscal 2015, Jaguar Land Rover invested Rs.12,259 million in the Chery Jaguar Land Rover Automotive Company Limited, as compared to Rs.9,008 in Fiscal 2014.

Net cash from financing activities totaled Rs.30,610 million in Fiscal 2015, as compared to an outflow of Rs.48,248 million in Fiscal 2014, mainly due to increased short-term borrowings.

For Tata and other brand vehicles (including financing thereof), the short-term debt increased by Rs.31,636 million and long-term debt (net) increased by Rs.25,690 million, which includes debts raised by TML Holdings Pte Ltd of Rs.18,041 million in Fiscal 2015. The funds raised by TML Holdings Pte Ltd have been utilized for our India operations. This includes an increase in debt (short-term and long-term) of Rs.3,541 million in Fiscal 2015 at TMFL, as compared to Rs.2,005 million in Fiscal 2014.

For Jaguar Land Rover, the short-term debt (net) decreased by Rs.3,237 million due to repayment of loans in some of the overseas subsidiaries. However, long-term debt (net) increased by Rs.55,539 million in Fiscal 2015, due to further issuance of senior notes.

Interest paid is Rs.69,131 million in Fiscal 2015 as compared to Rs.67,619 million in Fiscal 2014. For Jaguar Land Rover, interest paid is Rs.23,509 million in Fiscal 2015 as compared to Rs.23,725 million in Fiscal 2014. This includes prepayment charges on senior notes of GBP77 million (Rs.7,592 million) in Fiscal 2015, as compared to GBP53 million (Rs.5,097 million) in Fiscal 2014. For Tata and other brand vehicles, interest paid was Rs.38,074 million in Fiscal 2015 as compared to Rs.43,157 million in Fiscal 2014. Please see Item 5.B “—Liquidity and Capital Resources—Long-term funding” of this annual report on Form 20-F for additional details on our prepayments of senior notes.

Balance Sheet Data

Below is a discussion of major items and variations in our consolidated balance sheet as at March 31, 2016 and 2015, included elsewhere in this annual report on Form 20-F.

Our total assets were Rs.2,619,981 million and Rs.2,345,643 million as at March 31, 2016 and 2015, respectively. The increase by 11.7% in assets as at March 31, 2016 reflects, among other things, a favorable foreign currency translation from GBP into Indian rupees as described below.

Our total current assets have increased by Rs.105,949 million to Rs.1,099,440 million as at March 31, 2016 or 10.7%, as compared to Rs.993,491 million as at March 31, 2015.

Cash and cash equivalents decreased by 13.1% to Rs.171,536 million as at March 31, 2016, compared to Rs.197,431 million as at March 31, 2015, which is offset by a favorable foreign currency translation of Rs.5,680 million from GBP to Indian rupees. We hold cash and cash equivalents principally in Indian rupees, GBP, and Chinese Renminbi. Out of cash and cash equivalents as at March 31, 2016, Jaguar Land Rover holds the GBP equivalent of Rs.149,851 million, which consists of surplus cash deposits for future use. As at March 31, 2016, we had short-term deposits of Rs.127,810 million, as compared to Rs.104,391 million as at March 31, 2015, an increase of 22.4%.

As at March 31, 2016, we had finance receivables, including the non-current portion (net of allowances for credit losses), of Rs.163,370 million, as compared to Rs.158,016 million as at March 31, 2015, an increase of 3.4%, primarily due to the decrease in allowances for our vehicle financing due to improved collection, which has contributed to the increase in net finance receivables. Gross finance receivables were Rs.207,502 million as at March 31, 2016, as compared to Rs.204,570 million as at March 31, 2015. Vehicle financing is integral to our automotive operations in India. For further detail see Item 4.B Business Overview—Our Automobile Operations—Tata and other brand vehicles (including financing thereof)—Tata and other brand vehicles—Vehicle Financing”.

Trade receivables (net of allowance for doubtful receivables) were Rs.136,086 million as at March 31, 2016, representing an increase of 3.9% over March 31, 2015. The increase is also due to favorable foreign currency translation of Rs.3,449 million from GBP to Indian rupees. The past dues for more than six months (gross) have increased from Rs.9,836 million as at March 31, 2015 to Rs.11,072 million or 12.6% as at March 31, 2016 and these mainly represent dues from government-owned transport undertakings and passenger vehicle dealers, for which we are pursuing recovery. Trade receivables for Tata and other brand vehicles have increased by 17.6% to Rs.32,899 million as at March 31, 2016 from Rs.27,985 million as at March 31, 2015, primarily representing dues from government owned transport companies and some of our dealers. The trade receivables of Jaguar Land Rover were Rs.100,248 million as at March 31, 2016, as compared to Rs.100,054 million as at March 31, 2015.

As at March 31, 2016, inventories were at Rs.326,370 million, compared to Rs.287,280 million as at March 31, 2015, an increase of 13.6%, primarily due to the increase in volumes. The increase in finished goods inventory was Rs.24,332 million to Rs.249,037 million as at March 31, 2016, as compared to Rs.224,705 million as at March 31, 2015, mainly due to the ramp up of the production of the F-PACE in preparation for its launch in early April 2016. This increase is also due to a favorable currency translation of Rs.6,400 million from GBP to Indian rupees. In terms of number of days to sales, finished goods represented 34 inventory days in sales in Fiscal 2016, as compared to 31 inventory days in Fiscal 2015. The increase in finished goods mainly relates to the increase in volumes.

Our investments (current and non-current investments) have increased to Rs.198,417 million as at 31, 2016 from Rs.146,824 million as at March 31, 2015, representing an increase of 35.1%. This increase is also due to a favorable foreign currency translation of Rs.3,346 million from GBP to Indian rupees. Our investments mainly comprise mutual fund investments of Rs.192,330 million as at March 31, 2016, as compared to Rs.140,686 million as at March 31, 2015, of which, investments attributable to Jaguar Land Rover were Rs.173,437 million as at March 31, 2016, as compared to Rs.136,362 million as at March 31, 2015, an increase of 27.2%. In Fiscal 2016, Tata Motors has made investments in mutual funds of Rs.17,360 million.

Our other assets (current and non-current) increased by 7.4% to Rs.77,387 million as at March 31, 2016 from Rs.72,051 million as at March 31, 2015. The increase is mainly attributable to prepaid expenses which increased to Rs.16,261 million as at March 31, 2016, as compared with Rs.13,282 million as at March 31, 2015 mainly due to Rs.1,814 million (GBP 19 million) as advance rent to Warwick University for the National Automotive Innovative Centre.

Our other financial assets (current and non-current) have increased to Rs.49,688 million as at March 31, 2016 from Rs.40,062 million as at March 31, 2015. Derivative financial instruments have increased by 22.0% to Rs.23,490 million as at March 31, 2016 from Rs.19,260 million as at March 31, 2015, representing options and other hedging arrangements, mainly related to Jaguar Land Rover, predominantly due to an increase in the volume of U.S. dollar forward foreign exchange contracts enacted coupled with the strengthening of the U.S. dollar compared to GBP and therefore decreasing the fair value of these derivative contracts. Advances and other receivables recoverable in cash have increased to Rs.10,276 million as at March 31, 2016 from Rs.6,964 million as at March 31, 2015, due to new launches in April 2016. Furthermore, restricted bank deposits have increased to Rs.7,479 million as at March 31, 2016 from Rs.4,614 million as at March 31, 2015.

Income tax assets (both current and non-current) increased by 25.4% to Rs.14,124 million as at March 31, 2016 from Rs.11,261 million as at March 31, 2015.

Property, plant and equipment (net of depreciation) increased by 14.2% from Rs.586,899 million as at March 31, 2015 to Rs.670,065 million as at March 31, 2016. The increase mainly represented additions toward new product plans and the Ingenium engine facility and plant at Brazil at Jaguar Land Rover and a favorable foreign currency translation of Rs.8,046 million from GBP to Indian rupees.

Goodwill as at March 31, 2016 increased by 3.8% to Rs.7,598 million, as compared to Rs.7,320 million as at March 31, 2015.

Intangible assets increased by 13.1% from Rs.530,901 million as at March 31, 2015 to Rs.600,315 million as at March 31, 2016, which mainly include product development projects, brands and other intangible assets. This increase is also due to favorable foreign currency translation of Rs.11,347 million from GBP to Indian rupees. As at March 31, 2016, there were product development projects in process amounting to Rs.192,492 million.

Carrying value of investments in equity-accounted investees increased by 18.6% to Rs.37,640 million as at March 31, 2016, from Rs.31,737 million as at March 31, 2015. The increase is due to profits in our joint venture Chery Jaguar Automotive Company Limited in Fiscal 2016 of Rs.5,781 million.

A deferred tax liability (net) of Rs.9,142 million was recorded in our income statement and Rs.11,735 million in other comprehensive income, which mainly includes Rs.10,630 million (including translation) toward post-retirement benefits in Fiscal 2016. The net deferred tax liability of Rs.3,866 million was recorded as at March 31, 2016 as compared to an asset of Rs.17,012 million as at March 31, 2015.

Accounts payable (including acceptances) were Rs.653,178 million as at March 31, 2016, as compared to Rs.610,151 million as at March 31, 2015, an increase of 7.1%, reflecting an increase in operations and an unfavorable foreign currency translation of Rs.15,358 million from GBP to Indian rupees.

Other financial liabilities (current and non-current) were Rs.182,041 million as at March 31, 2016, as compared to Rs.175,345 million as at March 31, 2015, net of an unfavorable currency translation impact of Rs.5,173 million, which mainly include liabilities toward vehicles sold under repurchase arrangements, derivative instruments, deferred payment liabilities, interest accrued but not due on loans and lease liabilities. Furthermore, liability toward vehicles sold under repurchased arrangement has increased to Rs.25,504 million as at March 31, 2016 from Rs.18,206 million as at March 31, 2015, mainly due to an increase in the repurchase business at Jaguar Land Rover.

Provisions (current and non-current) increased by 15.3% to Rs.137,401 million as at March 31, 2016 from Rs.119,153 million as at March 31, 2015. Provisions for warranties increased by Rs.15,365 million mainly on account of volume growth at Jaguar Land Rover, together with unfavorable foreign currency translation impact of Rs.2,667 million from GBP to Indian rupees. Furthermore, provisions for product liability increased to Rs.7,584 million as at March 31, 2016, compared to Rs.2,749 million as at March 31, 2015, mainly due to provisions for the recall of Takata air bags, which amounted to GBP 67 million (Rs. 6,415 million). This was partially offset by a decrease in the provisions for employee benefits obligations by 16.4% to Rs.7,702 million as at March 31, 2016, as compared to Rs.9,209 million as at March 31, 2015.

Other liabilities (current and non-current) decreased by 5.8% to Rs.136,266 million as at March 31, 2016, as compared to Rs.144,607 million as at March 31, 2015. Employee benefit obligations have declined by 32.8% to Rs.55,475 million as at March 31, 2016, as compared to Rs.82,554 million as at March 31, 2015, mainly pertaining to the Jaguar Land Rover pension plan, consequent to changes in actuarial assumptions, primarily including the discount rate. This was offset by the increase in the deferred revenue by 77.8% to Rs.30,988 million as at March 31, 2016 from Rs.18,318 million as at March 31, 2015, mainly due to the introduction of new service plans at Jaguar Land Rover and an unfavorable currency translation of Rs.4,681 million from GBP to Indian rupees.

Our total debt was Rs.692,368 million as at March 31, 2016, as compared to Rs.725,328 million as at March 31, 2015, a decrease of 4.5%, which includes an unfavorable currency translation of Rs.7,513 million from GBP to Indian rupees. Short-term debt (including the current portion of long-term debt) increased by 4.1% to Rs.187,857 million as at March 31, 2016, as compared to Rs.180,465 million as at March 31, 2015. Long-term debt (excluding the current portion) decreased by 7.4% to Rs.504,511 million as at March 31, 2016 from Rs.544,863 million as at March 31, 2015. Long-term debt (including the current portion) decreased by 2.7% to Rs.577,860 million as at March 31, 2016 as compared to Rs.593,781 million as at March 31, 2015. Please see Item 5.B “—Liquidity and Capital Resources—Long term funding” for further details.

Total shareholders’ equity was Rs.768,037 million as at March 31, 2016 and Rs.539,352 million as at March 31, 2015, respectively.

Our reserves increased from Rs.400,659 million as at March 31, 2015 to Rs.534,196 million as at March 31, 2016.

Our other components of equity reflected a loss of Rs.38,649 million as at March 31, 2016, as compared to Rs.59,435 million as at March 31, 2015. We have accounted for an actuarial gains/loss (net) gain of Rs.37,652 million in respect of pension obligations as at March 31, 2016. In Fiscal 2016, a gain of Rs.3,743 million on cash flow hedges (net), recorded in comprehensive income.

The ratio of net debt to shareholders’ equity (total debt less cash and cash equivalents and liquid marketable securities divided by total shareholders’ equity) under IFRS decreased from 0.7 as at March 31, 2015 to 0.4 as at March 31, 2016. Details of the calculation of this ratio are set forth in Exhibit 7.1 to this annual report on Form 20-F.

The following table sets forth our contingent liabilities as at the dates indicated.

	As at March 31,	
	2016	2015
	(Rs. in millions)	
Income tax	1,338	1,343
Excise duties	14,400	14,042
Sales tax	12,623	9,331
Other taxes and claims ¹	3,394	3,851
Other contingencies	416	621
Total	32,171	29,188

1. Other taxes and claims include claims by other revenue authorities and distributors. See Item 4.B “—Business Overview—Legal Proceedings” of this annual report on Form 20-F.

Rs.110,890 million and Rs.91,807 million in Fiscal 2016 and 2015, respectively, represent executory contracts on capital accounts otherwise provided for.

Under the joint venture agreement for our China Joint Venture, we are committed to contribute RMB3.5 billion of capital toward our share in the capital of the joint venture. As at March 31, 2016, we have an outstanding commitment of approximately RMB625 million.

On an ongoing basis, our legal department reviews pending cases, claims by third parties against us and other contingencies. For the purposes of financial reporting, we periodically classify these matters into gain contingencies and loss contingencies. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable. For loss contingencies that are considered probable, an estimated loss is recorded as an accrual in financial statements and, if the matter is material, the estimated loss is disclosed. We do not consider any of these matters to be individually sufficiently material to warrant disclosure in our financial statements. Loss contingencies that are considered possible are not provided for in our financial statements, but if we consider such contingencies to be material, individually or in the aggregate, they are disclosed in our financial statements. Most loss contingencies are classified as possible unless clearly frivolous, in which case they are classified as remote and are monitored by our legal department on an ongoing basis for possible deterioration. We do not disclose remote matters in our financial statements. See Note 33 of our audited consolidated financial statements included elsewhere in this annual report on Form 20-F for additional information regarding our material claims and contingencies.

Since Fiscal 1997, we have benefited from participation in the Export Promotion Capital Goods Scheme, or the EPCG Scheme, which permits us to import capital equipment under a special license at a substantially reduced customs duty. Our participation in this scheme is subject to us fulfilling an obligation to export goods manufactured or produced by the use of capital equipment imported under the EPCG Scheme to the value of a multiple of the cost plus insurance and freight value of these imports or customs duty saved over a period of 6, 8 and 12 years from the date of obtaining the special license. We currently hold 107 licenses which require us to export our products of a value of approximately Rs.77.86 billion between the years 2002 to 2022, and we carefully monitor our progress in meeting our incremental milestones. After fulfilling some of the export obligations as per provisions of Foreign Trade Policy, as at March 31, 2016 we have remaining obligations to export products of a value of approximately Rs.11.94 billion by March 2022. In the event that the export obligation under the EPCG Scheme is not fulfilled, we would have to pay the differential between the reduced and normal duty on the goods imported along with interest. In view of our past record of exceeding our export milestones, and our current plans with respect to our export markets, we do not currently foresee any impediments to meeting our export obligation in the required time frame.

Capital Expenditure

Capital expenditure totaled Rs.306,233 million, Rs.335,771 million and Rs.272,832 million during Fiscal 2016, 2015 and 2014, respectively. Our automotive operations accounted for a majority of this capital expenditure. We currently plan to invest approximately Rs.398 billion in Fiscal 2017 in new products and technologies. Please see Item 5.B “—Liquidity and Capital Resources” of this annual report on Form 20-F for additional details.

Our capital expenditures in India during Fiscal 2016 related mostly to (i) the introduction of new products such as the Tata Tiago, and SIGMA range of Trucks, (ii) the development of planned future products and technologies, and (iii) quality and reliability improvements aimed at operating cost reductions.

Capital expenditure for Jaguar Land Rover mainly included expenditure for the launch of the Jaguar XE, the XF, the F-PACE, the 2016 model year XJ, the 2016 model year Evoque and the Evoque convertible, as well as product development costs on various future products, and further expenditure on our in-house engines produced at our plant near Wolverhampton, United Kingdom, and the manufacturing plant recently opened in Brazil. The manufacturing plant at our China Joint Venture started operations in October 2014. We have committed to contribute RMB 3.5 billion toward our share in the capital of the joint venture of which RMB 2.9 billion has been contributed as at March 31, 2016. In addition, we recently announced an incremental future investment of GBP450 million to double the capacity at our in-house engine manufacturing plant near Wolverhampton and an initial investment of GBP1 billion to build a manufacturing facility in Slovakia with an annual capacity of 150,000 units and with production scheduled to begin in 2018.

We continue to focus on development of new products for the Indian market and other international markets it serves. Through Jaguar Land Rover, we continue to make investments in new technologies through its research and development activities to develop products that meet the requirements of the premium market, including developing sustainable technologies to improve fuel economy and reduce carbon dioxide emissions, including the application of plug-in hybrids and full battery electric technologies. Please refer to Item 4.B “—Business Overview—Government Regulations” of this annual report on Form 20-F for further details.

We intend to continue investing in our business units and research and development over the next several years, including capital expenditures for our ongoing projects, new projects, product development programs, mergers, acquisitions and strategic alliances in order to build and expand our presence in the passenger vehicle and commercial vehicle categories.

Please see Item 4.A “Information on the Company—History and Development of the Company” for more information on some of our recently launched and anticipated new products.

We engaged in additional financing activities during Fiscal 2014 and 2015 as described above in the introduction to this Item 5.B. “—Liquidity and Capital Resources”.

C. Research and Development, Patents and Licenses, etc.

Please see Item 4.B “—Business Overview” for the information required by this item.

D. Trend Information.

Please see Item 5.A “—Operating Results” for the information required by this item.

E. Off-balance Sheet Arrangements

None

F. Tabular Disclosure of Contractual Obligations

The following table summarizes payments due under significant contractual commitments as at March 31, 2016:

Type	Payment due by period (Rs. in millions)				
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Long-term debts ¹	577,860	33,811	164,263	227,413	230,694
Capital lease	1,581	612	483	104	382
Operating lease	25,970	5,032	5,283	2,560	13,095
Capital commitments	110,890	110,254	628	8	—
Purchase commitments	197,438	122,413	51,611	11,597	11,817
Other liabilities	317,044	161,226	100,538	57,249	31,574
Provisions	137,401	58,657	63,495	9,912	5,337
Total	1,368,184	492,005	386,301	308,843	292,899

1. Includes interest.

G. Safe Harbor

See the section entitled “Cautionary Note on Forward-looking Statements” at the beginning of this annual report on Form 20-F.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Board of Directors

Under our Articles of Association, we cannot have less than three or more than fifteen directors. At present, our board of directors comprises eleven directors. Our directors are not required to hold any of our Shares by way of qualification.

Under our Articles of Association, the board of directors of Tata Steel, which, with its subsidiary, owns, as of June 30, 2016, 5.54% of our Ordinary Shares and none of our ‘A’ Ordinary Shares, has the right to nominate one director, or the Steel Director, to our board of directors. Mr. Cyrus P. Mistry was appointed as the Steel Director with effect from May 29, 2013.

In addition, our Articles of Association provide that (a) our debenture holders have the right to nominate one director, or the Debenture Director, if the trust deeds relating to outstanding debentures require the holders to nominate a director and (b) financial institutions in India have the right to nominate two directors, or the Financial Institutions Directors, to our board of directors pursuant to the terms of the relevant loan agreements. Currently, there is no Debenture Director or Financial Institutions Director on our board of directors and there are no relevant debentures or loan agreements outstanding that would empower financial institutions in India to nominate directors to our board of directors.

As at June 30, 2016, our directors and senior management, in their sole and joint names, beneficially held an aggregate of 21,129 Ordinary Shares (approximately 0.0007% of our issued share capital) and 3,088 ‘A’ Ordinary Shares (approximately 0.0006% of our issued share capital).

Our board of directors appointed Mr. Guenter Butschek as the CEO and Managing Director of Tata Motors Limited with effect from February 15, 2016. Mr. Butschek chairs various business committees of Tata Motors Limited as well as the Executive Committee, which provides oversight of strategy and other key aspects of our operations. Mr. Butschek also chairs the business committees, which include the commercial vehicle business unit steering committee, the passenger vehicle business unit steering committee, or PVBU, the human resource management committee, the diversity council, the commercial vehicle and passenger vehicle product review committee, the design and styling committee, the quality review committee and the risk oversight committee.

The following table provides information about our directors, executive officers and Group Chief Financial Officer as at June 30, 2016:

Name	Position	Date of birth/ business address ¹	Year appointed as Director, Executive Officer or Chief Financial Officer	Expiration of term	Ordinary Shares beneficially owned as at June 30, 2016 ²	'A' Ordinary Shares beneficially owned as at June 30, 2016 ²
Mr. Cyrus P. Mistry	Non-Executive Chairman	July 4, 1968	2012	Non-rotational	15,855	—
Mr. N. N. Wadia	Independent Director	February 15, 1944	1998	2019	—	—
Dr. R. A. Mashelkar	Independent Director	January 1, 1943	2007	2017	—	—
Mr. Nasser Munjee	Independent Director	November 18, 1952	2008	2019	—	—
Mr. Subodh Bhargava	Independent Director	March 30, 1942	2008	2017	—	—
Mr. V. K. Jairath	Independent Director	December 27, 1958	2009	2019	—	—
Ms. Falguni Nayar	Independent Director	February 19, 1963	2013	2019	—	—
Dr. Ralf Speth	Non-Executive Director	September 9, 1955	2010	2017 ⁴	—	—
Mr. Guenter Butschek ³	CEO & Managing Director	October 21, 1960	2016	2021	—	—
Mr. Ravindra Pisharody	Executive Director (Commercial Vehicles)	November 24, 1955	2012	2016 ⁴	—	—
Mr. S. B. Borwankar	Executive Director (Quality)	July 15, 1952	2012	2017 ⁴	—	—
Mr. C. Ramakrishnan	Group Chief Financial Officer	June 27, 1955	2007	2017	5,274	3,038

1. The business address of each of our directors, Executive Officers and Chief Financial Officer, other than as described immediately below, is Bombay House, 24 Homi Mody Street, Mumbai — 400001. The business address of Mr. N. N. Wadia is The Wadia Group, C-1, Wadia International Centre (Bombay Dyeing), Pandurang Budhkar Marg, Worli, Mumbai — 400025, India; the business address of Dr. R. A. Mashelkar is "Raghunath", D-4, Varsha Park, Baner, Pune — 411045, India; the business address of Mr. Nasser Munjee is Development Credit Bank Ltd, Peninsula Business Park, Tower 'A' 6th Floor, Senapati Bapat Marg, Lower Parel, Mumbai — 400013, India; the business address of Mr. Subodh Bhargava is Tata Communications Limited, 4th Floor, VSB Bangla Sahib Road, New Delhi — 110001, India; the business address of Mr. V. K. Jairath is 18th Floor, One Indiabulls Centre, Senapati Bapat Road, Elphinstone Road, Mumbai — 400013, Maharashtra, India; the business address of Ms. Falguni Nayar is FSN E-Commerce Ventures Pvt. Ltd., 104, Vasan Udyog Bhavan, Sun Mill Compound, Tulsi Pipe Road, Lower Parel (West), Mumbai — 400013; the business address of Dr. Ralf Speth is Jaguar Land Rover, Abbey Road, Whitley, Coventry, CV3 4LF, United Kingdom; and the business address of Mr. S. B. Borwankar is Tata Motors Limited, Pune Works, Pimpri, Pune — 411018.
2. Each of our Directors, Executive Officers and Group Chief Financial Officer beneficially owned less than 1% of our Shares as at June 30, 2016.
3. Appointed by our board of directors as the CEO & Managing Director of Tata Motors Limited with effect from February 15, 2016.
4. Subject to retirement by rotation and eligible for re-election by the members at the Annual General Meeting of Tata Motors Limited in 2017, pursuant to the provisions of the Companies Act.

Biographies

Set forth below is a short biography of each of our directors and our Chief Financial Officer:

Mr. Cyrus P. Mistry (Chairman)

Mr. Mistry was appointed as a director of Tata Motors Limited with effect from May 29, 2012, and as a Deputy Chairman of Tata Motors Limited with effect from November 7, 2012. Mr. Mistry took over as Chairman from Mr. Ratan N. Tata upon his retirement with effect from December 28, 2012.

Mr. Mistry was previously Managing Director of the Shapoorji Pallonji group and was also responsible for building its infrastructure development division. Mr. Mistry is the Group Chairman of the Tata Group of companies. He also serves on the boards of directors of Cyrus Investments Private Limited, Sterling Investment Corporation Private Limited and Imperial College India Foundation. Mr. Mistry is a partner in S & C Corporation. He is also a trustee for various public charitable trusts, including the Taj Public Service Welfare Trust, the Pallonji Charity Trust, the Sheth Shapoorji Pallonji Mistry & Bai Alamji Shapoorji Mistry Charity Trust, the Shapoorji Pallonji Foundation and the Manockjee Cowasjee Petit Charities.

Mr. Mistry is a graduate of Civil Engineering from the Imperial College London (1990) and has an MSc in Management from the London Business School (1997). He recently received the Alumni Achievement Award from the London Business School.

Mr. Nusli N. Wadia

Educated in the United Kingdom, Mr. Wadia is the Chairman of the Bombay Dyeing & Manufacturing Company Limited and heads the Wadia Group. He is also the Chairman of Bombay Dyeing and Manufacturing Co. Limited, Bombay Burmah Trading Corp. Limited, Britannia Industries Limited, Go Airlines (India) Limited, Go Investments & Trading Private Limited, Leila Lands SDN. Bhd. and Wadia Techno – Engineering Services Limited. He holds directorships in Tata Steel Limited, Tata Chemicals Limited, Strategic Food International Company LLC, Dubai, Strategic Brand Holdings Co. Ltd., Al Sallan Food Industries Co. SAOG, Britannia and Associates (Dubai) Pvt. Limited and Al Fayafi General Trading Co. LLC. He is also a trustee of various charitable institutions and non-profit organizations.

He was appointed as an independent director of Tata Motors Limited with effect from December 22, 1998.

Dr. R. A. Mashelkar

Dr. Mashelkar is an eminent chemical engineering scientist, who retired from the post of Director General of the Council of Scientific and Industrial Research and is the President of the Indian National Science Academy, the National Innovation Foundation, the Institution of Chemical Engineers, United Kingdom and the Global Research Alliance. The President of India has honored Dr. Mashelkar with the Padma Shri (1991), the Padma Bhushan (2000) and the Padma Vibhushan (2014). Dr. Mashelkar holds a Ph.D. in Chemical Engineering from Bombay University.

Dr. Mashelkar is Chairman of the Board at Vyome Bioscience Pvt. Limited and Reliance GeneMedix Plc and holds directorships at Reliance Industries Limited, Thermax Ltd., KPIT Technologies Limited, Piramal Enterprises Limited, Invictus Oncology Pvt. Limited, Sakal Papers Pvt. Limited, International Longevity Centre India, Gharda Scientific Research Foundation, Gharda Medical and Advanced Technologies Foundation and Tal Manufacturing Solutions Limited.

He was appointed as an independent director of Tata Motors Limited with effect from August 28, 2007.

Mr. Nasser Munjee

Mr. Munjee served with HDFC Bank Limited for over 20 years in various positions including as its Executive Director. He was the Managing Director of Infrastructure Development Finance Company Ltd. until March 2004. Presently, he is the Chairman of Development Credit Bank (since June 2005) and is also a member of the board of directors of various other companies, including ABB India Limited, Ambuja Cements Limited, Britannia Industries Limited, Cummins India Limited, HDFC Limited, Jaguar Land Rover Automotive plc, Tata Chemicals Limited, Tata Chemicals North America Inc, TMFL, Go Airlines (India) Limited, Tata Motors Finance Limited, Aarusha Homes Pvt. Limited, Strategic Foods International Co. (LLC), and Astarda Limited, as well as various trusts.

Mr. Munjee is a Technical Advisor on the World Bank Public-Private Partnership Infrastructure Advisory Facility. Mr. Munjee holds a bachelor's degree and a master's degree from the London School of Economics.

He was appointed as an independent director of Tata Motors Limited with effect from June 27, 2008.

Mr. Subodh Bhargava

Mr. Bhargava retired from the Eicher group of companies as Group Chairman and Chief Executive in March 2000. He is the past President of the Confederation of Indian Industry and the Association of Indian Automobile Manufacturers, and the past Vice President of the Tractor Manufacturers Association.

He is currently a member of the board of directors of several Indian companies, including Tata Communications Limited, Tata Communications International Pte. Ltd., Tata Communications Services (International) Pte. Ltd., SunBorne Energy Holdings LLC, Tata Marcopolo Motors Limited, Beta Commercial Pvt. Limited, Tata Steel Limited, TRF Limited, GlaxoSmithKline Consumer Healthcare Limited, Batliboi Limited and Larsen & Toubro Limited. Mr. Bhargava holds a degree in Mechanical Engineering from the University of Roorkee.

He was appointed as an independent director of Tata Motors Limited with effect from June 27, 2008.

Mr. V. K. Jairath

Mr. Jairath served as the Principal Secretary (Industries) of the state government of Maharashtra and has over 25 years of experience in public administration, rural development, poverty alleviation, infrastructure, finance, industry, urban development and environmental management, occupying various important positions in the Government of India and the state government of Maharashtra. Mr. Jairath holds directorships in Kirloskar Oil Engines Limited, Concorde Motors (India) Limited, TML Distribution Co. Limited and Tata Motors Finance Solutions Limited.

Mr. Jairath holds a Bachelor of Arts Degree in Public Administration and Bachelor of Laws Degree, both from the Punjab University, a Masters in Economics from the University of Manchester and joined the Indian Administrative Service in 1982.

He was appointed as an independent director of Tata Motors Limited with effect from March 31, 2009.

Ms. Falguni Nayar

Ms. Nayar has spent over 19 years with Kotak Mahindra Bank, for the last six years as Managing Director and CEO of Kotak Investment Bank. She is the founder and CEO of Nykaa.com, an online shopping website for beauty and wellness products which also offers an online magazine, expert advice and virtual makeover tools. She is a member of the board of directors of several other Indian companies, including ACC Limited, Dabur India Limited, FSN Brands Marketing Pvt. Limited, Tata Marcopolo Motors Limited, Kotak Securities Limited, Tata Technologies Limited, L&T Infrastructure Finance Co. Limited and Aviva Life Insurance Company India Limited. She is also the promoter of Heritage View Developers Pvt. Limited, FSN E-Commerce Venture Pvt. Ltd., Valleyview Probuild Pvt. Ltd., Sea View Probuild Pvt. Ltd., Sealink View Probuild Pvt. Ltd. and Golf Land Developers Pvt. Limited.

She was recognized as a “Top Business Woman” by Business Today in 2009 and 2011 and has received the FICCI Ladies Organization award for “Top Woman Achiever” in the field of banking in 2008. She holds a bachelor of commerce degree from Mumbai University and a PGDM from the Indian Institute of Management, Ahmedabad.

She was appointed as an independent director of Tata Motors Limited with effect from May 29, 2013.

Dr. Ralf Speth

Dr. Speth was appointed to the post of Chief Executive Officer at Jaguar Land Rover Automotive plc on February 18, 2010. He is a member of the board of directors of Jaguar Land Rover Automotive plc. Dr. Speth earned a degree in Engineering from Rosenheim University and holds a Doctorate of Engineering in Mechanical Engineering and Business Administration from Warwick University. He has also been awarded a Fellowship of the Royal Academy of Engineering.

Having served BMW for 20 years, Dr. Speth joined Ford Motor Company’s Premier Automotive Group and served as Director of Production, Quality and Product Planning. He holds directorships in Jaguar Land Rover Limited, Jaguar Land Rover Holdings Limited, Jaguar Racing Limited, Spark44 (JV) Limited, ACEA, Bladon Jets, Confederation of British Industry, Sun Catalytix Corporation and the Society of Motors Manufacturers and Traders Limited.

He was appointed as a non-executive and non-independent director of Tata Motors Limited with effect from November 10, 2010.

Mr. Guenter Butschek

Mr. Guenter Butschek is the Chief Executive Officer & Managing Director of Tata Motors Limited.

Prior to joining our company, Mr. Butschek served as Chief Operating Officer of the Airbus Group and was a member of the Group Executive Committee of the Airbus Group. Prior to Airbus, Mr. Butschek worked at Daimler AG, where he gained more than 25 years of experience in international automotive management and held positions in various departments, including production, industrialization and procurement. He has extensive global experience in growing organizations and in developing new markets.

Mr. Butschek graduated from the University of Cooperative Education Stuttgart, Germany with a degree in business administration and economics. Mr. Butschek also serves on the boards of some of Tata Motors Limited’s subsidiaries and affiliates, namely, Tata Daewoo Commercial Vehicles Co. Limited and Tata Cummins Pvt. Limited.

Mr. Butschek was appointed as an additional director of Tata Motors Limited with effect from February 15, 2016.

Mr. Ravindra Pisharody

Mr. Pisharody has been the Executive Director (Commercial Vehicles) since June 21, 2012, having joined Tata Motors Limited as Vice President, Commercial Vehicles (Sales & Marketing), in 2007. He is also on the board of several of Tata Motors Limited’s subsidiaries and affiliates, such as Tata Marcopolo Motors Limited, Tata Cummins Private Limited, TMFL, Automobile Corporation of Goa Limited, Tata International Limited, Tata Hispano Motors Carrocera SA, Tata Hispano Motors Carroceries Maghreb SA, Tata International Singapore Pte Limited, Nita Company Limited, TDCV, Tata Motors (SA) (Proprietary) Limited, PT Tata Motors Indonesia, PT Tata Motors Distribusi Indonesia, TMNL Motor Service Nigeria Limited and Tata Motors (Thailand) Limited. Before joining Tata Motors Limited, he worked for Castrol Ltd., a subsidiary of BP plc, and for Philips India, a subsidiary of Koninklijke Philips N.V., in various roles. Mr. Pisharody is an alumnus of the Indian Institute of Technology, Kharagpur and the Indian Institute of Management, Kolkata.

Mr. Satish B. Borwankar

Mr. Borwankar started his career with Tata Motors Limited in 1974, as a Graduate Engineer Trainee and is currently the Executive Director (Quality) with effect from June 21, 2012. He has worked in various executive positions for overseeing and implementing product development, manufacturing operations and quality control initiatives of the Commercial Vehicles Business Unit. He is also on the board of directors of certain of our subsidiaries, including Tata Cummins Private Limited, TML Drivelines Limited, TAL Manufacturing Solutions Limited, Tata Motors (Thailand) Limited and TDCV. He has played a significant role in establishing our greenfield projects. Mr. Borwankar is a mechanical engineer who studied at the Indian Institute of Technology, Kanpur.

Mr. C. Ramakrishnan (Group Chief Financial Officer)

Mr. Ramakrishnan started his career with Tata Motors Limited in 1980. As Chief Financial Officer, he is responsible for our Finance, Accounts, Taxation, Business Planning, Investor Relations, Treasury, Customer Relationship Management & Data Management System and IT divisions.

Before becoming Chief Financial Officer of Tata Motors Limited, Mr. Ramakrishnan was with the Tata Group Chairman's Office for seven years.

Mr. Ramakrishnan is on the boards of directors of several of Tata Motors Limited's subsidiaries, including TTL, Tata Cummins Private Limited, TMFL, TMFSL, Jaguar Land Rover Automotive plc, Tata Hispano Motors Carrocera, S.A., Tata Motors (Thailand) Limited, TDCV, Tata Motors (SA) (Proprietary) Limited, and TML Holdings Pte. Limited.

Mr. Ramakrishnan is a chartered accountant and a cost accountant. Mr. Ramakrishnan was appointed as Chief Financial Officer of Tata Motors Limited with effect from September 18, 2007. With effect from July 1, 2015, Mr. Ramakrishnan has been appointed as Tata Motors' Group Chief Financial Officer and will continue as the Chief Financial Officer of Tata Motors Limited for a term of two years. As a result of this appointment, the chief financial officers of our subsidiaries report directly to Mr. Ramakrishnan.

There is no family relationship between any of our directors, including the CEO and Managing Director, the Executive Directors and the Group Chief Financial Officer. None of our directors or senior management are selected pursuant to any arrangement or understanding with any of our major shareholders, customers, suppliers or others.

B. Compensation

The following table provides the annual compensation paid/accrued to our directors, Executive Officers and Group Chief Financial Officer in Fiscal 2016. For full-time directors, the retirement benefits exclude provision for encashable leave and gratuity as a separate actuarial valuation is not available. We have not issued any stock options to our directors/employees.

Name	Position	Remuneration ¹ (in Rs.)
Mr. Cyrus P. Mistry	Non-Executive Chairman	920,000
Mr. N. N. Wadia	Independent Director	860,000
Dr. R. A. Mashelkar	Independent Director	1,510,000
Mr. Nasser Munjee ^{2 8}	Independent Director	71,01,000
Mr. S. Bhargava	Independent Director	1,295,000
Mr. V. K. Jairath	Independent Director	2,625,000
Ms. Falguni Nayar	Independent Director	1,825,000
Dr. Ralf Speth ^{3 8}	Non-Executive Director	496,753,000
Mr. Guenter Butschek ^{4 8}	CEO & Managing Director	50,429,000
Mr. Ravindra Pisharody ^{5 8}	Executive Director (Commercial Vehicles)	38,184,000
Mr. Satish Borwankar ^{6 8}	Executive Director (Quality)	31,615,000
Mr. C. Ramakrishnan ^{7 8}	Tata Motors' Group Chief Financial Officer	42,269,000

1. Includes salary, allowance, taxable value of perquisites, commission and our contribution to provident fund and superannuation fund for the CEO and Managing Director, executive directors and the Group Chief Financial Officer, CEO and Managing Director, and sitting fees/directors' fees for non-executive directors. No commission has been paid to directors by Tata Motors Limited for Fiscal 2016, due to inadequacy of profits.

2. The remuneration of Mr. Munjee includes remuneration of GBP 50,000 received from Jaguar Land Rover Automotive plc and directors' fees paid by TMFL.

3. Dr. Ralf Speth's remuneration is paid by Jaguar Land Rover Automotive plc, which includes the value of performance bonus, cash allowances and non-cash benefits and accruals from long term incentives and retirement benefits of GBP 984,133.

4. Remuneration for the period from February 15, 2016 to March 31, 2016 and includes joining bonus of €250,000 (Rs.18,740,000)

5. The remuneration includes directors' fees and commissions received from Automobile Corporation of Goa Limited and directors' fees paid by Tata International Limited, Tata Daewoo Commercial Vehicle Co. Limited and Nita Company Limited but excludes provision for a special retirement benefit of Rs.6,256,000 payable at the discretion of the board.

6. The remuneration also includes directors' fees paid by Automobile Corporation of Goa Limited and Tata Daewoo Commercial Vehicle Co. Limited but excludes provision for a special retirement benefit of Rs.4,154,000, payable at the discretion of the board.

7. The remuneration paid includes directors' fees paid by Sheba Properties Limited and Tata Technologies Limited.

8. Rounded to nearest thousands of Indian rupees.

The CEO and Managing Director as well as the executive directors are also eligible to receive special retirement benefits at the discretion of our board of directors, which include a monthly pension, ex-gratia and medical benefits.

Through a postal ballot notice dated December 9, 2014, our shareholders approved and ratified the payment of the minimum remuneration to Mr. Pisharody and Mr. Borwankar as per the agreement in view of inadequacy of profits for Fiscal 2014 and 2015 and 2016. In respect of Fiscal 2016 the said minimum remuneration of the Executive Directors is within the limits prescribed under the Companies Act 2013.

C. Board Practices

Our board of director's size of eleven directors is commensurate with our size and consistent with other companies in the industry. Our board of directors consists of executive, non-executive and independent directors. Appointments of new directors are recommended by the Nomination and Remuneration Committee for consideration by the full board of directors and our shareholders at each year's annual general meeting.

The roles of the Chairman and Chief Executive Officer are distinct and separate with appropriate powers being delegated to the Managing Director to perform the day-to-day activities of managing our company.

Our board of directors, along with its committees, provides leadership and guidance to our management, in particular with respect to corporate governance, business strategies and growth plans, the identification of risks and their mitigation strategies, entry into new businesses, product launches, demand fulfillment and capital expenditure requirements, and the review of our plans and targets.

Our board of directors has delegated powers to its committees through specific written and stated terms of reference and scope, and oversees the functioning operations of the committees through various circulars and minutes. The committees operate as empowered agents of the board of directors in accordance with their respective charters and/or terms of reference.

Board Effectiveness Evaluation: Pursuant to provisions of the Listing Regulations and the Companies Act, our board of directors is required to carry out an annual evaluation of its own performance and also the performance of its committees and individual directors. The performance of the board of directors and individual directors is evaluated by our board of directors and involves input from all the directors. The performance of the committees is evaluated by our board of directors and involves input from committee members. In Fiscal 2016, the Nomination and Remuneration Committee reviewed the performance of the individual directors. Also, a separate meeting of independent directors was held to review the performance of non-independent directors, performance of our board of directors as a whole and the performance of the chairperson of Tata Motors Limited; the independent directors took into account the views of the executive directors and non-executive directors. Subsequently, our board of directors held a meeting to discuss the performance of our board of directors, its committees and the individual directors.

The criteria for the performance evaluation of our board of directors included aspects, such as our board of directors' composition and structure and the effectiveness of our board of directors' processes, information flow and functioning. The criteria for performance evaluation of the committees included aspects, such as the composition of the committees and the effectiveness of committee meetings. The criteria for performance evaluation of the individual directors included aspects, such as the director's contribution to our board of directors and committee meetings, including preparation on the issues to be discussed, meaningful and constructive contribution and input during meetings. In addition, the chairperson was evaluated on the key aspects of his role.

We also conducted the familiarization program for independent directors was also conducted to apprise the directors about their roles, rights, responsibilities in our Company, the nature of the industry in which we operate, our business model and related matters. The details of the program for familiarization of the independent directors are uploaded on the website of our Company.

Our board of directors also undertakes our subsidiaries' oversight functions through review of their performance against their set targets, advises them on growth plans and, where necessary, gives strategic guidelines. While all of our subsidiaries have their respective boards of directors, and their management is responsible for their performance, our board of directors oversees the performance of our subsidiaries on a quarterly basis in order to exercise oversight over the performance and functioning of our subsidiaries. In a specific annual meeting of our Audit Committee, the chief executive officers and the chief financial officers of our subsidiaries make presentations on significant issues in audit, internal control and risk management in our subsidiaries. The minutes of the meetings of our subsidiaries are also placed before our board of directors and attention is drawn to significant transactions and arrangements entered into by our subsidiaries.

Please see Item 6.A "—Directors and Senior Management" for details regarding the terms of office for our board of directors.

Committees

Audit Committee

The Audit Committee comprises four independent directors: Mr. Munjee (as Chairman), Dr. Mashelkar, Mr. Jairath, and Ms. Nayar. The scope of the Audit Committee includes:

- a. Reviewing the quarterly/annual financial statements before submission to our board of directors, focusing primarily on:
 - Overseeing our financial reporting process and the disclosure of our financial information, including earnings and press releases, to ensure that the financial statements are correct, sufficient and credible;
 - Reviewing reports on the management's discussion and analysis of financial condition, results of operations and the directors' responsibility statement;
 - Compliance with accounting standards and changes in accounting policies and practices;
 - Major accounting entries involving estimates based on exercise of judgment by management;
 - Reviewing the draft audit report, modified opinion, if any, and significant adjustments arising out of audit;
 - Analysis of the effects of alternative GAAP methods on the financial statements;
 - Compliance with listing and other legal requirements concerning financial statements;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
 - Scrutiny of inter-corporate loans and investments; and
 - Disclosures made under the principal executive officer and principal financial officer certifications and related party transactions to our board of directors and our shareholders,
- b. Reviewing, alongside the management, our external auditors and internal auditors, the adequacy of internal control systems and recommending improvements to management,
- c. Review management letters and letters of internal control weakness issued by the statutory auditors.
- d. Reviewing, alongside the management, statements of uses and applications of funds raised through issues (such as public issues, rights issues, preferential issues), the statement of funds utilized for purposes other than those stated in the relevant offer document and/or notice and the report submitted by the monitoring agency that monitors the utilization of proceeds of a public or rights issue and making appropriate recommendations to our board of directors in light of those reviews,
- d. Recommending the appointment and/or removal of the statutory auditor, cost auditor, fixing audit fees and approving non-audit/consulting services provided by the statutory auditors' firms to Tata Motors Limited and its subsidiaries; evaluating auditors' performance, qualifications, experience, independence and pending proceedings relating to professional misconduct, if any. Our Audit Committee shall also ensure that the cost auditors are independent, have an arm's-length relationship with us and are also not otherwise disqualified at the time of their appointment or during their tenure,
- e. Reviewing the adequacy of our internal audit, the coverage and frequency of our internal audit and the appointment, removal, performance and terms of remuneration of our chief internal auditor,
- f. Discussing with the internal auditor and senior management significant internal audit findings and follow-up thereon,
- g. Reviewing the findings of any internal investigation by the internal auditor into matters involving suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to our board of directors,
- h. Discussing with the statutory auditor, before the audit commences, the nature and scope of audit and conducting post-audit discussions to ascertain any area of concern,
- i. Reviewing our financial controls and risk management policies,
- j. Establishing and reviewing the functioning of our vigil mechanism under our whistle-blower policy,

- k. Reviewing the financial statements and investments made by subsidiary companies and subsidiary oversight relating to areas such as the adequacy of the internal audit structure and function of the subsidiaries, the status of their audit plans and their execution, key internal audit observations, risk management and the control environment,
- l. Review of the causes of any substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors, if any,
- m. Reviewing the effectiveness of the system for monitoring compliance with laws and regulations,
- n. Approving the appointment of our Chief Financial Officer after assessing the qualification, experience and background of a candidate,
- o. Engaging a registered valuer in case valuations are required and reviewing any valuation report in respect of any of our property, stocks, shares, debentures, securities, goodwill, undertakings or assets, liabilities or net worth,
- p. Reviewing and replying to any reports forwarded by the auditors on the matters where auditors have sufficient reason to believe that an offense involving fraud is being or has been committed against us by our officers or employees,
- q. Reviewing the system of storage, retrieval, display and printout of books of accounts maintained in electronic copies during the required period under law,
- r. Approving all or any subsequent modification of transactions with related parties,
- s. Approving policies in relation to the implementation of the Tata Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices, or the Insider Trading Code, and to supervise its implementation, and
- t. To note and take on record the status reports, detailing the dealings by designated persons in securities of Tata Motors Limited, as submitted by our compliance officer on a quarterly basis and to provide directions on any penalties for any violations of the Insider Trading Code. Mr. Ramakrishnan, our Group Chief Financial Officer, is the compliance officer under the Insider Trading Code.

The Audit Committee has also adopted policies for the approval of services to be rendered by our independent statutory auditors, based on a procedure for ensuring such auditor's independence and objectivity, as well as for the oversight of audit work for streamlining the audit process across our subsidiaries. The Chief Internal Auditor reports to the Audit Committee to ensure independence of the internal audit processes.

The Audit Committee relies on the expertise and knowledge of the management, the internal auditors and the independent statutory auditor in carrying out its oversight responsibilities. The management is responsible for the preparation, presentation and integrity of our financial statements, including consolidated statements, accounting and financial reporting principles. The management is also responsible for internal control over financial reporting, and all procedures are designed to ensure compliance with accounting standards, applicable laws and regulations, as well as to objectively review and evaluate the adequacy, effectiveness and quality of our system of internal control.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises three independent directors, Mr. Wadia (as Chairman), Mr. Bhargava and Dr. Mashelkar and one Non-Executive Director, Mr. Mistry. The Nomination and Remuneration Committee functions according to its charter, which defines its objective, composition, meeting requirements, authority, power, responsibilities and reporting and evaluation functions in accordance with the Companies Act and Indian listing requirements. The following is a summary of the principal terms of reference of the Nomination and Remuneration Committee:

- a. To make recommendations to the board of directors of Tata Motors Limited regarding the establishment and composition of the board of directors and its committees including the formulation of the criteria for determining qualifications, positive attributes and independence of a director. The Nomination and Remuneration Committee will consider periodically reviewing the composition of the board of directors with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience;
- b. Devising a policy on board diversity;
- c. Recommending to the board the appointment or reappointment of directors, including independent directors on the basis of reports on the performance evaluation of the independent directors;
- d. Supporting the board in matters related to setting up, reviewing and refreshing of committee composition;
- e. Recommending to the board on voting pattern for appointment and remuneration of directors of our material subsidiaries;
- f. Providing guidelines for remuneration of directors of our material subsidiaries;

- g. Recommending to the board the appointment of Key Managerial Personnel, or KMP, as defined under the Companies Act as the chief executive officer, chief financial officer and company secretary, and executive team members of Tata Motors Limited as defined by the Nomination and Remuneration Committee;
- h. Carrying out an evaluation of every director's performance and supporting the board and independent directors in evaluation of the performance of the board, its committees and individual directors. This shall include the formulation of criteria for evaluation of independent directors and the board;
- i. Overseeing the performance review process for KMP and the executive team of Tata Motors Limited;
- j. Recommending the remuneration policy for directors, KMP, the executive team of Tata Motors Limited and other employees;
- k. On an annual basis, recommending to the board the remuneration payable to the directors, KMP and the executive team of Tata Motors Limited;
- l. Reviewing matters related to voluntary retirement and early separation schemes for Tata Motors Limited;
- m. Overseeing the familiarization program for directors;
- n. Overseeing our human resources philosophy, human resources strategy and the efficacy of human resources practices, including those for leadership development, rewards and recognition, talent management and succession planning (specifically for the board of directors, KMP and executive team of Tata Motors Limited); and
- o. Performing such other duties and responsibilities as may be consistent with the provisions of the committee's charter.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of two independent directors, Mr. Jairath and Ms. Nayar. Mr. Butschek was inducted as a member of the Stakeholders Relationship Committee with effect from February 15, 2016. The principal functions of the Stakeholders Relationship Committee are the following:

- a. Reviewing statutory compliance matters relating to all security holders;
- b. Considering and resolving the grievances of security holders of the company including complaints related to transfer of securities, non-receipt of our annual report, declared dividends, notices and/or our balance sheet;
- c. Overseeing compliances in respect of dividend payments and transfer of unclaimed amounts to the investor education and protection fund;
- d. Overseeing and reviewing all matters related to the transfer of securities of Tata Motors Limited;
- e. Approving the issue of duplicate certificates of Tata Motors Limited;
- f. Reviewing movements in shareholding and ownership structures of Tata Motors Limited;
- g. Ensuring proper controls over and overseeing performance of our registrar and share transfer agent; and
- h. Recommending measures for the overall improvement of the quality of investor services.

Executive Committee of the Board of Directors or ECOB

The ECOB comprises Mr. Mistry (as Chairman), Mr. Wadia, Mr. Munjee, Mr. Bhargava, Mr. Pisharody and Mr. Borwankar. Mr. Butschek, the CEO and Managing Director of Tata Motors Limited was inducted as a member of the Committee with effect from February 15, 2016. The Committee reviews and recommends to the Board for due consideration, the revenue and capital expenditure budgets, long-term business strategies and plans, our organizational structure, raising finance, property-related issues, review and sale of investments and the allotment of securities within established limits. The Committee also discusses the matters pertaining to legal cases, acquisitions and divestment, new business forays and donations.

Ethics and Compliance Committee

Following the notification of the SEBI (Prohibition of Insider Trading) Regulations, 2015 dated January 15, 2015, the function of the Ethics and Compliance Committee was rendered redundant. Therefore, the Ethics and Compliance Committee was dissolved with effect from May 14, 2015 and accordingly the reporting, monitoring and governance aspect of the Insider Trading Regulations, is currently vested within the purview of the Audit Committee.

Previously, the Ethics and Compliance Committee set forth policies relating to the implementation of the Insider Trading Code, the recordation of monthly reports and dealings in securities by specified persons and made decisions regarding penal action in respect of violations of the Insider Trading Code and applicable regulations. It also implemented appropriate actions in respect of violations of the Insider Trading Code. The Ethics and Compliance Committee was comprised of Mr. Jairath and Ms. Nayar, and Mr. Ramakrishnan, our Chief Financial Officer, acted as the compliance officer under the Insider Trading Code.

Safety, Health & Environment Committee

The Safety, Health & Environment, or SHE Committee, comprises Dr. Mashelkar (as Chairman), Mr. Jairath, Mr. Pisharody, Mr. Borwankar and Mr. Butschek, who was inducted as a member of the SHE Committee with effect from February 15, 2016. The SHE Committee's objective is to review our safety, health and environmental practices. The terms of reference of the SHE Committee include the following:

- a. To take a holistic approach to safety, health and environmental matters in decision making;
- b. To provide direction to us in carrying out our safety, health and environment functions;
- c. To frame broad guidelines and policies with regard to safety, health and environment;
- d. To oversee the implementation of these guidelines/policies; and
- e. To review our safety, health and environmental policies, processes and systems periodically and recommend improvements from time to time.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee, or CSR Committee, comprises Dr. Mashelkar (as Chairman), Ms. Nayar, Mr. Borwankar and Mr. Butschek, who was inducted as a member of the CSR Committee with effect from February 15, 2016. The terms of reference of the CSR Committee are to:

- a. Formulate and recommend to our board of directors a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by us as specified in Schedule VII of the Companies Act;
- b. Recommend the amount of expenditure to be incurred on the activities referred to in clause a.; and
- c. Monitor our Corporate Social Responsibility Policy from time to time.

Risk Management Committee

The Risk Management Committee was constituted by our board of directors pursuant to the provisions of our listing agreements with the BSE and NSE, comprises of four independent directors: Mr. Munjee (as Chairman), Dr. Mashelkar, Mr. Jairath and Ms. Nayar. Its terms of reference are as follows:

- a. Establishing principles and objectives for assisting our board of directors in overseeing our risk management process and controls, risk tolerance, capital liquidity and funding levels, and providing a periodic update thereof to our board of directors;
- b. The Risk Management Committee shall be appointed by our board of directors and may be staffed with directors and/or our executives. Our company secretary shall act as the secretary to the Risk Management Committee meetings;
- c. The Risk Management Committee's quorum shall be any two members or one-third of the members, whichever is higher. The Risk Management Committee shall meet at least once every quarter and our chief internal auditor shall be a permanent invitee to its meetings;
- d. The Risk Management Committee shall act and have powers in accordance with the terms of reference, specified in writing by our board of directors, and shall be responsible for reviewing our risk governance structure, practices and guidelines; and
- e. The Risk Management Committee will report to our board of directors periodically on various matters and shall undergo an annual self-evaluation of its performance and report the results to our board of directors.

Rights Issue Allotment Committee

Pursuant to the approval of our shareholders through postal ballot on March 3, 2015 and the authority granted by our board of directors through the resolutions it passed on January 27, 2015 and March 25, 2015, we launched a simultaneous, but unrelated, issue of 150,644,759 Ordinary Shares of Rs. 2 each (including the rights offering to holders of ADRs) for cash at a price of Rs.450 on a rights basis to the eligible holders of Ordinary Shares, or Ordinary Shareholders, in the ratio of six Ordinary Shares for every 109 fully paid-up Ordinary Shares held on the book closure date, which was April 8, 2015 and 26,530,290 'A' Ordinary Shares of Rs.2 each for cash at a price of Rs.271 on a rights basis to the eligible holders of 'A' Ordinary Shares, or 'A' Ordinary Shareholders, in the ratio of 6 'A' Ordinary Shares for every 109 fully paid-up 'A' Ordinary Shares held on the said book closure date.

An overwhelming response was received from the Shareholders on the rights issue, as it was oversubscribed by 1.21 times. We collected Rs.90,292.2 million on the applications for the rights issues on May 2, 2015.

The Committee of Directors, duly constituted for the purpose of allotment of Ordinary and 'A' Ordinary Shares of Tata Motors Limited, comprising of Mr. Mistry, Chairman, Mr. Munjee, Ms. Nayar, Mr. Pisharody and Mr. Borwankar, at its meeting held on May 13, 2015, allotted 150,490,480 Ordinary Shares (including the ADSs representing the Ordinary Shares) and 26,509,759 'A' Ordinary Shares in accordance with the basis of allotment mentioned in the related letter of offer dated March 30, 2015.

Executive Committee

The Executive Committee is comprised of various business functional heads, including Mr. Butschek, Mr. Pisharody, Mr. Borwankar, the president of the PVBU, the head of advanced product engineering and purchase and supply chain, the Group Chief Financial Officer, the Chief Human Resource Officer, the head of corporate strategy and business transformation and the head of corporate communications. The Executive Committee provides oversight on strategy and key aspects of our business operations.

Apart from the committees described above, our board of directors may also constitute committees of directors with specific terms of reference as it may deem fit.

D. Employees

At Tata Motors, we consider our human capital a critical factor to our success. Under the aegis of Tata Sons and the Tata Sons-promoted entities, we have drawn up a comprehensive human resource strategy which addresses key aspects of human resource development, such as:

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

In line with our human resource strategy, we have implemented various initiatives in order to build better organizational capabilities that we believe will enable us to sustain competitiveness in the global marketplace. Our 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 and structure alignment;
- Extensive process mapping exercises to benchmark and align the human resource processes with global best practices;
- Introduction of the Global Delivery Centre to handle all human resources transactional activities with the aim of cost reduction and process standardization;
- Revampment our talent management policies and processes to enable identification of high-potential talent at multiple levels and focus on their development to create future leaders;
- Partnerships with academia to build the functional skills of our employees in an endeavor to become a future-ready organization. Collaborations in research and capabilities will provide avenues for our employees to pursue advanced studies and also help build the capabilities of the students to ensure their readiness for their jobs upon joining our company;
- Extensive brand building initiatives at university campuses to increase recruiting from top-level universities;
- Functional academies setup for functional skills development; and

- Focus on building the skill and capabilities of our blue-collar workforce, for example by upgrading fundamental skill training centers to full-fledged skill development centers.

We employed approximately 76,598 permanent employees as of March 31, 2016, including as part of our Jaguar Land Rover business and joint operations. The average number of flexible (temporary, trainee and contractual) employees for Fiscal 2016 was approximately 40,215 (including joint operations).

The following table sets forth a breakdown of persons employed by our business segments and by geographic location as of the following dates.

Segment	As at March 31,		
	2016	2015	2014
	(No. of Employees)		
Automotive	68,089	66,101	63,051
Other	8,509	7,384	5,838
Total	76,598	73,485	68,889

Location	As at March 31,		
	2016	2015	2014
	(No. of Employees)		
India	42,238	43,313	43,986
Outside of India	34,360	30,172	24,903
Total	76,598	73,485	68,889

Training and Development

We are committed to the development of our employees to strengthen their functional and leadership capabilities. We have a focused approach with the objective of addressing all capability gaps and preparing our employees to adopt to fast changing external environment in order to meet our strategic objectives.

To achieve this, we have established the Tata Motors Academy which addresses development needs of various segments of our 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 our 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, our Learning Advisory Council, which includes senior leaders from different parts of our organization, aims to more closely align our learning and development efforts with our business needs and priorities. The Learning Advisory Council is responsible for designing, implementing and reviewing the learning agenda.

We are 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, we are implementing a fundamental skills training initiative throughout our 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 our front-line team members.

Union Wage Settlements

We have labor unions for operative/worker grade employees at all our plants across India, except the Dharwad plant. The labor union at Sanand plant has very recently been registered and the first settlement is yet to be done. We have generally enjoyed cordial relations with our employees and unions at our factories and offices and have received union support in our 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/units are as follows:

<u>Location/Unit</u>	<u>Wage Agreement valid until</u>
Pune Commercial Vehicle Business Unit	August 31, 2015
Pune Passenger Vehicle Business Unit	March 31, 2016
Jamshedpur	March 31, 2016
Mumbai	December 31, 2015
Lucknow	March 31, 2017
Pantnagar	March 31, 2019
Jaguar Land Rover	October 31, 2016

An amicable settlement has been arrived at the Pantnagar plant in May 2016. The wage agreements at our Mumbai and Pune and Jamshedpur locations have expired and negotiations are underway for the new wage agreements. In the interim, the wages set forth in the previous wage agreements will continue until a new settlement is reached.

Our wage agreements link an employee's compensation to certain performance criteria which are based on various factors such as safety, quality, productivity, operating profit and an individual's performance and discipline. As far as possible we aim for cost neutral settlements, by achieving the critical performance parameters of the business with total employee involvement. Please see Item 4.B "Information on the Company—Business Overview—Legal Proceedings" for details related to the lawsuit filed by our union employees at TDCV related to wages.

E. Share Ownership

The information required by this item is set forth in Item 6.A "—Directors, Senior Management and Employees" of this annual report on Form 20-F.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

We are a widely held, listed company with approximately 467,634 shareholders for Ordinary Shares and 97,431 shareholders for 'A' Ordinary Shares on record. To our knowledge, as of June 30, 2016, the following persons beneficially owned 1% or more of 2,887,203,602 Ordinary Shares and 508,476,704 'A' Ordinary Shares outstanding at that time:

Ordinary Shares

<u>Name of Shareholder</u>	<u>Holding</u>	<u>Percentage</u>
Tata Sons Limited and Subsidiaries ¹	865,279,581	29.97
Citibank N.A. ²	487,002,475	16.87
Life Insurance Corporation of India	205,720,143	7.13
Tata Steel Limited	83,637,697	2.90
Government of Singapore	54,789,386	1.90
ICICI Prudential Life Insurance Company Limited	49,573,701	1.72
Abu Dhabi Investment Authority	39,118,663	1.35

‘A’ Ordinary Shares ³

<u>Name of Shareholder</u>	<u>Holding</u>	<u>Percentage</u>
HDFC Trustee Company Limited-HDFC Equity Fund	51,899,950	10.21
SBI Magnum Taxgain Scheme	21,199,875	4.17
Franklin Templeton Mutual Funds	18,536,195	3.65
Reliance Capital Trustee Co Ltd A/C-Reliance Regular Savings Fund	6,213,624	1.22
DSP Blackrock Top 100 Equity Fund	5,646,048	1.11
Government of Singapore	20,519,597	4.04
Abu Dhabi Investment Authority	17,448,057	3.43
Franklin Templeton Investment Funds	17,192,731	3.38
Swiss Finance Corporation (Mauritius) Limited	9,095,657	1.79
HSBC Global Investment Funds A/C HSBC GIF Mauritius Limited	8,429,668	1.66
Eastspring Investments India Equity Open Limited	7,779,443	1.53
Amansa Holdings Private Limited	7,700,000	1.51
Goldman Sachs (Singapore) Pte	6,864,463	1.35
Nordea Emerging Market Equities Fund	6,859,405	1.35
HSBC Global Investment Funds - Indian Equity	6,580,000	1.29
Monetary Authority of Singapore	6,168,551	1.21
HSBC Indian Equity Mother Fund	5,403,487	1.06
Merrill Lynch Capital Markets Espana S.A. S.V.	5,317,323	1.05
Rakesh Jhunjhunwala	9,600,000	1.89
Jhunjhunwala Rakesh Radheshyam	7,825,788	1.54

¹ As of June 30, 2016, the combined Ordinary and ‘A’ Ordinary Shareholding of Tata Sons along with its subsidiaries as on June 30, 2016 was 867,825,999 representing 29.51% of the total voting rights in Tata Motors Limited. Tata Sons’ subsidiaries, Tata Investment Corp Ltd., Tata Industries Ltd. and Simto Investment Company Ltd. hold 10,961,448, 72,203,630 and 59,583 Ordinary Shares of Tata Motors Limited, respectively, and Ewart Investments Limited holds 3,084,542 Ordinary Shares and 440,645 ‘A’ Ordinary Shares of Tata Motors Limited.

² Citibank, N.A., as depositary for our ADSs, was the holder on record at June 30, 2016 of 487,002,475 Ordinary Shares on behalf of the beneficial owners of deposited Shares.

³ The ‘A’ Ordinary Shareholders are entitled to receive a dividend for any financial year at five percentage points more than the aggregate rate of dividend declared on Ordinary Shares for that financial year but are entitled to one vote for every ten ‘A’ Ordinary Shares held as per the terms of its issue and our Articles of Association.

Over the last three years, that is from June 30, 2013 to June 30, 2016, the holdings of our largest shareholder, Tata Sons along with its subsidiaries, have increased from 28.66% to 29.97%. The holdings of Tata Steel have decreased from 5.54% as at June 30, 2013 to 2.90% as at June 30, 2016. The shareholding of Life Insurance Corporation of India Ltd. has increased from 5.27% to 7.13%. The shareholding of Citibank N.A. as depositary for our ADSs and previously, our GDSs, has decreased from 19.24% to 16.87%.

According to our depositary, as at June 30, 2016, we had 66 registered holders of our ADSs with addresses in the United States, whose shareholding represented approximately 0.02% of our outstanding Ordinary Shares as of that date, excluding any of our ADSs held by Cede & Co. as a nominee for the Depository Trust Company. Because some of our ADSs are held through brokers or other nominees, the number of record holders of our ADSs with addresses in the United States may be fewer than the number of beneficial owners of ADSs in the United States. As of June 30, 2016, there were 97 record holders of Ordinary Shares with addresses in the United States, representing 0.00636% of our outstanding Ordinary Shares as of that date, and there were 23 record holders of ‘A’ Ordinary Shares with addresses in the United States, representing 0.00733% of our outstanding ‘A’ Ordinary Shares as of that date.

The total permitted holding of Foreign Institutional Investors, or FIIs, in the Ordinary Share paid-up capital has been increased to 35% by a resolution passed by our shareholders on January 22, 2004 and to 75% of the ‘A’ Ordinary Share paid-up Capital approved by the Reserve Bank of India pursuant to their letter dated October 31, 2013. The FII holding as on June 30, 2016 was approximately 25.69% in Ordinary Shares and 57.58% in ‘A’ Ordinary Shares. See Item 10.D “—Exchange Controls” for further details.

Neither our Ordinary Shares nor ‘A’ Ordinary Shares entitles the holder to any preferential voting rights.

Under the Takeover Regulations of India, in the event of any acquisition of shares or voting rights, which, taken together with shares or voting rights held by the acquirer and by persons acting in concert with such acquirer, aggregate to 5% or more of the shares or voting rights, or any acquisition or disposal of 2% or more shares or voting rights, or a change in the shareholding or voting rights (even if such change results in the shareholding falling below 5%) such person must file a report with us concerning the shareholding or the voting rights and the stock exchanges on which our Shares are traded. Please see Item 9.A “—Offer and Listing Details—Markets” for information with respect to these stock exchanges.

In addition, disclosures would be applicable under the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 or Insider Trading Regulations of India with respect to every promoter, employee or director, including their immediate relatives, who execute a trade or trades in excess of a monetary threshold of Rs.1 million in market value over a calendar quarter, within two trading days of reaching such threshold. Such a disclosure would be made to us and we would in turn make a disclosure to the relevant stock exchanges. Furthermore, under our Listing Regulations, governing Indian listed companies, we are required to periodically disclose to such stock exchanges the name and percentage of shares held by persons or entities that hold more than 1% of our Shares. For the purposes of the above, Shares withdrawn from our ADS facility will be included as part of a person's shareholding.

To our knowledge, we are not, directly or indirectly, owned or controlled by any other corporation or by any government or by any other natural or legal persons severally or jointly. We are not aware of any arrangements the operation of which may at a later time result in our change of control.

For details regarding voting rights, please refer to Item 10.B “—Memorandum and Articles of Association—Voting Rights”.

B. Related Party Transactions

Our related parties principally consist of Tata Sons, subsidiaries and joint ventures of Tata Sons, our joint ventures and our associates and their subsidiaries. We routinely enter into transactions with these related parties in the ordinary course of business. We enter into transactions for sale and purchase of products with our associates and joint ventures.

The following table summarizes related party transactions and balances included in our consolidated financial statements included elsewhere in this annual report on Form 20-F for the year ended and as at March 31, 2016:

	With associates and their subsidiaries	With joint Operations	With joint ventures (Rs. in millions)	With Tata Sons and its subsidiaries and joint ventures	Notes
Purchase of products	17,687	27,815	—	674	(Note a)
Sale of products	2,124	5,971	31,052	7,567	
Services received	96	1	8,427	18,504	(Note b)
Services rendered	219	80	6,264	1,123	
Acceptances	—	—	—	29,018	(Note c)
Sale of Investment	—	—	—	72	
Purchase of property, plant and equipment	115	—	—	9	
Interest income	4	111	—	28	(Note d)
Interest expenses	38	13	—	316	
Dividend income	154	45	—	305	
Dividend paid	—	—	—	393	
Amount receivable in respect of loans and interest thereon	1,600	1,918	—	353	(Note d)
Amount payable in respect of loans and interest thereon	270	—	—	1,062	
Loans given	—	—	—	300	(Note e)
Loans taken	1,860	—	—	4,693	
Proceeds from issue of shares pursuant to Rights issue	—	—	—	19,668	
Loans repaid by us	1,590	—	—	4,488	

Notes:

The details of major items are as follows:

- During Fiscal 2016, we purchased from our associates and joint operations various vehicle components, assemblies, aggregates and spares, among other inputs, totaling Rs.45,502 million. For the period from April 1, 2016 through June 30, 2016, our purchases were Rs.7,031 million from these associates and joint operations. These purchases have been made at fair market price determined in accordance with arm's-length commercial terms.

- b. i) The services received from Tata Sons include those for which brand subscription fees were paid pursuant to an agreement with them, under which Tata Motors Limited and certain of its subsidiaries have agreed to pay an annual subscription fee for participation and gain from promotion and protection of the Tata brand identity. Please see Exhibit 4.1 of this annual report on Form 20-F for our Tata Brand Equity & Business Promotion Agreement. The annual subscription fee is equal to 0.15%-0.25% of annual net income (defined as net revenues exclusive of excise duties and other governmental taxes and non-operating income), subject to a ceiling of 5% of annual profit before tax, based on Tata Motors Limited's standalone financial statements prepared in accordance with Indian GAAP.
- ii) We also received other business support services from subsidiaries of Tata Sons for call center and transaction processing work for Tata Motors Limited and some of its subsidiaries. These services are in the normal course of business and the transaction prices represent fair market price of the consideration, and other terms have been based on the normal commercial terms.
- iii) We received IT-related services from one of the subsidiaries of Tata Sons, TCS, for integrated IT service relating to IT infrastructure for Tata Motors Limited, Jaguar Land Rover and other subsidiary companies. The contract was finalized after evaluation of competitive bids from TCS and other IT service provider. These services are in the normal course of business and the transaction prices represent fair market price of the consideration, and other terms have been based on the normal commercial terms.
- c. During Fiscal 2016, we have paid discounting charges for invoice discounting facility availed by vendors, with one of the subsidiary of Tata Sons. These services are in the normal course of business and the transaction price (discounting charges) represents fair market price, considering commercial and market terms.
- d. As at March 31, 2016, the subordinated loan to a joint operation (including interest) was Rs.1,918 million and represents the largest amount outstanding during Fiscal 2016. The loan is subordinated to other borrowings of the joint operation. The interest in respect of loans was Rs.108 million in Fiscal 2016, and is equal to the reference rate of the Reserve Bank of India, which is 7.75% as at March 31, 2016. The loan had been utilized by the joint operation for meeting capital expenditure requirements. As at June 30, 2017, we had a total of Rs.1,864 million of outstanding loans (including interest) (net of inter-company elimination).
- e. i) As at March 31, 2016, we held optionally convertible preference shares, or OCPS, of Rs.1,600 million, of an equity accounted investee Tata Hitachi Construction Co. Pvt. Ltd., at an interest rate of 9%. These OCPS were from the rights offered by the equity accounted investee to existing equity shareholders at a ratio of 4 OCPS for every 10 equity shares. These OCPS are redeemable at par or may be converted into equity shares of equity accounted investee at fair value after a period of seven years.
- ii) During Fiscal 2016, we have given inter-corporate deposits amounting to Rs.300 million to certain subsidiaries of Tata Sons, at an interest rate of 9.60% based on the maturity date of deposits.

Please see Note 38 to our consolidated financial statements included elsewhere in this annual report on Form 20-F for further details on our related-party transactions.

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

Consolidated Financial Statements

The information required by this item is set forth beginning on page F-1 of this annual report on Form 20-F.

Legal or Arbitration Proceedings

The information on legal or arbitration proceedings required by this item is set forth in Item 4.B “—Business Overview—Legal Proceedings”.

Dividend Policy

The Company may declare and pay a dividend out of profits for the year or previous financial year(s) as stated in the statutory financial statements of Tata Motors Limited, on a standalone basis, prepared in accordance with Indian GAAP, after providing for depreciation in accordance with the provisions of Schedule II to the Companies Act. However, in the absence or inadequacy of said profits, it may declare dividend out of its free reserves, subject to certain conditions as prescribed under the Companies Act and the Companies (Declaration and Payment of Dividend) Rules, 2014. Based on the net income available for appropriation, dividends are recommended by our board of directors for approval by the shareholders at our annual general meeting. Furthermore, our board of directors may also pay an interim dividend at its discretion. The 'A' Ordinary Shareholders are entitled to receive a dividend for any financial year at five percentage points more than the aggregate rate of dividend declared on Ordinary Shares for that financial year. For Fiscal 2016, after considering overall performance and results, the Board of Directors has recommended a dividend (including dividend tax) totaling Rs.730 million to our shareholders. Under Indian law, no dividend was permitted to be paid for Fiscal 2015. Considering Tata Motors Limited's financial performance in Fiscal 2014, we declared dividends (excluding dividend tax) totaling Rs.6,485 million for Fiscal 2014 to our shareholders. Since Fiscal 1956, we have made dividend distributions in each Fiscal year except for Fiscal 2001, 2002 and 2015.

B. Significant Changes

Other than as set forth in this annual report on Form 20-F, no significant change has occurred with respect to us since the date of our audited consolidated IFRS financial statements included elsewhere in this annual report on Form 20-F.

Item 9. The Offer and Listing

A. Offer and Listing Details

The details on our Share and ADS price history are included in Item 9.C "—Markets".

B. Plan of Distribution

Not applicable.

C. Markets

Ordinary Shares and ADSs

	National Stock Exchange of India Limited or NSE			BSE Limited or BSE			NYSE		
	Closing Price per Ordinary Share		Average Daily Trading Volume (in '000)	Closing Price per Ordinary Share		Average Daily Trading Volume (in '000)	Closing Price per ADS		Average Daily Trading Volume (in '000)
	Period	Period		Period	Period		Period	Period	
	High	Low		High	Low		High	Low	
	(Rs. per Share)			(Rs. per Share)			(U.S.\$ per ADS)		
Fiscal									
2016	568.15	276.35	8498.88	567.55	275.65	983.24	46.35	20.56	1859.87
2015	598.13	398.87	5,274.10	605.10	403.00	416.51	50.89	35.61	1,277.24
2014	416.95	255.20	7,227.83	417.05	255.30	820.41	35.41	22.25	495.69
2013	333.70	205.10	10,275.70	333.40	204.85	1,321.40	30.74	18.94	562.27
2012	1,298.70	139.60	9,367.10	1,295.05	139.65	1,459.06	28.87	14.89	833.79
Fiscal									
2016									
1st Quarter	568.15	421.80	6,019.95	567.55	421.60	568.99	46.35	34.01	1,733.49
2nd Quarter	444.40	285.00	8,813.84	444.80	285.25	1,728.75	34.56	21.73	2,377.88
3rd Quarter	424.40	297.75	9,048.54	423.35	297.00	706.21	31.57	22.33	1,612.05
4th Quarter	401.90	276.35	10,097.69	401.65	275.65	892.3	29.05	20.56	1,706.91
Fiscal									
2015									
1st Quarter	448.59	398.87	5,336.36	452.30	403.00	432.52	40.48	35.61	1,381.22
2nd Quarter	534.32	428.31	6,217.26	539.40	433.00	444.90	47.77	37.81	1,299.81
3rd Quarter	539.46	470.75	4,401.74	545.10	475.75	415.19	47.14	39.60	1,097.07
4th Quarter	598.13	488.61	5,139.29	605.10	494.00	373.40	50.89	40.35	1,335.21
Month									
March-16	388.60	315.35	9,032.53	388.90	315.30	713.72	29.05	23.73	1,349.75
February-16	338.50	276.35	11,965.28	338.35	275.65	1,067.67	25.50	20.56	1,910.73
January-16	401.90	328.55	9,201.88	401.65	329.40	886.90	28.33	23.98	1,905.92
December-15	417.35	371.60	6,965.13	417.40	371.70	532.33	30.89	27.15	1,439.01
November-15	424.40	382.05	9,210.93	423.35	382.05	677.72	31.57	29.58	1,577.00
October-15	391.20	297.75	11,186.00	391.25	297.00	924.54	29.70	22.33	1,816.94

Notes:

On July 27, 2016 the reported closing price of our Shares on the BSE and NSE was Rs.510.10 per Share. On July 27, 2016 the ADS closing price on the NYSE was U.S.\$37.63 per ADS.

At our annual general meeting held on August 12, 2011, our shareholders approved the sub-division of Ordinary and 'A' Ordinary Shares from face value of Rs.10 each to face value of Rs.2 each. The face value of the Shares was sub-divided with effect from September 14, 2011. Following the sub-division, each ADS represents five underlying Ordinary Shares of Rs.2 each. The reported high and low sales prices of our Shares on the NSE, BSE and NYSE have not been adjusted to reflect the sub-division.

‘A’ Ordinary Shares

	NSE			BSE		
	Closing Price per ‘A’ Ordinary Share		Avg. Daily Trading Volume (in ‘000)	Closing Price per ‘A’ Ordinary Share		Avg. Daily Trading Volume (in ‘000)
	Period High	Period Low		Period High	Period Low	
	(Rs. per Share)			(Rs. per Share)		
Fiscal						
2016	354.65	206.85	2,598.08	354.40	206.60	177.89
2015	383.98	209.06	2,570.50	388.25	211.20	179.78
2014	208.10	124.50	1,943.08	207.95	124.55	145.12
2013	187.60	117.05	2,922.63	187.10	117.65	358.41
2012	711.20	81.65	1,954.66	711.50	81.60	306.83
Fiscal						
2016						
1 st Quarter	354.65	260.60	1,892.01	354.40	261.20	110.50
2 nd Quarter	267.85	206.85	3,169.01	268.05	206.60	292.61
3 rd Quarter	299.75	218.60	3,095.11	299.65	218.30	170.12
4 th Quarter	296.60	214.80	2,208.10	296.95	214.45	132.71
2015						
1 st Quarter	313.47	209.06	3,106.90	316.75	211.20	224.71
2 nd Quarter	383.98	280.22	3,112.05	388.25	283.35	236.76
3 rd Quarter	351.57	301.15	2,065.21	354.95	304.35	142.47
4 th Quarter	377.70	305.56	1,973.80	381.50	309.10	113.29
Month						
March-16	288.35	237.85	2,505.67	288.65	238.40	112.60
February-16	263.20	214.80	2,270.43	262.95	214.45	144.39
January-16	296.60	248.25	1,845.09	296.95	247.90	140.54
December-15	290.60	270.65	1,668.70	290.45	271.60	102.23
November-15	299.75	259.65	5,621.31	299.65	259.60	186.46
October-15	272.80	218.60	2,264.27	272.75	218.30	229.27

Notes:

On July 27, 2016, the reported closing price of our 'A' Ordinary Shares on the BSE and NSE was Rs.330.00 per Share and Rs.330.65 per Share, respectively.

At our annual general meeting held on August 12, 2011, our shareholders approved sub-division of Ordinary and 'A' Ordinary Shares from face value of Rs.10 each to face value of Rs.2 each. The face value of the Shares was sub-divided with effect from September 14, 2011. The reported high and low sales prices of our Shares on the NSE and BSE have not been adjusted to reflect the sub-division.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

General

The Company is registered with the Registrar of Companies, Mumbai, under registration number 004520 and bearing Corporate Identify Number (CIN) L28920MH1945PLC004520. The following description of our share capital is a summary of the material terms of our Memorandum and Articles of Association and Indian corporate law regarding our Shares and the holders thereof. They may not contain all of the information that is important to you. To understand them fully, you should read our Memorandum of Association and Articles of Association, as amended, which are incorporated by reference into this annual report on Form 20-F as Exhibit 1.2. The following description is qualified in its entirety by reference to our Memorandum and Articles of Association and applicable law.

Authorized and Issued Share Capital

Our authorized share capital is Rs.39 billion divided into:

- 3.5 billion Ordinary Shares of par value Rs.2 each, of which 2,887,203,602 are issued, subscribed and fully paid, 638,749 are issued but held in abeyance and 68,750 are issued but partially paid-up as of the date of this annual report on Form 20-F;
- 1 billion 'A' Ordinary Shares of par value Rs.2 each, of which 508,476,704 are issued, subscribed and fully paid and 260,101 are issued but held in abeyance as of the date of this annual report on Form 20-F; and
- 300 million Convertible Cumulative Preference Shares of par value Rs.100 each; however, the Convertible Cumulative Preference Shares have not been issued.

None of our Shares are held by us or on our behalf.

Objects and Purposes

Our principal objects, as provided by clause 3 of our Memorandum of Association, include:

- Manufacturing, marketing, import, export, hiring and letting on of commercial vehicles, automobile cars, two wheeler vehicles, heavy and construction equipment including components, accessories and spare parts in relation thereto;
- To carry on the business as manufacturers and dealers of machinery articles and goods of all classes;
- To carry on the business of manufacturing materials which may be usefully combined with our manufacturing and engineering business; and
- To carry on the business of financing and re-financing of all types of vehicles, construction equipment, capital equipment and services by way of credit, hire purchases, leases and loans.

Directors

Under our Articles of Association, the number of our directors may not be less than three or more than 15. Our board of directors comprises eleven members as of the date of this annual report on Form 20-F. Appointments of new directors and remuneration payable to them are made through a majority vote of the full board of directors and approved by a requisite majority of our shareholders in attendance at each year's annual general meeting, provided that a quorum is met.

Under the Companies Act, as well as our Articles of Association, each of our directors, who is in any way directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by or on our behalf is required to disclose the nature of his concern or interest at a meeting of the board of directors in which the contract or arrangement is discussed and shall not vote or participate at such meeting or the first meeting of the board of directors held after the director becomes concerned or interested.

Under the Companies Act and our Articles of Association, we are restricted from, directly or indirectly, advancing any loan, including any loan represented by a book debt, to any of our directors or to any other person in whom the director is interested or give any guarantee or provide any security in connection with any loan taken by the director or such other person.

Under our Articles of Association, a director is not required to hold any qualification shares. Our Articles of Association do not prescribe an age limit for the retirement of the directors. Under the governance guidelines adopted by our board of directors, executive directors retire at the age of 65, independent directors retire at the age of 75 and other non-executive directors retire at the age of 70. Under the governance guidelines, the maximum tenure of an independent director is five years or until retirement age, whichever is earlier, extendable for up to a total of two terms, based on, among other things, the merit and contribution of each director.

At the annual general meeting in each year, one-third of the directors, being those who have held their position the longest since their appointment, retire by rotation. Under the Companies Act, an independent director holds office for a term of up to five consecutive years on the board of a company and would not be liable to retire by rotation. An independent director would be eligible to be re-appointed for an additional five-year term upon passing of a special resolution by our company. Re-appointment of an independent director is effective upon fulfilling the conditions to appoint a director as described above. No independent director may hold office for more than two consecutive terms of five years each. An independent director may become eligible for re-appointment after the expiration of three years of ceasing to become an independent director, provided that he/she is not directly or indirectly associated with us during such three-year period.

In addition, under the Companies Act, every listed company in India is required to appoint at least one female director on the board of directors of the company by April 1, 2015. We are in compliance with this requirement as of the date of this annual report on Form 20-F.

Dividends

Under the Companies Act, no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that fiscal year and/or any previous fiscal year(s) that remain undistributed. Furthermore, no company may declare a dividend unless carried over previous losses and depreciation not provided for in previous years are set off against profits of the company of the current year on a standalone basis. However, in the event of inadequacy or absence of profits during a fiscal year, the board of directors may declare a dividend not exceeding the average rate at which dividends were declared by it in the immediately preceding three years, calculated on a standalone basis. Dividends payable out of the undistributed, accumulated profits of a company from any prior fiscal year(s), and transferred by the company to its reserves, should not exceed 10% of the paid-up capital and free reserves as stated in the latest audited financial statement, after setting off losses incurred in the fiscal year in which the dividend is declared, on a standalone basis. The balance of reserves after such withdrawal must not be below 15% of the paid-up share capital as stated in the latest audited financial statements on a standalone basis.

Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Under our Articles of Association, the shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the board of directors. Dividends are generally declared as a percentage of the par value. The board of directors may declare and pay interim dividends.

Under the Companies Act, dividends can be paid in cash only to shareholders listed on the register of shareholders on the date that is specified as the “record date” or “book closure date”. No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of such shareholder’s shares is outstanding.

The holders of ‘A’ Ordinary Shares are entitled to receive dividends for any fiscal year at a rate that is five percentage points more than the aggregate rate of dividends declared on Ordinary Shares for that fiscal year.

Under the Companies Act, as well as our Articles of Association, if our share capital is divided into different classes of shares, all or any of the rights or privileges attached to each class of shares may be varied, modified, abrogated or dealt with, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class. Our Articles of Association further provide that the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly prohibited by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* thereto.

The Companies Act allows a company to issue shares with differential rights as to dividends, voting or otherwise subject to the authority in its articles of association and other conditions prescribed under the applicable law. In this regard, the applicable laws in India provide that a company may issue shares with differential voting rights, if:

- Such issuance is authorized by its shareholders through a postal ballot;
- The company has distributable profits in terms of the Companies Act for a period of three financial years;
- The company has not defaulted in filing financial statements and annual returns for the immediately preceding three years;
- The articles of association of such company allow for the issuance of such shares with differential voting rights; and
- Certain other conditions set forth in the Companies (Share Capital and Debentures) Rules, 2014 are fulfilled.

In accordance with our Articles of Association, we may issue Ordinary Shares with differential rights as to voting and/or dividends up to an amount not exceeding 25% of our total issued Ordinary Share capital or such other limit as may be prescribed by applicable laws, rules or regulations. This is stricter than the requirement under the Companies Act and the Companies (Share Capital and Debenture) Rule, 2014, according to which no company may issue shares with differential rights exceeding 26% of its total post-issue paid up equity share capital including equity shares with differential rights issued at any point of time. An amendment to the Companies (Share Capital and Debenture) Rules, 2014 on June 18, 2014 clarified that the Companies Act, 1956 continues to govern equity shares with differential rights issued thereunder.

Calls on Shares

Under the Companies Act, as well as our Articles of Association, our board of directors may from time to time make such calls as they think fit upon our members in respect of all moneys unpaid on the shares held by them respectively and each member is required to pay the amount of every call so made on them to our company. Under the Companies Act, a capital call on a particular class of shares shall be made on a uniform basis on all shares falling under such class.

General Meetings of Shareholders

Annual General Meetings

We are required to hold an annual general meeting each year and not more than 15 months should elapse between each annual general meeting. The annual general meeting should be held within a period of six months from the date of closing of the fiscal year, unless extended by a period not exceeding three months by the Registrar of Companies at our request for any special reason.

Extraordinary General Meetings

Our board of directors may convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding in aggregate not less than one-tenth of our paid-up share capital.

Notices

Written notices convening a meeting (including an annual general meeting or an extraordinary general meeting) setting forth the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received in writing or in electronic mode by not less than 95% of the shareholders entitled to vote at such meeting. We provide written notices of general meetings to all shareholders and, in addition, provide public notice of general meetings of shareholders in a daily newspaper of general circulation in India as prescribed under the Companies Act.

Quorum

The quorum required for a general meeting of our company under the Companies Act is 5, 15 or 30 shareholders personally present, depending on whether the total number of shareholders on the date of the meeting is less than 1,000, is between 1,000 and 5,000, or exceeds 5,000, respectively.

Scope of General Meetings

Certain matters may not be transacted at a general meeting and instead must be authorized by a resolution passed by means of a postal ballot. These matters include, among others:

- Alteration of the objects clause in a memorandum of association;
- Alteration of articles of association in order to constitute as a private company;
- Change in place of registered office outside the local limits of any city, town or village;
- Change in objects for which a company has raised money from public through a prospectus;
- Issue of shares with differential rights as to voting, dividends or otherwise;
- Variation in the rights attached to a class of shares or debentures or other securities;
- Sale of the whole or substantially the whole of an undertaking of a company;
- Buy-back of shares of a company; and
- Granting loans or extending guarantees in excess of limits prescribed under the Companies Act and the rules issued thereunder.

A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons for the action and requesting them to send their assent or dissent in writing on a postal ballot form or through an electronic voting facility within a prescribed number of days from the date of posting the notice. Such notice shall also be placed on the website of a company after such notice is sent to shareholders and shall remain on the website until the last date of receipt of the postal ballot from members.

Voting Rights

Methods of Voting

At a general meeting, unless a poll is demanded or voting is carried out electronically (including when mandated by Indian law), resolutions at a general meeting are decided by a show of hands, where each member present has one vote. Before or upon the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the chairman of the meeting or demanded by shareholder(s) holding at least one-tenth of the voting rights in respect of the resolution or aggregate paid-up capital of at least Rs.500,000. Upon a poll, each shareholder entitled to vote and present in person or by proxy shall have voting rights in the same proportion as the capital paid-up on each share held by such holder bears to our total paid-up capital.

Under the provisions of the listing requirements, listed companies in India are required to provide their shareholders with the facility to exercise their right to vote by electronic means either at a general meeting of the company or by means of a postal ballot in accordance with the prescribed procedure under the Companies Act. Furthermore, pursuant to the Companies Act, any company having not less than 1,000 shareholders shall provide its members with facilities to exercise their rights at general meetings by electronic means. Accordingly, we provide such electronic voting facilities to all of our shareholders.

Where a resolution is put to vote on a poll, such voting entitlement (excluding fractions, if any), will be applicable to holders of 'A' Ordinary Shares. As per the terms of issue, holders of the outstanding 'A' Ordinary Shares shall be entitled to one vote for every ten 'A' Ordinary Shares held. Where a resolution is put to vote in the meeting and is to be decided on a show of hands, the holders of 'A' Ordinary Shares shall be entitled to the same number of votes as available to holders of Ordinary Shares.

Ordinary and Special Resolutions

Ordinary resolutions may be passed by simple majority of those shareholders present and voting at the meeting. Certain matters are required to be authorized by special resolutions, which require that the votes cast in favor of the resolution must be at least three times the votes cast against the resolution. Our Articles of Association do not permit cumulative voting for the election of our directors. Matters requiring action by special resolution include the following:

- Alteration of the Memorandum of Association and Articles of Association;
- Varying the terms of contract or objects in a prospectus;

- Issuance of global depositary receipts or sweat equity shares;
- Variation of shareholders' rights;
- Reduction of share capital;
- Buy-back of our Shares;
- Sale, lease or other disposal of the whole or substantially the whole of the undertaking of our company;
- Investment in trust securities of the amount of compensation received by us as a result of any merger or amalgamation;
- Borrowing money in excess of our paid-up share capital and free reserves;
- Winding-up or schemes of amalgamation; and
- Removal of statutory auditors.

Voting by Proxy

A person may act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of our total share capital carrying voting rights, provided that a member holding more than 10% of our total share capital carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder. A shareholder may exercise his or her voting rights by proxy to be given in the form prescribed under the Companies Act. The instrument appointing a proxy is required to be lodged with us at least 48 hours before the time of the meeting. A shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of shareholders. Any of our shareholders may appoint a proxy. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings. A proxy may not vote except on a poll and does not have a right to speak at meetings. An authorized representative shall be entitled to exercise the same rights and powers, including the right to vote by proxy and by postal ballot on behalf of a body corporate that it represents.

Convertible Securities/Warrants

We may issue from time to time debentures that are partly or fully convertible into shares at the time of redemption, provided that such issuance is approved by a special resolution passed at a general meeting of our company as prescribed under the Companies Act.

Register of Shareholders and Record Dates

We are obliged to maintain a register of shareholders at our registered office or at some other place in Mumbai. The register and index of our beneficial owners maintained by a depository under the Depositories Act, 1996 is deemed to be the index of members and register of shareholders. We recognize as shareholders only those persons who appear on our register of shareholders and we cannot recognize any person holding any share or part of it upon any trust, express, implied or constructive, except as permitted by law. In the case of shares held in physical form, we register transfers of shares on the register of shareholders upon lodgment of the share transfer form duly stamped and completed in all respects accompanied by a share certificate, or if there is no certificate, the letter of allotment in respect of shares transferred together with duly stamped and completed transfer forms. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its books as the beneficial owner of the shares. In turn, we enter the name of the depository in our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the shares that are held by the depository. This activity is done by our registrar and transfer agent.

For the purpose of determining the shareholders, the register may be closed for periods not exceeding 45 days each year and not exceeding 30 days at any one time, subject to prior notice of at least seven days or such lesser period as may be specified by SEBI for listed companies in India. In order to determine the shareholders entitled to dividends, we generally keep the register of shareholders closed for approximately 21 days each year. Under the listing regulations of the stock exchanges on which our outstanding shares are listed, we may, upon at least seven working days' (excluding the date of intimation and the record date) advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders entitled to the dividend. The trading of shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Annual Report and Financial Results

Our Indian GAAP audited financial statements for the relevant fiscal year, the directors' report and the auditors' report, which are collectively referred to hereafter as the Indian Annual Report, must be prepared before the annual general meeting. The Indian Annual Report also includes other financial information, a corporate governance section, a management discussion and analysis report, and general shareholders' information and is made available for inspection at our registered office during normal working hours for 21 days prior to our annual general meeting.

Under the Companies Act, we are required to file an annual general meeting report with the Registrar of Companies within 30 days from the date of the annual general meeting. As required under the listing agreements with the BSE and NSE, copies of the annual general meeting report are required to be simultaneously sent to all the stock exchanges on which our shares are listed. The annual general meeting report details shall include, among other things, the number of shareholders attending the meeting, the business that was transacted, the time and location of the meeting, a confirmation of quorum and a summary of the proceedings of the meeting. We must also publish our financial results in at least one national English language daily newspaper in India, one newspaper published in the language of the region where our registered office is situated, as well as on our website.

We submit information, including our Indian Annual Report and half-yearly financial statements, in accordance with the requirements of the listing agreements with the BSE and NSE.

Transfer of Shares

Shares held through depositories are transferred in book-entry form or in electronic form in accordance with SEBI regulations, which govern the functioning of the depositories and participants, prescribe record keeping requirements and safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. We have entered into an agreement for these depository services with National Securities Depository Limited and the Central Depository Services (India) Limited.

The SEBI requires that all investors hold our Shares in book-entry form for trading and settlement purposes, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

Our Shares are freely transferable, subject only to the provisions of the Companies Act under which, if a transfer of securities is in contravention of any of the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or the Companies Act or any other law for the time being in force, the Company Law Board, or CLB, may, on an application made by the depository, company, depository participant, the holder of the securities or the SEBI, direct any company or a depository to set right the contravention and rectify its register or records concerned. If a company without sufficient cause refuses to register a transfer of Shares within one month from the date on which the instrument of transfer is delivered to the company, the transferee may appeal to the CLB seeking to register the transfer of Shares. The CLB may, after hearing the parties, either dismiss the appeal, or by order, direct that the transfer or transmission shall be registered by the company and the company shall comply with such order within a period of ten days of the receipt of the order; or direct rectification of the register and also direct the company to pay damages, if any, sustained by any party aggrieved.

Pursuant to the listing agreements with the BSE and NSE, in the event we have not effected the transfer of Shares within 15 days or where we have failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, we are required to compensate the aggrieved party for the opportunity loss caused during the period of the delay.

The Companies Act provides that the securities or other interest of any member of a public company (such as our company) shall be freely transferable. Our Articles of Association provide for restrictions on the transfer of shares, including granting power to the board of directors in certain circumstances to refuse to register or acknowledge transfer of shares or other securities issued by us. However, under the Companies Act these transfer restrictions are not enforceable; however, transfer restrictions may be enforceable under contract law as between two or more parties to a contract or an arrangement.

Please see Item 7.A "Major Shareholders and Related Party Transactions—Major Shareholders" for a description of obligations under Indian law to disclose significant shareholdings to us.

Acquisition of Our Own Shares

Under the Companies Act, companies may purchase their own shares or other specified securities out of their free reserves or their securities premium account or the proceeds of any shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back) subject to the following conditions:

- i. The buy-back is authorized by the articles of association;
- ii. A special resolution is passed at the general meeting authorizing the buy-back;
- iii. The buy-back is 25% or less of the aggregate paid-up capital and free reserves, provided that buy-back of equity shares is limited to 25% of the total equity capital in that fiscal year;

- iv. The ratio of the aggregate of secured and unsecured debts owed by the company after buy-back is not more than twice the paid-up capital and its free reserves;
- v. All the shares or other specified securities for buy-back are fully paid-up;
- vi. The buy-back of the shares or other specified securities listed on any recognized stock exchange is in accordance with the regulations made by SEBI in this regard; and
- vii. The buy-back in respect of shares or other specified securities other than those specified in clause vi. above is in accordance with the Companies (Share Capital and Debentures) Rules, 2014.

The condition mentioned in clause ii. above would not be applicable if the buy-back is for less than 10% of the total paid-up equity capital and free reserves of the company provided it has been authorized by the board of directors of the company. A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the date of completion of the buy-back. Moreover, a company buying back its securities is not permitted to buy-back any securities for a period of one year from the buy-back or to issue further securities of the same kind for six months except by way of bonus issue or in the discharge of subsisting obligations such as conversion of warrants, share option schemes, sweat equity or conversion of preference shares or debentures into equity. Every buy-back has to be completed within a period of one year from the date of passing of the special resolution or resolution of the board of directors, as the case may be.

A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company or through any investment company, or if the company has defaulted on the repayment of deposit or interest, redemption of debentures or preference shares, payment of dividend to a shareholder, repayment of any term loan or interest payable thereon to any financial institution or bank, or in the event of non-compliance with other provisions of the Companies Act. However, if the default in relation to any such repayment has been remedied and a period of three years has lapsed after the default has been remedied, buy-back is not prohibited.

Rights of Holders of 'A' Ordinary Shares

Holders of 'A' Ordinary Shares are entitled to enjoy all rights and privileges that are enjoyed by holders of Ordinary Shares pursuant to applicable law and under our Articles of Association, with certain differences with respect to dividend and voting entitlements as further summarized below. Holders of our 'A' Ordinary Shares have the following rights:

- Right to receive dividends, if declared. 'A' Ordinary Shareholders are entitled to receive dividends for any fiscal year at a rate that is five percentage points higher than the aggregate rate of dividends declared on Ordinary Shares for that fiscal year;
- Right to attend general meetings and class meetings of all Ordinary Shareholders (including a meeting called in relation to any scheme under Sections 391/394 of the Companies Act, 1956 or as amended) and exercise voting powers, unless prohibited by law;
 - If any resolution at any such meeting is put to vote by a show of hands, each 'A' Ordinary Shareholder is entitled to one vote, which is the same number of votes as available to holders of Ordinary Shares;
 - If any resolution at any such meeting is put to vote on a poll, or if any resolution is put to vote by postal ballot, each 'A' Ordinary Shareholder is entitled to one vote for every ten 'A' Ordinary Shares held. Fractional voting rights of 'A' Ordinary Shareholders are disregarded. For example, if an 'A' Ordinary Shareholder holds 39 'A' Ordinary Shares, such holder will be entitled to three votes. If an 'A' Ordinary Shareholder holds less than ten Ordinary Shares, such holder will not be entitled to vote on a poll. The class of Ordinary Shareholders includes Ordinary Shareholders and 'A' Ordinary Shareholders; and
- The right to vote may be exercised by the 'A' Ordinary Shareholders in person or by proxy;
- Right to receive offers for shares through a rights issue and be allotted bonus shares. Holders of 'A' Ordinary Shares are only entitled to further 'A' Ordinary Shares and such rights or bonus issue shall be made to holders of 'A' Ordinary Shares in amounts required to maintain the proportion of 'A' Ordinary Shares to Ordinary Shares prior to the issue;
- In any scheme for amalgamation of Tata Motors Limited with or into any other entity which results in a share swap or exchange, holders of 'A' Ordinary Shares shall receive allotment as per the terms of such scheme and as far as possible receive shares with differential rights to voting or dividend of such other entity;
- Where an offer is made to purchase the outstanding shares, voting rights, equity capital, share capital or voting capital of our company in accordance with SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulation, 2013, or the Takeover Code, and other applicable laws, holders of 'A' Ordinary Shares shall have the right to receive an offer to purchase 'A' Ordinary Shares in the same proportion as offered to the holders of Ordinary Shares;

- For example, where an offer is made under the Takeover Code to purchase 20% of our outstanding shares or voting rights or equity capital or share capital or voting capital, such offer shall also include an offer for 20% of the outstanding Ordinary Shares and 20% of the outstanding 'A' Ordinary Shares;
- Furthermore, the pricing guidelines as specified under the Takeover Code or any other applicable laws in respect of offer for Ordinary Shares shall apply to an offer for 'A' Ordinary Shares and the percentage premium offered for the 'A' Ordinary Shares to its floor price shall be equal to the percentage premium offered for the Ordinary Shares to its floor price. The floor price for the Ordinary Shares and the floor price for the 'A' Ordinary Shares shall be determined in accordance with the Takeover Code;
- All consideration to be received by the holders of 'A' Ordinary Shares in accordance with any such offer shall be paid in the same form and at the same time as that to be received by holders of Ordinary Shares; and
- For the purposes of the Takeover Code, the terms "shares", "voting rights", "equity capital", "share capital" or "voting capital" means and includes Ordinary Shares and 'A' Ordinary Shares;
- Where our company's promoters or any other acquirer of our company proposes at any time to voluntarily delist the Ordinary Shares in accordance with the SEBI (Delisting of Securities) Guidelines, 2003 from the stock exchanges on which the Ordinary Shares are listed, such promoter or acquirer shall also make a delisting offer for the 'A' Ordinary Shares and the percentage premium offered for the 'A' Ordinary Shares to its floor price shall be equal to the percentage premium offered for Ordinary Shares to its floor price;
- Where we make an offer to purchase our securities in accordance with the SEBI (Buy-Back) of Securities Regulations, 1998 and other applicable laws, holders of 'A' Ordinary Shares shall have the right to receive an offer in the same proportion and on equitable pricing terms as offered to the holders of Ordinary Shares;
- Right to receive surplus on liquidation as available to holders of Ordinary Shares and in accordance with the proportion of Ordinary Shares to 'A' Ordinary Shares;
- Right to free transferability of 'A' Ordinary Shares; and
- Such other rights as may be available to an ordinary shareholder of a listed public company under the Companies Act and articles of association.

The 'A' Ordinary Shares are not convertible into Ordinary Shares at any time. The 'A' Ordinary Shares will not at any time exceed 25% of our total issued share capital.

Liquidation Rights

Subject to our statutory duties, the rights of creditors, workmen and of the holders of any other shares entitled by their terms of issue to preferential repayment over our Shares, in the event of our winding-up, the holders of our Shares are entitled to be repaid the amounts of capital paid-up or credited as paid-up on such shares, or in case of shortfall, proportionately. All surplus assets after payment of our statutory duties, amounts due to workmen, the holders of any preference shares and other creditors belong to the holders of the equity shares in proportion to the amount paid-up or credited as paid-up on these shares respectively at the commencement of the winding-up.

C. Material Contracts

Except as given below, we are not a party to any material contract other than contracts entered into in the ordinary course of business as of the date of this annual report on Form 20-F:

- The Tata Brand Equity and Business Promotion Agreement, dated December 18, 1998, incorporated by reference into this annual report on Form 20-F as Exhibit 4.1. Tata Motors Limited and certain of our subsidiaries have agreed to pay an annual subscription fee to Tata Sons which is equal to 0.15%-0.25% of annual net income (defined as net revenues exclusive of excise duties and other governmental taxes and non-operating income), subject to a ceiling of 5% of annual profit before tax (defined as profit after interest and depreciation but before income tax) based on Tata Motors Limited's standalone financial statements prepared in accordance with Indian GAAP for participation and gain from promotion and protection of the Tata brand identity. Pursuant to the agreement, we have also undertaken certain obligations for the promotion and protection of the Tata brand licensed to us under the agreement.
- The agreement dated January 26, 2010, entered into by Jaguar Land Rover with Dr. Ralf Speth in connection with his appointment as CEO and director. The compensation drawn by him pursuant to this agreement is shown in Item 6.B "Directors, Senior Management and Employees—Compensation".
- The agreement dated March 30, 2016, entered into by Tata Motors Limited with Mr. Guenter Butschek in connection with his appointment as CEO and Managing Director. The compensation drawn by him pursuant to this agreement is shown in Item 6.B "Directors, Senior Management and Employees—Compensation".
- The agreement effective as of July 1, 2015, entered into by Tata Motors Limited with C. Ramakrishnan in connection with his appointment as Group CFO. The compensation drawn by him pursuant to this agreement is shown in Item 6.B "Directors, Senior Management and Employees—Compensation".

D. Exchange Controls

General

Prior to June 1, 2000, foreign investment in Indian securities, including the acquisition, sale and transfer of securities of Indian companies, was regulated by the Foreign Exchange Regulation Act, 1973 and the notifications issued by the RBI thereunder.

With effect from June 1, 2000, foreign investment in Indian securities is regulated by the Foreign Exchange Management Act 1999, as amended from time to time, or FEMA, and the rules, regulations and notifications made under FEMA. A person resident outside India can transfer any security of an Indian company or any other security to an Indian resident only under the terms and conditions specified in FEMA and the rules and regulations made thereunder or as permitted by the RBI.

The RBI issued the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000, or the Foreign Exchange Regulations, to regulate the issue of Indian securities, including ADSs, to persons resident outside India and the transfer of Indian securities by or to persons resident outside India. The Foreign Exchange Regulations provide that an Indian entity may issue securities to a person resident outside India or record in its books any transfer of security from or to such person only in the manner set forth in FEMA and the rules and regulations made thereunder or as permitted by the RBI.

Foreign Direct Investment

The Government of India, pursuant to its liberalization policy, set up the Foreign Investment Promotion Board, or FIPB, to regulate all foreign direct investment into India. Foreign Direct Investment, or FDI, means investment by way of subscription and/or purchase of securities of an Indian company by a non-resident investor. Regulatory approval is required for investment in some sectors, including housing, petroleum (other than refining), defense and strategic industries. Also, the following investments would require prior regulatory permission:

- Foreign investments, including a transfer of shares, in excess of foreign investment limits;
- Investments by an unincorporated entity;
- Investment in industries for which industrial licensing is compulsory; and
- All proposals relating to transfer of control and/or ownership pursuant to amalgamation, merger or acquisition of an Indian company currently owned or controlled by resident Indian citizens and Indian companies, which are owned or controlled by resident Indian citizens to a non-resident entity, the activities of which company are not under the “automatic” route under existing Indian foreign investment policy.

Subject to certain exceptions, FDI and investment by non-resident Indians in Indian companies do not require the prior approval of the FIPB or the RBI. The Government of India has indicated that in all cases where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where FIPB approval is obtained, no approval of the RBI is required. In both cases, the prescribed applicable norms with respect to determining the price at which the shares may be issued by the Indian company to the non-resident investor would need to be complied with and a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company. The foregoing description applies only to an issuance of shares by, and not to a transfer of shares of, Indian companies.

Pricing

Under the requirements of the Consolidated FDI Policy of 2014, or the FDI Policy, which came into effect on June 7, 2016, the price of shares of a listed Indian company issued to non-residents on an automatic basis cannot be less than the price worked out in accordance with the guidelines issued by the SEBI for the preferential allotment of shares where the shares of such company are listed.

Every Indian company issuing shares or convertible debentures in accordance with the Foreign Exchange Regulations is required to submit a report to the RBI within 30 days of receipt of the consideration and another report within 30 days from the date of issue of the shares to the nonresident purchaser.

The above description applies only to a primary issue of shares or convertible debentures by an Indian company.

Portfolio Investment by Foreign Portfolio Investors

The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, or the FPI Regulations, have replaced the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations and the regime for investments by qualified institutional investors.

The FPI Regulations came into effect on June 1, 2014. Under the FPI Regulations, a Foreign Institutional Investor, or FII, who holds a valid certificate of registration from SEBI shall be deemed to be a registered Foreign Portfolio Investor, or FPI, until the expiry of the block of three years for which fees have been paid as per the FII Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the FPI Regulations.

FPIs who are registered with the SEBI are required to comply with the provisions of the FPI Regulations. A registered FPI may buy, subject to the ownership restrictions discussed below, and sell freely securities issued by any Indian company, realize capital gains on investments made through the initial amount invested in India, subscribe to or renounce rights offerings for shares, appoint a domestic custodian for custody of investments made and repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received toward sale or renunciation of rights offerings of shares. An FPI may not hold more than 10% of the total issued capital of a company in its own name. The total holding of all FPIs in a company is subject to a cap of 24% of the total paid-up capital of a company, which can be increased to the relevant industry sector cap/ceiling applicable to the particular company under the Foreign Direct Investment Regime, with the passing of a special resolution by the shareholders of a company in a general meeting and subject to prior intimation to the RBI. Pursuant to resolutions of the board of directors and special resolutions passed by our shareholders, the FII and FPI limits have been increased to 35% of the paid-up capital of Ordinary Shares and 75% of the paid-up capital of 'A' Ordinary Shares.

FPIs are permitted to purchase shares and convertible debentures, subject to limits, of an Indian company either through:

- A public offer, where the price of the shares to be issued is not less than the price at which the shares are issued to Indian residents, or
- A private placement, where the price of the shares to be issued is not less than the price according to the terms of the relevant guidelines or the guidelines issued by the former Controller of Capital Issues.

The FPI Regulations specify that the shares purchased by a single FPI or an investor group (which means the same set of ultimate beneficial person(s) investing through multiple entities) must be below 10% of the issued capital of a company. All existing investments by FIIs, qualified foreign investors, which are persons who have opened a dematerialized account with a qualified depository participant as a qualified foreign investor and sub-accounts thereof are grandfathered, thus, if an FPI already holds 10% of the issued capital of a company, it is not required to divest its existing holdings to comply with the stipulation to hold "below 10%".

Under the FPI Regulations, Offshore Derivative Instruments, or ODIs, may be issued to only those entities that are regulated by an appropriate foreign regulatory authority. Furthermore, such ODIs may only be issued after compliance with applicable know-your-client norms. However, entities that are themselves unregulated but managed by a regulated entity will be eligible counterparties for ODIs under the FPI Regulations if such entities (i) have previously entered into an ODI with an FII at any time prior to January 7, 2014, and (ii) are registered as clients of the FII. Hence, all outstanding ODI transactions and counterparties under the FII Regulations will be treated as permitted ODI transactions and counterparties under the FPI Regulations. SEBI issued a circular on November 24, 2014 aligning the applicable eligibility and investment norms between the FPI regime and subscription through the ODI regime. An FPI shall issue ODIs only to those subscribers who: (i) meet the eligibility criteria that are applicable to an FPI under the FPI Regulations and (ii) do not have "opaque structures", as defined under the FPI Regulations. The investment restrictions applicable to FPIs under the FPI Regulations apply to subscribers of ODIs as well. Existing ODI positions which are not in accordance with the SEBI circular dated November 24, 2014 may continue until the ODI contract expires.

Investors in ADSs do not need to seek the specific approval from the Government of India to purchase, hold or dispose of their ADSs. Notwithstanding the foregoing, if an FII, non-resident Indian or overseas corporate body were to withdraw its equity shares from an ADS program, its investment in the equity shares would be subject to the general restrictions on foreign ownership.

Registered FIIs are generally subject to tax under Section 115AD of the Income Tax Act of 1961. See Item 10.E "Additional Information—Taxation—Taxation of Capital Gains and Losses—Indian Taxation".

Portfolio Investment by Non-Resident Indians

A variety of methods for investing in shares of Indian companies are available to non-resident Indians. These methods allow non-resident Indians to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors. In addition to portfolio investments in Indian companies, non-resident Indians may also make foreign direct investments in Indian companies pursuant to the FDI. See “—Foreign Direct Investment”.

Transfer of Shares and Convertible Debentures of an Indian Company by a Person Resident Outside India

The Government of India has granted general permission to persons residing outside India to transfer shares and convertible debentures held by them to an Indian resident, subject to compliance with certain terms and conditions and reporting requirements. A resident who wishes to purchase shares from a non-resident must, pursuant to the relevant notice requirements, file a declaration with an authorized dealer in the prescribed Form FC-TRS, together with the relevant documents and file an acknowledgment thereof with the Indian company to effect transfer of the shares to his name.

Moreover, the transfer of shares between an Indian resident and a non-resident (other than a non-resident Indian, or NRI) does not require the prior approval of the Government of India or RBI, provided that (i) the activities of the investee company are under the automatic route pursuant to the FDI Policy, and the transfer is not subject to regulations under the Takeover Code, (ii) the non-resident shareholding complies with sector limits under the FDI Policy and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI and RBI.

Indirect Foreign Investment

The FDI Policy, among other things, prescribes the guidelines for (i) the calculation of total indirect foreign investment in Indian companies, (ii) transfer of ownership or control of Indian companies in sectors with caps from resident Indian citizens to non-resident entities and (iii) guidelines on downstream investments by Indian companies. Pursuant to the Consolidated FDI Policy, for the purposes of computation of indirect foreign investment in an Indian company, foreign investments in its parent company, by FPI (holding as at March 31 of the relevant year), NRIs, ADSs, global depository shares, foreign currency convertible bonds, FDI, convertible preference shares and convertible currency debentures are required to be taken together. The FDI Policy is reissued annually.

Issue of Securities Through the Depository Receipt Mechanism

Issue of securities through the depository receipt mechanism by Indian companies is governed by the Companies Act, 2013, the Companies (Issue of Global Depository Receipts) Rules, 2014 and the Depository Receipts Scheme, 2014, or the DR Scheme.

The Government of India notified the DR Scheme on October 21, 2014, which came into force on December 15, 2014. Consequently, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, or the 1993 Scheme, has been repealed except to the extent relating to foreign currency convertible bonds. The RBI issued a circular on December 15, 2014 amending the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 to bring it in line with the DR Scheme. The RBI also issued a circular on January 22, 2015 highlighting the salient features of the DR Scheme.

Under the DR Scheme, an Indian company, listed or unlisted, private or public, is permitted to issue securities, including equity shares, through the depository receipt mechanism if such company has not been specifically prohibited from accessing capital markets or dealing in securities. Permissible securities that may be issued by an Indian company through the depository receipt mechanism are “securities” as defined under the Securities Contracts (Regulation) Act, 1956, which includes, among other things, shares, bonds, derivatives, units of mutual funds and similar instruments issued by private companies, provided that such securities are in dematerialized form.

An Indian company may issue securities to a foreign depository for the purpose of issuing depository receipts through any mode permissible for the issue of such securities to other investors. The foreign depository may issue depository receipts by way of a public offering or private placement or in any other manner prevalent in the permissible jurisdiction. A “permissible jurisdiction” is defined as a foreign jurisdiction which is a member of the Financial Action Task Force on Money Laundering and whose securities regulator is a member of the International Organization of Securities Commissions.

Under the DR Scheme, securities may be issued through the depository receipt mechanism up to such a limit that the aggregate underlying securities issued to foreign depositories for issuance of depository receipts along with securities already held by persons resident outside India does not exceed the applicable foreign investment limits prescribed by regulations framed under the FEMA. The depository receipts and the underlying securities may be converted into each other subject to the applicable foreign investment limit. For our company, there is no investment limit.

Under the 1993 Scheme, the pricing of deposit receipts for listed companies could not have been less than the average of the weekly high and low closing prices of the related shares quoted on the relevant stock exchange during the two weeks preceding the relevant date. However, the DR Scheme provides that underlying securities shall not be issued to a foreign depository for issuance of depository receipts at a price which is less than the price applicable to a corresponding mode of issuance to domestic investors.

In terms of the DR Scheme, the foreign depository is entitled to exercise voting rights, if any, associated with the underlying securities whether pursuant to voting instructions from the holder of depository receipts or otherwise. Furthermore, a holder of depository receipts issued against underlying equity shares shall have the same obligations as if it is the holder of the equity shares if it has the right to issue voting instructions.

E. Taxation

This section describes the material U.S. federal income tax consequences to “U.S. holders” (as defined below) and the Indian stamp duty and income and service tax consequences to “non-residents” (as defined below) of owning Shares or ADSs. It applies to you only if you hold your Shares or ADSs as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- A dealer in securities;
- A trader in securities that elects to use a mark-to-market method of accounting for securities holdings;
- A tax-exempt organization;
- A life insurance company;
- A person liable for alternative minimum tax;
- A person that actually or constructively owns 10% or more of our voting stock;
- A person that holds Shares or ADSs as part of a straddle or a hedging or conversion transaction;
- A person that purchases or sells Shares or ADSs as part of a wash sale for tax purposes; or
- A U.S. holder whose functional currency is not the U.S. dollar.

With regard to United States tax, the following discussion addresses only the material U.S. federal income tax consequences for persons that are “U.S. holders”. You are a U.S. holder if you are a beneficial owner of Shares or ADSs and you are, for U.S. federal income tax purposes:

- An individual citizen or resident of the United States;
- A corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia;
- An estate whose income is subject to U.S. federal income tax regardless of its source; or
- A trust if (i) a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S. persons are authorized to control all substantial decisions of the trust, or (ii) it has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

With regard to Indian tax, the following discussion addresses only the tax consequences for persons that are “non-residents” of India, as defined in the Indian Income Tax Act of 1961, as amended by the Finance Act, 2016, or the Income Tax Act, and is based on the provisions of Section 115AC and other applicable provisions of the Income Tax Act and the Depository Receipts Scheme 2014, or the 2014 Scheme, which has replaced the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 promulgated by the Government of India.

For purposes of the Income Tax Act, a non-resident means a person who is not a “resident” of India. An individual is a resident of India during any fiscal year, if such person: (i) is in India in that year for 182 days or more or (ii) was in India for 365 days or more during the four preceding years and is in India for 60 days or more in that year. A firm or other association of persons is resident in India except where the control and the management of its affairs are situated wholly outside India. A company is said to be resident in India in any fiscal year if it is an Indian company or its “place of effective management”, in that year, is in India. “Place of effective management” means a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance, made. The Residential test based on “place of effective management” is applicable from FY 2016-17.

With regard to U.S. federal income tax, the following discussion is based upon the Internal Revenue Code of 1986, as amended, its legislative history, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury Regulations, all as of the date hereof, changes to any of which may affect the tax consequences described herein, possibly with retroactive effect.

If an entity classified as a partnership for U.S. federal income tax purposes holds Shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. If you hold Shares or ADSs as a partner in a partnership, you should consult your tax advisor with regard to the U.S. federal income tax treatment of an investment in our Shares or ADSs.

This discussion addresses only U.S. federal income taxation and Indian stamp duty and income and service taxation. In addition, this section is based in part upon the assumption that each obligation in the deposit agreement (as amended) and any related agreement will be performed in accordance with its terms.

This summary is not intended to constitute a complete analysis of the individual tax consequences to non-resident holders for the acquisition, ownership and sale of ADSs and Shares.

Taxation of Dividends

In the descriptions below relating to Indian taxation, references to “you” are to a person resident outside India, subscribing to ADSs or Shares.

Indian Taxation

Dividends paid to you will not be subject to Indian tax. However, we have to pay a “dividend distribution tax”, currently at the effective rate of 20.36% (inclusive of applicable surcharge and cess) on the amount of dividend paid out. Further, in the case of (1) an individual, (2) Hindu undivided family or a firm or (3) a firm who is a resident in India as per the Income Tax Act, income by way of dividends from domestic companies that exceed Rs.1,000,000 in the aggregate, shall be subject to income tax at 10% per annum, per Section 115BBDA of the Income Tax Act. For taxation of such dividend, the aggregate amount in excess of Rs.1,000,000 shall be subject to income tax without any deduction with respect to any expenditure or allowance or set off of loss.

If you are a non-resident of India, the distributions made to you of additional ADSs or Shares made with respect to ADSs or Shares should not be subject to Indian tax.

U.S. Federal Income Taxation

Under the U.S. federal income tax laws, and subject to the passive foreign investment company, or PFIC, rules described below, if you are a U.S. holder, the gross amount of any distribution we pay out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) with respect to Shares or ADSs will be a dividend that is subject to U.S. federal income taxation. If you are a non-corporate U.S. holder, dividends that constitute qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains provided that you hold the Shares or ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends we pay with respect to our Shares or ADSs will generally be qualified dividend income.

The dividend is taxable to you when you, in the case of Shares, or the depository, in the case of ADSs, receive the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. dollar value of the Indian rupee payments made, determined at the spot Indian rupee/U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in your income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the Shares or ADSs and thereafter as capital gain. However, we do not expect to calculate earnings and profits in accordance with U.S. federal income tax principles. Accordingly, you should expect to generally treat distributions we make as dividends for U.S. federal income tax purposes.

Dividends that we pay with respect to Shares and ADSs will generally be income from sources outside the United States and will, depending on your circumstances, be either “passive” or “general” income for purposes of computing the foreign tax credit limitation allowable to you. You will not be entitled to claim a U.S. foreign tax credit for any Indian dividend distribution taxes paid by us on a distribution to you.

Taxation of Capital Gains and Losses

Indian Taxation

Capital Gains

If you are a non-resident of India, any gain realized by you on the sale of ADSs to another non-resident, as per Section 47 of the Income Tax Act will not be subject to Indian capital gains tax under Section 115AC and other applicable provisions of the Income Tax Act.

Capital gains realized by you on the transfer of Shares (including Shares received in exchange of the ADSs) whether in India or outside India to a non-resident of India or Indian resident, will be liable for income tax under the provisions of the Income Tax Act.

Shares (including Shares issuable on the exchange of the ADSs) held by you for a period of more than 12 months will be treated as long-term capital assets and the capital gains arising on the sale thereof will be treated as long-term capital gains. If the Shares are held by you for a period of 12 months or less, such Shares will be treated as short-term capital assets and the capital gains arising on the sale thereof are treated as short-term capital gains. A non-resident holder's holding period (for purposes of determining the applicable Indian capital gains tax rate) in respect of Shares received in an exchange or redemption for ADSs commences on the date on which the request for such redemption is made.

For the purpose of computing capital gains tax on the sale of the Shares or ADSs, the cost of acquisition of such Shares received in exchange for ADSs will be determined on the basis of the prevailing price of the Shares on the BSE or NSE, as applicable, as on the date on which the request for such redemption is made, while the cost of acquisition of shares directly converted from the ADSs will be determined on the basis of the price prevailing on the BSE or NSE, as applicable, on the date of conversion into equity shares.

Gain realized by you on the sale of listed Shares held for more than 12 months will not be subject to Indian capital gains tax if the Securities Transaction Tax, or STT, has been paid on the transaction. The STT will be levied on and collected by the BSE or NSE, as applicable, on which shares are sold at the rate of 0.025% to 0.1% depending upon the nature of the transaction.

Any gain realized by you on the sale of listed Shares held for more than 12 months on which no STT has been paid will be subject to Indian capital gains tax at the rate of 10% plus applicable surcharge on income tax and education cess at the applicable rates.

Capital gains realized in respect of Shares held by you (calculated in the manner set forth above) for 12 months or less (short-term gain) on which STT is paid in the manner and rates set forth above, is subject to tax at the rate of 15% plus applicable surcharge on income tax and cess at the applicable rate. In the event that you do not pay STT, short-term gain will be subject to tax at variable rates with the maximum rate of 40% plus applicable rate of surcharge on income tax and cess at the applicable rate. The actual rate of tax on short-term gains depends on a number of factors, including your legal status and the type of income chargeable in India.

Tax on capital gains is to be deducted at source by the person paying for the shares in accordance with the relevant provisions of the Income Tax Act.

Capital Losses

Section 115AC does not address capital losses arising on a transfer of Shares. In general terms, losses arising from a transfer of a capital asset in India may only be set off against capital gains and not against any other income. A short-term capital loss may be set off against a capital gain, whether short-term or long-term. However, long-term capital loss may only be set off against long-term capital gain and not against short-term capital gain. To the extent that the losses are not absorbed in the year of transfer, you may carry it forward for a period of eight assessment years immediately succeeding the assessment year for which the loss was first determined and may set off against the capital gains assessable for such subsequent assessment years. In order to set off capital losses in this manner, you would be required to file appropriate and timely tax returns in India. The long-term capital loss arising on a sale of shares in respect of which STT is paid may not be available for set-off against any capital gains.

U.S. Federal Income Taxation

Generally, subject to the PFIC rules discussed below, if you are a U.S. holder and you sell or otherwise dispose of your Shares or ADSs, you will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. dollar value of the amount you realize and your tax basis, determined in U.S. dollars, in your Shares or ADSs. If you are a non-corporate U.S. holder, your capital gain is generally taxed at preferential rates where you have a holding period greater than one year in the applicable Shares or ADSs at the time of the sale or other disposition. If you are a U.S. holder, certain limitations exist on your ability to deduct capital losses for U.S. federal income tax purposes. Your gain or loss from the disposition or other sale of Shares or ADSs will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

As discussed under “Taxation of Capital Gains and Losses—Indian Taxation”, above, you may be subject to Indian tax upon a sale or other disposition of Shares or ADSs. The Indian capital gains tax described above should be treated as a creditable tax for U.S. federal income tax purposes. However, any capital gain that you recognize upon a sale of Shares or ADSs will generally be treated as U.S. source gain. Accordingly, you will not be able to claim a credit for the capital gains tax under the U.S. foreign tax credit limitation rules unless you recognize a sufficient amount of foreign source income in the appropriate U.S. foreign tax credit limitation basket in the taxable year in which you recognize the capital gain. In addition, the Securities Transaction Tax, levied and collected by BSE and NSE, as applicable depending on which shares are sold, may not be treated as a creditable tax for U.S. federal income tax purposes. You should consult your tax advisor regarding the application of the U.S. foreign tax credit rules to any Indian taxes that you are subject to in respect of a sale or disposition of the Shares or ADSs.

Passive Foreign Investment Companies

We believe that the Shares and ADSs should not be treated as stock of a PFIC for U.S. federal income tax purposes, but this conclusion is a factual determination that is made annually and thus may be subject to change. If we were to be treated as a PFIC, then gain realized on the sale or other disposition of your Shares or ADSs would in general not be treated as capital gain. Instead, if you are a U.S. holder that has not made a mark-to-market election with respect to your ADSs or Shares, you would be treated as if you had realized such gain and certain “excess distributions” ratably over your holding period for the Shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charged in respect of the tax attributable to each such year. With certain exceptions, your Shares or ADSs will be treated as stock in a PFIC if we were a PFIC at any time during your holding period in your Shares or ADSs. Dividends that you receive from us will not be eligible for the special tax rates applicable to qualified dividend income if we are treated as a PFIC with respect to you either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income.

Indian Tax Treaties

The provisions of the tax treaty entered into by India and the country of your residence will be applicable to the extent they are more beneficial to you. There is a Double Tax Avoidance Agreement between the United States and India. The Government of India has introduced a provision related to General Anti Avoidance Rules, or GAAR, under which certain arrangements could be declared to be an impermissible avoidance arrangement. The consequences of such arrangements include denial of a tax benefit or benefit under tax treaty. As per the Income Tax Act, the GAAR provisions are applicable from the Government of India’s fiscal year 2017. The Finance Minister of India in his speech presenting the Finance Bill 2015 has indicated that the investments made through March 31, 2017 will not be subject to GAAR. The Income Tax Rules in this regard have been amended, and accordingly, investments made prior to April 1, 2017 are exempt from these GAAR provisions. Further, it has been clarified by amendment to the rules that GAAR provisions would apply to any arrangement (irrespective of the date on which such arrangement has been entered into) in respect of which tax benefit has been obtained on or after April 1, 2017. Also, the Government of India has introduced a provision by which you would not be entitled to claim any relief under the tax treaty unless a tax residency certificate is obtained by you from the government of the country of which you are resident. Furthermore, you shall be required to provide such other required information as has been publicly stated by the Government of India.

Dividend income will not be subject to tax in India in your hands. If any Shares are held by you following withdrawal thereof from the depositary under the deposit agreement, the provisions of a tax treaty, if any, entered into by India and the country of which you are resident will be applicable to determine the taxation of any capital gain arising from a transfer of such Shares.

Under the 1993 Scheme, during the period of fiduciary ownership of Shares in the hands of the depositary, the provisions of the tax treaty entered into by India and the country of residence of the depositary will be applicable to determine the taxation of any capital gains in respect of ADSs.

Indian Stamp Duty

Under Indian law, any transfer of ADSs will be exempt from liability to Indian stamp duty. Purchasers of Shares who seek to register such Shares on our share register are required to pay Indian stamp duty at the rate of Rs.0.25 for every Rs.100 or part thereof of the market value of such Shares. In order to register a transfer of Shares in physical form with the company, it is necessary to present a stamped deed of transfer. An acquisition of Shares in physical form from the depositary in exchange for ADSs representing such Shares will not render an investor liable to Indian stamp duty but we will be required to pay stamp duty at the applicable rate on the share certificate. However, since our Shares are compulsorily deliverable in dematerialized form (except for trades of up to 500 Shares which may be delivered in physical form), no stamp duty is payable on the acquisition or transfer of Shares in dematerialized form.

Indian Service Tax

Brokerage or commission fees paid to stockbrokers in India in connection with the sale or purchase of Shares are now subject to an Indian service tax of 14%. (plus a 0.50% Swachh Bharat Cess) and there will be an additional levy of 0.50% Krishi Kalyan Cess w.e.f. 01.06.2016. A stockbroker is responsible for collecting such service tax at such rate and for paying the same to the relevant authority.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

You may review a copy of this annual report on Form 20-F at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may call the SEC at 1-800-732-0330 for additional information on how to obtain copies of all or any portion of the documents we file with or furnish to the SEC. The SEC also maintains a web site www.sec.gov that contains reports, proxy statements and other information regarding registrants that file electronically with the SEC.

We are subject to the information requirements of the Securities Exchange Act of 1934 and, in accordance therewith, are obligated to file annual reports on Form 20-F within the time specified by the SEC and furnish other reports and information on Form 6-K to the SEC. These reports and other information can be inspected at the public reference room at the SEC. You can also obtain copies of this material from the public reference room or by calling or writing the SEC upon payment of a prescribed fee. As a foreign private issuer, we are exempt from the rules under the Securities Exchange Act of 1934 prescribing the furnishing and content of proxy statements to shareholders.

I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Our exposure to financial risks derives primarily from changes in interest rates and foreign exchange rates. To mitigate these risks, we utilize derivative financial instruments, including interest rate option contracts and currency swap agreements, the application of which is primarily for hedging purposes and not for speculative purposes.

Commodity price risk

Commodity price risk is the possibility of impact from changes in the price of commodities, such as non-ferrous metals (like aluminum), ferrous alloys (like steel) and others (like rubber, platinum and rhodium), which we use in production of automotive vehicles and their components.

See Note 35 of our audited consolidated financial statements included elsewhere in this annual report on Form 20-F for additional disclosures on market risk and financial instruments, including disclosure on the fair value of financial instruments.

Item 12. Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees Payable by ADS Holders

Citibank, N.A., as depositary under our ADS program, collects fees for issuance and cancellation of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them on such fees as per the deposit agreement.

An ADS holder is required to pay the following service fees to the depositary:

Service	Fees
Issuance of ADSs, delivery of deposited securities against surrender of ADSs, distribution of ADSs pursuant to stock dividends, free stock distributions or exercise of rights and distribution of securities other than ADSs or rights to purchase additional ADSs	Up to U.S.\$0.05 per ADS issued or surrendered or held, as applicable
Distribution of cash dividends or other cash distributions	Up to U.S.\$0.02 per ADS held
Depositary services	Up to U.S.\$0.02 per ADS held on the last business day of each calendar year

An ADS holder or beneficial owner will also be responsible to pay certain fees and expenses incurred by the depositary and certain taxes and governmental charges such as:

- Taxes (including applicable interest and penalties) and other governmental charges;
- Such registration fees as may from time to time be in effect for the registration of shares or other deposited securities on the share register and applicable to transfers of Ordinary Shares or other deposited securities to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- Such cable, telex and facsimile transmission and delivery expenses as are expressly provided in the deposit agreement;
- The expenses and charges incurred by the depositary in the conversion of foreign currency;
- Such fees and expenses as are incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to shares, deposited securities, ADSs and ADRs; and
- The fees and expenses incurred by the depositary, the custodian or any nominee in connection with the servicing or delivery of deposited securities.

The fees and charges an ADS holder may be required to pay may vary over time and may be changed by us and by the depositary. ADS holders will receive prior notice of increases in such fees and charges.

Fees and Other Payments Made by the Depositary to us

In Fiscal 2016, we have received US\$1,375,196.95 from the depositary for standard out-of-pocket maintenance costs of our ADS program, including, but not limited to, continuing annual stock exchange listing fees, special investor promotion activities, issue-related expenses, cost for preparing and audit of IFRS accounts, legal and accounting fees associated with listing on the New York Stock Exchange, miscellaneous expenses such as costs associated with votes by ADS holders and payments made to proxy firms.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

We performed an evaluation of the effectiveness of the design and operation of disclosure controls and procedures as at March 31, 2016. Based on this evaluation, our management concluded that our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, were effective as at March 31, 2016.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets;
- ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with the authorization of our management and directors; and
- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

As at March 31, 2016, management conducted an assessment of the effectiveness of the internal control over financial reporting using the criteria in *Internal Control – Integrated Framework (2013)*, established by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that our internal control over financial reporting as at March 31, 2016 is effective.

Due to its inherent limitations, however, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The attestation report of Deloitte Haskins & Sells LLP, an independent registered public accounting firm, on management's assessment of our internal control over financial reporting is included in our consolidated financial statements, beginning on page F-3 of this annual report on Form 20-F.

Remediation efforts to address material weakness identified as at March 31, 2015

The material weakness disclosed in our annual report on Form 20-F for Fiscal 2015 pertaining to a deficiency in the design of internal controls relating to technical accounting of complex derivative instruments designated in hedge relationships has been remediated in Fiscal 2016. The specific remediation actions taken by management included:

1. Design and implementation of a daily review by financial instrument specialists of all derivative instruments designated in a hedge relationship at inception or where hedge relationship is re-designated, to ensure that the designation, documentation and the method of hedge effectiveness testing is appropriate before they are accounted.
2. Implementation of an additional weekly detective control to review appropriateness of hedge accounting for all complex derivative instruments by technical accounting specialists.

Changes in internal control over financial reporting during Fiscal 2016

There has not been any other change in our internal control over financial reporting that occurred during Fiscal 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Nasser Munjee, an independent director and a member of our Audit Committee, is an "audit committee financial expert" as defined under the applicable rules of the SEC issued pursuant to Section 407 of the Sarbanes-Oxley Act of 2002. Mr. Munjee is independent under NYSE standards.

Item 16B. Code of Ethics

We have adopted the “Tata Code of Conduct”, hereinafter referred as to the Code, which is a written code of ethics applicable to all our employees. The Code is available at all our offices and on our website at: <http://corp-content.tatamotors.com.s3-ap-southeast-1.amazonaws.com/wp-content/uploads/2015/10/tata-code-of-conduct.pdf>.

In August 2004, our Audit Committee adopted a Whistle Blower Policy, or the Policy, which provides a formal mechanism for all our directors and employees to approach our management (or the Audit Committee in cases where the concern involves the senior management) and make protected disclosures to management about unethical behavior, actual or suspected fraud or violations of the Code or our ethics policies. The Policy was updated on May 29, 2014, pursuant to the provisions of the Companies Act. The Policy is an extension of the Code, which requires every employee to promptly report to management any actual or possible violation of the Code or an event such director or employee becomes aware of that could affect our business or reputation. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. The Policy is available on our website, at www.tatamotors.com.

The information contained on our website does not constitute a part of this annual report on Form 20-F.

Item 16C. Principal Accountant Fees and Services

Our financial statements, prepared in accordance with IFRS, are audited by Deloitte Haskins & Sells LLP, or DHS, a firm registered with the Public Company Accounting Oversight Board in the United States and which is also registered with the Institute of Chartered Accountants of India.

DHS has served as our independent public accountant for each of the years ended March 31, 2015 and March 31, 2014, for which audited financial statements appear in this annual report on Form 20-F. The following table presents the aggregate fees for professional services and other services rendered by DHS and the various member firms of Deloitte to us, including some of our subsidiaries in Fiscal 2016 and 2015.

	Year ended March 31,			
	2016 US\$ in million	2016	2015	
		Rs. in million		
Audit Fees	10.9	720.3	537.9	Audit and review of financial statements
Tax Fees	0.2	15.4	15.5	Tax audit, certification of foreign remittances and tax advisory services
All Other Fees	0.4	28.4	107.3	Other certifications and advisory services
Total	11.5	764.2	660.7	

Audit Committee pre-approval for services rendered by independent accountants:

- We have adopted a policy for pre-approval of services to be rendered by our independent accountants for us and our subsidiaries based on an elaborate procedure for ensuring auditor independence and objectivity.
- At the beginning of each year, the Audit Committee approves the proposed services, including the nature, type and scope of services contemplated and/or the related fees to be rendered by these firms during the year.
- In addition, Audit Committee pre-approval is also required for those engagements that may arise during the course of the year that are outside the scope of the initial services, and such fees are pre-approved by the Audit Committee.
- We do not engage our independent accountants for ‘prohibited services’.
- Our Audit Committee recommends the appointment and compensation of independent accountants.
- In case of urgent requirements, our Chief Financial Officer and the Chairman of our Audit Committee jointly approve any services that may be rendered by our independent accountants or their member firms, and such services are subsequently ratified at the next Audit Committee meeting.
- The pre-approval is not required where the fees proposed to be paid for the non-audit services do not exceed 5% of the total amount of fees paid by us to our independent accountants and their member firms during the Fiscal year, provided that such services were not recognized as non-audit services at the time of the engagement of services. Such services are also brought to the attention of the Audit Committee at the next meeting. However, in Fiscal 2016 and 2015, we obtained pre-approval for all services rendered by our independent accountant and fees from the Audit Committee.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 16F. Change in Registrant's Certifying Accountant

None.

Item 16G. Corporate Governance

As a foreign private issuer, as defined under Rule 3b-4 of the Exchange Act, Tata Motors Limited is permitted under the NYSE listing standards to follow applicable Indian corporate governance practices with regard to various corporate governance matters. The following is a summary comparison of significant differences between our corporate governance practices and those required by the NYSE for non-U.S. issuers.

Independent directors

Our board of directors has determined the independence of its directors pursuant to applicable Indian listing requirements. Six directors of our board of directors are independent directors pursuant to such requirements. Under such requirements, a non-executive director is considered independent if he/she:

- Apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with us or our promoters, our directors, our senior management or our holding company, its subsidiaries and associates which may affect the independence of the director;
- Is not related to promoters or persons occupying a management position at the board level or at one level below the board;
- Has not been an executive of Tata Motors Limited in the immediately preceding three financial years;
- Is not a partner or an executive, or was not a partner or an executive during the preceding three years, of our statutory audit firm or internal audit firm or a legal/consulting firm that has a material association with us;
- Is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect their independence;
- Is not one of our substantial shareholders, owning two percent or more of our voting shares; and
- Is not under 21 years of age.

Non-management Directors' Meetings

The NYSE listing standards require regularly scheduled executive sessions of non-management directors without management participation or regularly scheduled executive sessions consisting of only independent directors. There is no such requirement under applicable Indian legal requirements.

Please refer to Item 10.B "Additional Information—Memorandum and Articles of Association—Directors" for more information regarding our directors.

Nomination and Remuneration Committee

The NYSE listing standards require a listed company to maintain a remuneration committee, composed entirely of independent directors. Our Nomination and Remuneration Committee comprises three independent members and one non-independent member, which is in compliance with the requirement regarding the number of independent members of the Nomination and Remuneration Committee under applicable Indian laws. We believe the constitution and main functions of our Nomination and Remuneration Committee generally comply with the spirit of the NYSE requirements for non-U.S. issuers. Please see Item 6.C "Directors, Senior Management and Employees—Board Practices—Committees" for more information regarding our Nomination and Remuneration Committee.

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

We have responded to Item 18 in lieu of Item 17.

Item 18. Financial Statements

The information required by this item is set forth beginning on page F-1 of this annual report on Form 20-F.

Schedule 1 Tata Motors Limited (“Parent Company”) – condensed financial information as at March 31, 2016 and 2015 and for the year ended March 31, 2016, 2015 and 2014 on page F-95 of this annual report on Form 20-F.

Item 19. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
1.1	Our Certificate of Incorporation. ³
1.2	Our Memorandum and Articles of Association ⁴ ; Capital Clause as amended. ⁵
2.2	Form of Amended and Restated Deposit Agreement among Tata Motors Limited, Citibank, N.A., as Depositary and the holders and beneficial owners of American Depositary Shares issued thereunder, including the form of American Depositary Receipt ² ; Amendment No. 1 thereto, dated December 16, 2009. ⁵
4.1	Tata Brand Equity & Business Promotion Agreement, dated December 18, 1998, between Tata Sons Limited and Tata Engineering and Locomotive Company Limited (now Tata Motors Limited). ¹
7.1	Computation of Net Debt to Shareholders’ Equity Ratio. ⁶
8.1	List of our Subsidiaries. ⁶
11.1	Tata Code of Conduct 2015. ⁶
12.1	Certification of the Principal Executive Officer required by Rule 13a – 14(a). ⁶
12.2	Certification of the Principal Financial Officer required by Rule 13a – 14(a). ⁶
13.1	Certification of the Chief Executive Officer and Chief Financial Officer required by Rule 13a – 14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code. ⁶
15.1	Consent of Independent Registered Public Accounting Firm. ⁶
16.1	Appointment Agreement entered into with the CEO and Managing Director – Mr. Guenter Butschek ⁶

We have not included as exhibits certain instruments with respect to our long-term debt, the amount of debt authorized under each of which does not exceed 10% of our total assets, and we agree to furnish a copy of any such instrument to the Securities Exchange Commission upon request.

¹ Incorporated by reference to our Registration Statement on Form 20-F File No. 001-32294 filed on September 15, 2004.

² Incorporated by reference to our Registration Statement on Form F-6 File No 333-119066 filed on September 16, 2004.

³ Incorporated by reference to our annual report on Form 20-F File No. 001-32294 filed on September 27, 2005.

⁴ Incorporated by reference to our annual report on Form 20-F File No. 001-32294 filed on September 28, 2008.

⁵ Incorporated by reference to our annual report on Form 20-F File No. 001-32294 filed on July 31, 2012.

⁶ Filed with this annual report on Form 20-F.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

July 28, 2016

TATA MOTORS LIMITED

By /s/ Guenter Butschek
Name: **Guenter Butschek**
Title: **CEO & Managing Director**

By /s/ C. Ramakrishnan
Name: **C. Ramakrishnan**
Title: **Tata Motors' Group Chief Financial Officer**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Tata Motors Limited
Mumbai, India

We have audited the accompanying consolidated balance sheets of Tata Motors Limited and its subsidiaries (the “Company” or “Tata Motors”) as of March 31, 2016 and 2015, and the related consolidated income statements, statements of comprehensive income, statements of cash flows, and statements of changes in equity for each of the three years in the period ended March 31, 2016. Our audits also included the financial statement schedule included as Schedule 1 at Item 18. These consolidated financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tata Motors Limited and its subsidiaries as of March 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2016, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of March 31, 2016, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated July 28, 2016 expressed an unqualified opinion on the Company’s internal control over financial reporting.

Our audit for the year ended and as of March 31, 2016 also comprehended the translation of Indian rupee amounts into United States dollar amounts and in our opinion, such translation has been made in conformity with the basis stated in Note 2(w) to the consolidated financial statements. The translation of the consolidated financial statements amounts into United States dollars have been made solely for the convenience of readers outside India.

/s/ DELOITTE HASKINS & SELLS LLP
Mumbai, India
July 28, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Tata Motors Limited
Mumbai, India

We have audited the internal control over financial reporting of Tata Motors Limited and its subsidiaries (the “Company” or “Tata Motors”) as of March 31, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Item 15 under Controls and Procedures of the accompanying 20-F titled Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2016, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended March 31, 2016 of the Company and our report dated July 28, 2016, expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE HASKINS & SELLS LLP
Mumbai, India
July 28, 2016

Tata Motors Limited and subsidiaries
Consolidated Balance Sheets

		As at March 31,		
	Notes	2016	2016	2015
			(In millions)	
ASSETS:				
Current assets:				
Cash and cash equivalents	3	US\$ 2,589.0	Rs. 171,536.1	Rs. 197,430.9
Short-term deposits		1,929.1	127,809.6	104,391.0
Finance receivables	4	917.3	60,773.1	49,568.5
Trade receivables		2,053.9	136,085.7	130,994.3
Investments	6	2,902.9	192,329.8	140,747.8
Other financial assets	7	374.1	24,784.8	26,991.2
Inventories	9	4,926.0	326,370.4	287,279.8
Other current assets	10	879.7	58,285.2	54,301.7
Current income tax assets		22.1	1,465.7	1,786.1
Total current assets		16,594.1	1,099,440.4	993,491.3
Non-current assets:				
Finance receivables	4	1,548.5	102,596.7	108,447.1
Investments	6	91.9	6,087.6	6,075.8
Other financial assets	8	375.9	24,903.6	13,070.7
Property, plant and equipment	12	10,113.4	670,065.0	586,899.1
Goodwill	14	114.7	7,598.0	7,319.5
Intangible assets	15	9,060.7	600,314.7	530,900.8
Investments in equity accounted investees	16	568.1	37,639.5	31,736.6
Non-current income tax assets		191.1	12,658.1	9,474.6
Deferred income taxes	17	597.3	39,575.9	40,478.8
Other non-current assets	11	288.2	19,101.8	17,749.1
Total non-current assets		22,949.8	1,520,540.9	1,352,152.1
Total assets		US\$ 39,543.9	Rs.2,619,981.3	Rs.2,345,643.4
LIABILITIES AND EQUITY:				
Liabilities:				
Current liabilities:				
Accounts payable		9,257.6	613,364.4	569,383.4
Acceptances		600.9	39,813.3	40,767.5
Short-term borrowings and current portion of long-term debt	18	2,835.4	187,856.5	180,465.4
Other financial liabilities	20	1,538.6	101,941.8	94,388.8
Provisions	22	877.8	58,158.2	49,372.7
Other current liabilities	23	895.1	59,304.6	50,035.4
Current income tax liabilities		109.5	7,250.5	8,241.5
Total current liabilities		16,114.9	1,067,689.3	992,654.7
Non-current liabilities:				
Long-term debt	19	7,614.7	504,511.3	544,862.5
Other financial liabilities	21	1,209.0	80,099.0	80,956.5
Deferred income taxes	17	655.7	43,441.4	23,466.8
Provisions	22	1,196.0	79,242.6	69,779.8
Other liabilities	24	1,161.6	76,961.0	94,571.3
Total non-current liabilities		11,837.0	784,255.3	813,636.9
Total liabilities		27,951.9	1,851,944.6	1,806,291.6
Equity:				
Ordinary shares	25	87.2	5,774.8	5,473.8
'A' Ordinary shares	25	15.3	1,017.0	964.0
Additional paid-in capital		3,943.2	261,258.3	187,280.1
Reserves		8,062.7	534,195.8	400,658.5
Other components of equity	26	(583.4)	(38,648.8)	(59,434.7)
Equity attributable to shareholders of Tata Motors Limited		11,525.0	763,597.1	534,941.7
Non-controlling interests		67.0	4,439.6	4,410.1
Total equity		11,592.0	768,036.7	539,351.8
Total liabilities and equity		US\$ 39,543.9	Rs.2,619,981.3	Rs.2,345,643.4

See accompanying notes to consolidated financial statements

Tata Motors Limited and subsidiaries

Consolidated Income Statements

	Notes	Year ended March 31,			
		2016	2016	2015	2014
		(In millions, except per share amounts)			
Revenues		US\$ 40,375.8	Rs. 2,675,103.2	Rs. 2,602,634.4	Rs. 2,311,884.6
Finance revenues		336.9	22,318.8	22,630.8	29,875.9
Total revenues		40,712.7	2,697,422.0	2,625,265.2	2,341,760.5
Change in inventories of finished goods and work-in-progress		(415.7)	(27,540.1)	(29,610.9)	(28,317.3)
Purchase of products for sale		1,939.4	128,494.6	130,803.8	109,691.6
Raw materials, components, and consumables		22,801.1	1,510,684.3	1,499,862.9	1,363,572.1
Employee cost	28	4,348.6	288,117.4	250,401.2	213,903.0
Depreciation and amortization expense		2,536.7	168,074.9	134,495.8	110,462.6
Other expenses	29	8,834.4	585,321.4	545,909.5	498,777.7
Provision for loss of inventory (net of insurance recoveries)	9	247.3	16,383.9	—	—
Expenditure capitalized		(2,517.3)	(166,783.2)	(153,217.5)	(135,246.8)
Other (income)/loss (net)	30	(47.3)	(3,135.6)	(11,508.4)	(7,732.6)
Foreign exchange (gain)/loss (net)		580.6	38,468.2	12,680.7	(19,104.2)
Interest income		(108.5)	(7,186.6)	(6,763.9)	(6,656.7)
Interest expense (net)	31	723.2	47,912.6	52,231.6	53,094.7
Impairment in respect of an equity accounted investee	16	—	—	—	8,033.7
Share of (profit)/loss of equity accounted investees (net)	16	(87.2)	(5,774.7)	1,748.3	1,877.6
Net income before tax		1,877.4	124,384.9	198,232.1	179,405.1
Income tax expense	17	(415.3)	(27,512.7)	(69,149.7)	(48,226.5)
Net income		US\$ 1,462.1	Rs. 96,872.2	Rs. 129,082.4	Rs. 131,178.6
Attributable to:					
Shareholders of Tata Motors Limited		1,447.2	95,883.4	128,291.2	130,717.1
Non-controlling interests		14.9	988.8	791.2	461.5
Earnings per share:	39				
Ordinary shares:					
Basic		US\$ 0.4	Rs. 28.4	Rs. 39.4	Rs. 40.2
Diluted		US\$ 0.4	Rs. 28.4	Rs. 39.4	Rs. 40.2
‘A’ Ordinary shares:					
Basic		US\$ 0.4	Rs. 28.5	Rs. 39.5	Rs. 40.3
Diluted		US\$ 0.4	Rs. 28.5	Rs. 39.5	Rs. 40.3

See accompanying notes to consolidated financial statements

Tata Motors Limited and subsidiaries
Consolidated Statements of Comprehensive Income

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Net income	US\$ 1,462.1	Rs. 96,872.2	Rs. 129,082.4	Rs. 131,178.6
Other comprehensive income :				
(i) Items that will not be reclassified subsequently to profit and loss :				
Remeasurement gains and (losses) on defined benefit obligations (net)	740.5	49,062.3	(36,402.8)	(12,940.5)
Share of remeasurement gains and (losses) on defined benefit obligations (net) of equity accounted investees	(0.1)	(8.7)	(32.1)	10.9
Income tax relating to items that will not be reclassified subsequently	(172.1)	(11,402.1)	7,449.4	(455.6)
	<u>568.3</u>	<u>37,651.5</u>	<u>(28,985.5)</u>	<u>(13,385.2)</u>
(ii) Items that may be reclassified subsequently to profit and loss :				
Currency translation differences	254.4	16,856.7	(43,094.9)	66,678.4
Gain/(loss) on cash flow hedges (net)	81.1	5,370.3	(178,491.6)	89,657.1
Available-for-sale investments	0.1	4.7	(531.2)	441.9
Share of other comprehensive income of equity accounted investees	4.3	291.1	1,175.1	419.1
Income tax relating to items that may be reclassified subsequently	(24.7)	(1,637.1)	35,708.5	(18,628.9)
	<u>315.2</u>	<u>20,885.7</u>	<u>(185,234.1)</u>	<u>138,567.6</u>
Other comprehensive income/(loss) for the year, net of tax (i+ii)	<u>883.5</u>	<u>58,537.2</u>	<u>(214,219.6)</u>	<u>125,182.4</u>
Total comprehensive income for the year	<u>US\$ 2,345.6</u>	<u>Rs. 155,409.4</u>	<u>Rs. (85,137.2)</u>	<u>Rs. 256,361.0</u>
Attributable to:				
Shareholders of Tata Motors Limited	2,329.2	154,323.2	(85,730.6)	255,605.1
Non-controlling interests	16.4	1,086.2	593.4	755.9

See accompanying notes to consolidated financial statements

Tata Motors Limited and subsidiaries
Consolidated Statements of Cash Flows

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Cash flows from operating activities:				
Net income	US\$ 1,462.1	Rs. 96,872.2	Rs. 129,082.4	Rs. 131,178.6
Adjustments for:				
Depreciation and amortization expense	2,536.7	168,074.9	134,495.8	110,462.6
Inventory write-down	377.5	25,012.2	5,527.2	3,354.5
Allowances for finance receivables	129.8	8,600.3	23,226.2	24,138.9
Allowances for trade and other receivables	101.4	6,719.1	2,371.0	2,691.0
Impairment in respect of an equity accounted investee	—	—	—	8,033.7
Share of (profit)/loss of equity accounted investees (net)	(87.2)	(5,774.7)	1,748.3	1,877.6
Loss on sale of assets/assets written off and others (net)	143.1	9,477.4	3,512.2	294.1
(Gain)/loss on sale, change in fair value of available-for-sale investments (net)	(27.4)	(1,813.9)	(1,195.0)	(1,102.1)
(Gain)/loss on change in the fair value of conversion options	—	—	—	838.2
(Gain)/loss on fair value of prepayment option on senior notes	—	—	—	4,791.6
Acquisition related cost	—	—	—	27.6
(Gain)/loss on change in fair value of commodity derivatives	87.8	5,818.7	2,957.9	577.0
Foreign exchange (gain)/loss (net)	22.7	1,507.9	30,188.4	(2,708.3)
Income tax expense	415.3	27,512.7	69,149.7	48,226.5
Interest expense (net)	723.2	47,912.6	52,231.6	53,094.7
Interest income	(108.5)	(7,186.6)	(6,763.9)	(6,656.7)
Dividend income and income on mutual funds	(6.3)	(422.7)	(355.6)	(244.9)
Gain on fair value of below market interest loans	(7.7)	(508.1)	(498.4)	(2,155.2)
Non-cash dividend income on mutual funds	(0.4)	(24.0)	4.3	(130.2)
Cash flows from operating activities before changes in following assets and liabilities	5,762.1	381,778.0	445,682.1	376,589.2
Trade receivables	(119.9)	(7,945.6)	(31,612.9)	11,055.8
Finance receivables	(210.6)	(13,954.5)	4,033.3	(11,194.9)
Other financial assets	(61.4)	(4,066.1)	(1,731.2)	1,620.5
Other current assets	20.7	1,373.3	(417.3)	16,252.4
Inventories	(865.4)	(57,341.5)	(36,962.9)	(31,763.6)
Other non-current assets	(16.6)	(1,100.4)	(2,805.9)	(4,205.0)
Accounts payable	615.4	40,776.5	40,256.2	47,075.4
Acceptances	(14.7)	(974.3)	(10,859.7)	7,548.5
Other current liabilities	126.2	8,359.4	(1,455.1)	(5,948.4)
Other financial liabilities	110.1	7,292.2	2,343.6	(159.7)
Other non-current liabilities	416.4	27,586.4	24,396.7	(7,159.6)
Provisions	201.2	13,327.4	(23,232.4)	16,486.3
Cash generated from operations	5,963.5	395,110.8	407,634.5	416,196.9
Income tax paid (net)	(307.9)	(20,397.8)	(42,233.2)	(44,765.2)
Net cash provided by operating activities	5,655.6	374,713.0	365,401.3	371,431.7
Cash flows from investing activities:				
Deposits with banks	(6,556.8)	(434,418.0)	(287,502.2)	(265,986.1)
Realization of deposits with banks	6,258.6	414,663.0	305,732.7	220,905.9
Loan given to equity accounted investees	—	—	(1,600.0)	—
(Purchase)/sale of available-for-sale investments (net)	(711.6)	(47,147.3)	(54,501.0)	(4,252.2)
Purchases of available-for-sale investments/other investments	(1.9)	(128.7)	(100.5)	(38.8)
Proceeds from sale of available-for-sale investments/other investments	13.5	892.1	423.4	43.7

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Deposits of margin money and other restricted deposits	US\$ (864.7)	Rs. (57,287.5)	Rs. —	Rs. (7,262.4)
Realization of margin money and other restricted deposits	835.1	55,327.0	361.7	22,196.5
(Increase)/decrease in short term inter-corporate deposits	9.8	650.0	(950.0)	—
Loan to others	(0.1)	(7.5)	—	—
Repayment of loan to others	1.3	83.3	—	—
Investments in equity accounted investees	—	—	(12,258.6)	(9,007.6)
Dividends received from equity accounted investees	2.3	154.2	153.4	145.1
Interest received	110.3	7,309.6	6,606.7	6,310.2
Dividend received	6.3	422.7	355.6	244.9
Payments for property, plant and equipment	(2,408.0)	(159,537.9)	(171,361.8)	(134,114.1)
Proceeds from sale of property, plant and equipment	8.9	588.4	704.3	479.2
Payments for intangible assets	(2,295.1)	(152,064.7)	(130,241.3)	(124,699.7)
Payments for acquisitions, net of cash acquired	—	—	—	(1,294.3)
Net cash used in investing activities	(5,592.1)	(370,501.3)	(344,177.6)	(296,329.7)
Cash flows from financing activities:				
Proceeds from issuance of shares	1,130.6	74,904.8	—	0.9
Proceeds from issuance of shares to non-controlling interests shareholders	—	1.9	—	—
Shares issuance costs and foreign currency convertible notes (FCCNs) conversion expenses	(8.6)	(572.6)	—	(3.5)
Dividends paid (including dividend distribution tax)	—	—	(6,744.2)	(6,822.6)
Dividends paid to non-controlling interests shareholders of subsidiaries (including dividend distribution tax)	(16.0)	(1,058.6)	(463.1)	(390.1)
Interest paid	(846.2)	(56,068.2)	(69,130.7)	(67,619.1)
Proceeds from issuance of short-term debt	1,276.9	84,602.0	87,050.2	113,642.8
Repayment of short-term debt	(1,358.5)	(90,004.4)	(97,716.4)	(125,763.5)
Net change in other short-term debt (with maturity up to three months)	(201.9)	(13,377.4)	40,776.2	(13,388.4)
Proceeds from issuance of long-term debt	1,669.1	110,587.0	267,018.8	237,843.9
Repayments of long-term debt	(2,201.4)	(145,854.8)	(187,755.8)	(183,701.5)
Debt issuance cost	(16.4)	(1,088.4)	(2,424.7)	(2,046.6)
Net cash provided by/(used in) financing activities	(572.4)	(37,928.7)	30,610.3	(48,247.7)
Net change in cash and cash equivalents	(508.9)	(33,717.0)	51,834.0	26,854.3
Effect of foreign exchange on cash and cash equivalents	118.1	7,822.2	(14,324.6)	16,157.3
Cash and cash equivalents, beginning of the year	2,979.8	197,430.9	159,921.5	116,909.9
Cash and cash equivalents, end of the year	US\$ 2,589.0	Rs. 171,536.1	Rs. 197,430.9	Rs. 159,921.5
Non-cash transactions:				
Liability towards property, plant and equipment and intangible assets purchased on credit/deferred credit	US\$ 572.9	Rs. 37,960.4	Rs. 49,236.6	Rs. 29,779.1
FCCN converted to Ordinary shares *	—	—	—	8,644.9

* 4% FCCNs (USD) due 2014, converted into 28,549,566 Ordinary shares (face value of Rs.2 each) during the year ended March 31, 2014.

See accompanying notes to consolidated financial statements

Tata Motors Limited and subsidiaries

Consolidated statements of changes in equity

For each of the years ended March 31, 2016, 2015 and 2014

	Other components of equity				Reserves*										Equity attributable to shareholders of Tata Motors Limited	Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Currency translation reserve	Available-for-sale investments	Hedging reserve	Capital redemption reserve	Debenture redemption reserve	Reserve for research and human resource development (In millions)	Special reserve	Earned surplus reserve	Retained earnings						
Balance as at April 1, 2015	Rs. 6,437.8	Rs. 187,280.1	Rs. 28,887.9	Rs. 280.6	Rs. (88,603.2)	Rs. 22.8	Rs. 10,421.6	Rs. 1,644.3	Rs. 2,695.8	Rs. 140.0	Rs. 385,734.0	Rs. 534,941.7	Rs. 4,410.1	Rs. 539,351.8			
Income for the year											95,883.4	95,883.4	98.8	96,872.2			
Other comprehensive income/(loss) for the year			17,048.7	(6.0)	3,743.2						37,653.9	58,439.8	97.4	58,537.2			
Total																	
comprehensive income/(loss) for the year	—	—	17,048.7	(6.0)	3,743.2	—	—	—	—	—	133,537.3	154,323.2	1,086.2	155,409.4			
Issue of shares pursuant to Rights (net of issue expenses of Rs. 572.6 million)	354.0	73,978.2										74,332.2		74,332.2			
Shares issued to non-controlling interests												—	1.9	1.9			
Dividend paid (including dividend tax)												—	(1,058.6)	(1,058.6)			
Transfer to earned surplus reserve										95.3	(95.3)	—	—	—			
Transfer to special reserve									228.7	(228.7)		—		—			
Balance as at March 31, 2016	Rs. 6,791.8	Rs. 261,258.3	Rs. 45,936.6	Rs. 274.6	Rs. (84,860.0)	Rs. 22.8	Rs. 10,421.6	Rs. 1,644.3	Rs. 2,924.5	Rs. 235.3	Rs. 518,947.3	Rs. 763,597.1	Rs. 4,439.6	Rs. 768,036.7			
	US\$ 102.5	US\$ 3,943.2	US\$ 693.3	US\$ 4.1	Rs. (38,648.8)	US\$ 0.3	US\$ 157.3	US\$ 24.8	US\$ 44.2	US\$ 3.6	US\$ 7,832.5	US\$ 11,525.0	US\$ 67.0	US\$ 11,592.0			
					US\$ (583.4)						US\$ 8,062.7						

* Refer to note 27

See accompanying notes to consolidated financial statements

	Other components of equity				Reserves*							Equity attributable to shareholders of Tata Motors Limited	Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Currency translation reserve	Available-for-sale investments	Hedging reserve	Capital redemption reserve	Debtenture redemption reserve	Reserve for research and human resource development (In millions)	Special reserve	Earned surplus reserve	Retained earnings			
Balance as at April 1, 2014	Rs. 6,437.8	Rs. 187,341.3	Rs. 70,610.8	Rs. 800.2	Rs. 54,198.2	Rs. 22.8	Rs. 10,421.6	Rs. 1,644.3	Rs. 2,301.7	Rs. 140.0	Rs. 293,559.0	Rs. 627,477.7	Rs. 4,218.6	Rs. 631,696.3
Income for the year											128,291.2	128,291.2	791.2	129,082.4
Other comprehensive income/(loss) for the year			(41,722.9)	(519.6)	(142,801.4)						(28,977.9)	(214,021.8)	(197.8)	(214,219.6)
Total														
comprehensive income for the year	—	—	(41,722.9)	(519.6)	(142,801.4)	—	—	—	—	—	99,313.3	(85,730.6)	593.4	(85,137.2)
Dividend paid (including dividend tax)											(6,744.2)	(6,744.2)	(463.1)	(7,207.3)
Transfer to special reserve									394.1		(394.1)	—	—	—
Changes in ownership interests in subsidiaries that do not result in a loss of control			(61.2)										(61.2)	61.2
Balance as at March 31, 2015	Rs. 6,437.8	Rs. 187,280.1	Rs. 28,887.9	Rs. 280.6	Rs. (88,603.2)	Rs. 22.8	Rs. 10,421.6	Rs. 1,644.3	Rs. 2,695.8	Rs. 140.0	Rs. 385,734.0	Rs. 534,941.7	Rs. 4,410.1	Rs. 539,351.8
					Rs. (59,434.7)						Rs. 400,658.5			

* Refer to note 27

See accompanying notes to consolidated financial statements

	Other components of equity					Reserves*					Equity attributable to shareholders of			Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Currency translation reserve	Available-for-sale investments	Hedging reserve	Capital redemption reserve	Debt redemption reserve	Human resource development (In millions)	Special reserve	Earned surplus reserve	Retained earnings	Tata Motors Limited			
Balance as at April 1, 2013	Rs. 6,380.7	Rs. 178,971.7	Rs. 3,820.6	Rs. 320.3	Rs. (16,801.3)	Rs. 22.8	Rs. 10,421.6	Rs. 1,644.3	Rs. 2,083.8	Rs. 140.0	Rs. 183,264.0	Rs. 370,268.5	Rs. 3,637.2	Rs. 373,905.7	
Income for the year											130,717.1	130,717.1	461.5	131,178.6	
Other comprehensive income/(loss) for the year			66,790.2	479.9	70,999.5						(13,381.6)	124,888.0	294.4	125,182.4	
Total comprehensive income for the year	—	—	66,790.2	479.9	70,999.5	—	—	—	—	—	117,335.5	255,605.1	755.9	256,361.0	
Shares issued upon conversion of foreign currency convertible notes (net of issue expenses of Rs. 3.5 million)	57.1	8,584.3										8,641.4		8,641.4	
Issue of shares held in abeyance		0.9										0.9		0.9	
Dividend paid (including dividend tax)											(6,822.6)	(6,822.6)	(390.1)	(7,212.7)	
Transfer to special reserve									217.9		(217.9)	—		—	
Changes in ownership interests in subsidiaries that do not result in a loss of control		(215.6)										(215.6)	215.6	—	
Balance as at March 31, 2014	Rs. 6,437.8	Rs. 187,341.3	Rs. 70,610.8	Rs. 800.2	Rs. 54,198.2	Rs. 22.8	Rs. 10,421.6	Rs. 1,644.3	Rs. 2,301.7	Rs. 140.0	Rs. 293,559.0	Rs. 627,477.7	Rs. 4,218.6	Rs. 631,696.3	
					Rs. 125,609.2						Rs. 308,089.4				

* Refer to note 27

See accompanying notes to consolidated financial statements

Tata Motors Limited and subsidiaries

Notes to Consolidated Financial Statements

1. Background and operations

Tata Motors Limited and its subsidiaries, collectively referred to as (“the Company” or “Tata Motors”), designs, manufactures and sells a wide range of automotive vehicles. The Company provides financing for the vehicles sold by dealers of the Company in certain markets. The Company also manufactures engines for industrial and marine applications, aggregates such as axles and transmissions for commercial vehicles and factory automation equipment, and provides information technology services.

Tata Motors Limited is a public limited company incorporated and domiciled in India and has its registered office at Mumbai, Maharashtra, India.

The Company’s subsidiaries includes the Jaguar Land Rover business (referred to as JLR or Jaguar Land Rover).

As on March 31, 2016, Tata Sons Limited (or Tata Sons), together with its subsidiaries, owns 29.97% of the Ordinary shares and 0.50% of ‘A’ Ordinary shares of Tata Motors Limited, and has the ability to significantly influence the Company’s operations (refer note 25 for voting rights relating to Ordinary shares and ‘A’ Ordinary shares).

The consolidated financial statements were approved by the Board of Directors and authorised for issue on July 28, 2016.

2. Significant accounting policies

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (referred to as “IFRS”) as issued by the International Accounting Standards Board (referred to as “IASB”).

b. Basis of preparation

The consolidated financial statements have been prepared on historical cost basis except for certain financial instruments measured at fair value.

c. Basis of consolidation

Subsidiaries

The consolidated financial statements include Tata Motors Limited and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company (a) has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to affect those returns through its power over the investee. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above. In assessing control, potential voting rights that currently are exercisable are taken into account. The results of subsidiaries acquired or disposed off during the year are included in the consolidated financial statements from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Inter-company transactions and balances including unrealized profits are eliminated in full on consolidation.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Company’s equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the fair value of the acquiree’s identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests’ share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e., reclassified to profit or loss) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Interests in joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint operations

Certain of the Company's activities, are conducted through joint operations, which are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Company recognizes, in the consolidated financial statements, its share of the assets, liabilities, income and expenses of these joint operations incurred jointly with the other partners, along with its share of income from the sale of the output and any liabilities and expenses that it has incurred in relation to the joint operation.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The results, assets and liabilities of a joint venture are incorporated in these financial statements using the equity method of accounting as described below.

Associates

Associates are those entities in which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control those policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting as described below.

Equity method of accounting (equity accounted investees)

An interest in an associate or joint venture is accounted for using the equity method from the date in which the investee becomes an associate or a joint venture and are recognized initially at cost. The Company's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Company's share of profits or losses and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments in the nature of net investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

When the Company transacts with an associate or joint venture of the Company, unrealized profits and losses are eliminated to the extent of the Company's interest in its associate or joint venture.

d. Business combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. Acquisition related costs are recognized in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognized at their fair value at the acquisition date, except certain assets and liabilities required to be measured as per the applicable standard.

Purchase consideration in excess of the Company's interest in the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities is recognized as goodwill. Excess of the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the purchase consideration is recognized, after reassessment of fair value of net assets acquired, in the income statement.

e. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- i) Note 12(3) – Property, plant and equipment
- ii) Note 14 – Impairment of goodwill
- iii) Note 15 – Impairment of indefinite life intangible assets
- iv) Note 16 – Impairment of equity accounted investees
- v) Note 17 – Recoverability/recognition of deferred tax assets
- vi) Note 22 – Provision for product warranty
- vii) Note 32 – Assets and obligations relating to employee benefits

f. Revenue recognition

Revenue is measured at fair value of consideration received or receivable.

i) Sale of products

The Company recognizes revenues on the sale of products, net of discounts, sales incentives, customer bonuses and rebates granted, when products are delivered to dealers or when delivered to a carrier for export sales, which is when title and risks and rewards of ownership pass to the customer. Sale of products includes export and other recurring and non-recurring incentives from governments (referred to as “incentives”). Sale of products is presented net of excise duty where applicable and other indirect taxes.

Revenues are recognized when collectability of the resulting receivable is reasonably assured.

If the sale of products includes a determinable amount for subsequent services (multiple component contracts) the related revenues are deferred and recognized as income over the relevant service period. Amounts are normally recognized as income by reference to the pattern of related expenditure.

Incentives are recognized when there is reasonable assurance that the Company will comply with the conditions and the incentive will be received. Incentives are recorded at fair value where applicable. Revenues include incentives of Rs. 20,814.4 million, Rs. 23,263.1 million and Rs. 22,575.8 million for the years ended March 31, 2016, 2015 and 2014, respectively.

During the years ended March 31, 2016, 2015 and 2014, Rs 9,960.8 million, Rs.13,054.3 million and Rs. 8,751.7 million, respectively, were received by a foreign subsidiary as an indirect tax incentive that requires the subsidiary to meet certain criteria relating to vehicle efficiency and investment in engineering and research and development. The incentive is provided as a partial off set to the higher sales tax payable following implementation of new legislation. Rs. 9,960.8 million, Rs.13,054.3 million, Rs. 8,463.2 million (included above) for the years ended March 31, 2016, 2015 and 2014 respectively, have been recognized in revenue and Rs. 288.5 million for the year ended March 31, 2014 has been deferred to off set against capital expenditure, when incurred.

ii) Finance revenues

Finance and service charges are accrued on the unpaid principal balance of finance receivables using the effective interest method.

g. Cost recognition

Costs and expenses are recognized when incurred and are classified according to their nature.

Expenditure capitalized represents employee costs, stores and other manufacturing supplies, and other expenses incurred for construction including product development undertaken by the Company.

h. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

i) Product warranty expenses

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidences based on actions on product failures. The timing of outflows will vary as and when warranty claim will arise, being typically up to five years.

ii) Residual risk

In certain markets, the Company is responsible for the residual risk arising on vehicles sold by dealers under leasing arrangements. The provision is based on the latest available market expectations of future residual value trends. The timing of the outflows will be at the end of the lease arrangements – being typically up to three years.

iii) Legal and product liability

Legal and product liability provision is recorded in respect of compliance with regulations and known litigations which impact the Company. The product liability claim primarily relates to motor accident claims, consumer complaints, dealer terminations, personal injury claims and compliance with regulations.

iv) Environmental liability

Environmental liability relates to various environmental remediation cost such as asbestos removal and land clean up. The timing of when these costs will be incurred is not known with certainty.

i. Foreign currency

These consolidated financial statements are presented in Indian rupees, which is the functional currency of Tata Motors Limited.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences are recognized in the income statement except to the extent, exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings, are capitalized as part of borrowing costs.

For the purpose of consolidation, the assets and liabilities of the Company's foreign operations are translated to Indian rupees at the exchange rate prevailing on the balance sheet date, and the income and expenses at the average rate of exchange for the respective months. Exchange differences arising are recognized as currency translation reserve under equity.

j. Income taxes

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the income statement except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss, or where they arise from the initial accounting for business combination. In the case of a business combination the tax effect is included in the accounting for the business combination.

Current income taxes are determined based on respective taxable income of each taxable entity and tax rules applicable for respective tax jurisdictions.

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

k. Earnings per share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive.

l. Inventories

Inventories (other than those recognized consequent to the sale of vehicles subject to repurchase arrangements) are valued at the lower of cost and net realizable value. Cost of raw materials, components and consumables are ascertained on a first in first out basis. Cost, including fixed and variable production overheads, are allocated to work-in-progress and finished goods determined on a full absorption cost basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

Inventories include vehicles sold subject to repurchase arrangements. These vehicles are carried at cost to the Company and are amortized in changes in inventories of finished goods to their residual values (i.e., estimated second hand sale value) over the term of the arrangement.

m. Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

Freehold land is measured at cost and is not depreciated.

Heritage assets, comprising antique vehicles purchased by the Company, are not depreciated as they are considered to have a residual value in excess of cost. Residual values are re-assessed on an annual basis.

Cost includes purchase price, taxes and duties, labor cost and direct overheads for self-constructed assets and other direct costs incurred up to the date the asset is ready for its intended use.

Interest cost incurred for constructed assets is capitalized up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset.

Depreciation is provided on a straight-line basis over estimated useful lives of the assets. Estimated useful lives of the assets are as follows:

	Estimated useful life (years)
Buildings	20 to 40
Plant and equipment	3 to 30
Computers	3 to 6
Vehicles	3 to 10
Furniture and fixtures	3 to 20

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Capital-work-in-progress includes capital advances.

n. Intangible assets

Intangible assets purchased, including those acquired in business combinations, are measured at cost or fair value as of the date of acquisition where applicable less accumulated amortization and accumulated impairment, if any. Intangible assets with indefinite lives are reviewed annually to determine whether indefinite-life assessment continues to be supportable. If not, the change in the useful-life assessment from indefinite to finite is made on a prospective basis.

Amortization is provided on a straight-line basis over estimated useful lives of the intangible assets as per details below

	Estimated amortization period
Patents and technological know-how	2 to 12 years
Dealer network	20 years
Intellectual property rights	7 to 9 years
Software	2 to 8 years

The amortization period for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates.

Capital work-in-progress includes capital advances.

Customer related intangible assets consists of the Company's dealer network.

Internally generated intangible asset

Research costs are charged to the income statement in the year in which they are incurred.

Product development costs incurred on new vehicle platform, engines, transmission and new products are recognized as intangible assets, when feasibility has been established, the Company has committed technical, financial and other resources to complete the development and it is probable that asset will generate probable future economic benefits.

The costs capitalized include the cost of materials, direct labor and directly attributable overhead expenditure incurred up to the date the asset is available for use.

Interest cost incurred is capitalized up to the date the asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings if no specific borrowings have been incurred for the asset.

Product development cost is amortized over a period of 24 months to 120 months or on the basis of actual production or planned production volume over such period.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment, if any.

o. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Assets taken on finance lease

A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets taken on operating lease

Leases other than finance leases are operating leases, and the leased assets are not recognized on the Company's balance sheet. Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

p. Impairment

i) Goodwill

Cash generating units to which goodwill is allocated are tested for impairment annually at each balance sheet date, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to that unit and then to the other assets of the unit pro rata on the basis of carrying amount of each asset in the unit. Goodwill impairment loss recognized is not reversed in subsequent period.

ii) Property, plant and equipment and other intangible assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite lives may be impaired. If any such impairment exists the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use, are tested for impairment annually at each balance sheet date, or earlier, if there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement.

As at March 31, 2016 and 2015, none of the Company's property, plant and equipment and intangible assets were considered impaired.

q. Employee benefits

i) Pension plans

The Jaguar Land Rover subsidiaries operate several defined benefit pension plans, which are contracted out of the second state pension scheme. The assets of the plan are held in separate trustee administered funds. The plans provide for monthly pension after retirement as per salary drawn and service period as set out in rules of each fund.

Contributions to the plans by the subsidiary group take into consideration the results of actuarial valuations. The plans with a surplus position at the year-end have been limited to the maximum economic benefit available from unconditional rights to refund from the scheme or reduction in future contributions. Where the subsidiary group is considered to have a contractual obligation to fund the pension plan above the accounting value of the liabilities, an onerous obligation is recognized.

A separate defined contribution plan is available to employees of Jaguar Land Rover. Costs in respect of this plan are charged to the income statement as incurred.

ii) Gratuity

Tata Motors Limited and its subsidiaries in India have an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. Tata Motors Limited and such subsidiaries make annual contributions to gratuity funds established as trusts or insurance companies. Tata Motors Limited and its subsidiaries in India account for the liability for gratuity benefits payable in the future based on an actuarial valuation.

iii) Superannuation

Tata Motors Limited and some of its subsidiaries in India have two superannuation plans, a defined benefit plan and a defined contribution plan. An eligible employee on April 1, 1996 could elect to be a member of either plan.

Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. The monthly pension benefits after retirement range from 0.75% to 2% of the annual basic salary for each year of service. Tata Motors Limited and such subsidiaries account for superannuation benefits payable in future under the plan based on an actuarial valuation.

With effect from April 1, 2003, this plan was amended and benefits earned by covered employees have been protected as at March 31, 2003. Employees covered by this plan are prospectively entitled to benefits computed on a basis that ensures that the annual cost of providing the pension benefits would not exceed 15% of salary.

During the year ended March 31, 2015, the employees covered by this plan were given a one-time option to exit from the plan prospectively. Furthermore, the employees who opted for exit were given one-time option to withdraw accumulated balances from the superannuation plan.

Separate irrevocable trusts are maintained for employees covered and entitled to benefits. Tata Motors Limited and its subsidiaries contribute up to 15% or Rs.100,000, whichever is lower, of the eligible employees' salary to the trust every year. Such contributions are recognized as an expense when incurred. Tata Motors Limited and such subsidiaries have no further obligation beyond this contribution.

iv) Bhavishya Kalyan Yojana (BKY)

Bhavishya Kalyan Yojana is an unfunded defined benefit plan for employees of Tata Motors Limited and some of its subsidiaries. The benefits of the plan include pension in certain cases, payable up to the date of normal superannuation had the employee been in service, to an eligible employee at the time of death or permanent disablement, while in service, either as a result of an injury or as certified by the appropriate authority. The monthly payment to dependents of the deceased/disabled employee under the plan equals 50% of the salary drawn at the time of death or accident or a specified amount, whichever is greater. Tata Motors Limited and these subsidiaries account for the liability for BKY benefits payable in the future based on an actuarial valuation.

v) *Provident fund and family pension*

In accordance with Indian law, eligible employees of Tata Motors Limited and some of its subsidiaries are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions, as specified under the law, are made to the provident fund and pension fund set up as an irrevocable trust by Tata Motors Limited and its subsidiaries or to respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme.

vi) *Severance indemnity*

Tata Daewoo Commercial Vehicle Company Limited, or TDCV, a subsidiary company incorporated in Korea, has an obligation towards severance indemnity, a defined benefit retirement plan, covering eligible employees. The plan provides for a lump sum payment to all employees with more than one year of employment equivalent to 30 days' salary payable for each completed year of service.

vii) *Post-retirement medicare scheme*

Under this unfunded scheme, employees of Tata Motors Limited and some of its subsidiaries receive medical benefits subject to certain limits on amounts of benefits, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Company as part of an Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. Tata Motors Limited and such subsidiaries account for the liability for post-retirement medical scheme based on an actuarial valuation.

viii) *Remeasurement gains and losses*

Remeasurement comprising actuarial gains and losses, the effect of the asset ceiling and the return on assets (excluding interest) relating to retirement benefit plans, are recognized directly in other comprehensive income in the period in which they arise. Remeasurement recorded in other comprehensive income is not reclassified to income statement.

Actuarial gains and losses relating to long-term employee benefits are recognized in the income statement in the period in which they arise.

ix) *Measurement date*

The measurement date of retirement plans is March 31.

r. Dividends

Any dividend declared or paid by Tata Motors Limited for any financial year is based on the profits available for distribution as reported in the unconsolidated statutory financial statements of Tata Motors Limited (Standalone) prepared in accordance with Generally Accepted Accounting Principles in India, or Indian GAAP. Indian law permits the declaration and payment of dividend out of profits for the year or previous financial year(s) as stated in the statutory financial statements of Tata Motors Limited (Standalone) prepared in accordance with Generally Accepted Accounting Principles in India, or Indian GAAP after providing for depreciation in accordance with the provisions of Schedule II to the Companies Act. However, in the absence or inadequacy of the said profits, it may declare dividend out of free reserves, subject to certain conditions as prescribed under the Companies (Declaration and payment of Dividend) Rules, 2014. Accordingly, in certain years the net income reported in these financial statements may not be fully distributable. The amount available for distribution is Rs.1,981.9 million as at March 31, 2016 (Rs.Nil million as at March 31, 2015).

s. Segments

The Company primarily operates in the automotive segment. The automotive segment comprises two reportable segments i.e. Tata and other brand vehicles, including financing thereof and Jaguar Land Rover. Other operating segments do not meet the quantitative thresholds for disclosure and have been aggregated.

t. Financial instruments

i) Classification, initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified into categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Financial instruments are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Initially, a financial instrument is recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Financial assets and financial liabilities at fair value through profit or loss: Derivatives, including embedded derivatives separated from the host contract, unless they are designated as hedging instruments, for which hedge accounting is applied, are classified into this category. These are measured at fair value with changes in fair value recognized in the income statement.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets at fair value through profit or loss or financial assets available-for-sale. Subsequently, these are measured at amortized cost using the effective interest method less any impairment losses.

These include trade receivables, finance receivables, balances with banks, short-term deposits with banks, other financial assets and investments with fixed or determinable payments.

Available-for-sale financial assets: Available-for-sale financial assets are those non-derivative financial assets that are either designated as such upon initial recognition or are not classified in any of the other financial assets categories. Subsequently, these are measured at fair value and changes therein, other than impairment losses are recognized directly in other comprehensive income, net of applicable deferred income taxes.

Dividends from available-for-sale debt securities are recognized in the income statement when the right to receive payment has been established.

Equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

When the financial asset is derecognized, the cumulative gain or loss in equity is transferred to the income statement.

Foreign currency convertible notes: Convertible notes issued in foreign currency are convertible at the option of the holder into Ordinary shares, Global Depository Shares, American Depository Shares or Qualified Securities of the Company as per the terms of the issue. A conversion option which is not settled by exchanging a fixed amount of cash for a fixed number of shares is accounted for separately from the liability component as derivative and initially accounted for at fair value. The liability component is recognized initially at the difference between the fair value of the note and the fair value of the conversion option. Directly attributable costs are allocated to the liability component and the conversion option in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of the foreign currency convertible notes is measured at amortized cost using the effective interest method. The conversion option is subsequently measured at fair value at each reporting date or on the date of conversion, as applicable, with changes in fair value recognized in income statement.

The conversion option is presented together with the related liability.

Fair valuation of prepayment options in senior notes: Embedded derivatives relating to prepayment options in senior notes are not considered as closely related and are separately accounted unless the exercise price of these options are approximately equal on each exercise date to the amortized cost of the senior notes.

The embedded derivative is initially accounted for separately from the liability component as derivative at fair value. The fair value represents the difference in the traded market price of the notes and the expected price of the notes would trade at if they did not contain any prepayment features. The expected price is based on market inputs including credit spreads and interest rates. Directly attributable costs are allocated to the liability component and the prepayment option in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of the senior notes are measured at amortized cost using the effective interest method. The prepayment option is subsequently measured at fair value at each reporting date with changes in fair value recognized in income statement. The prepayment option is presented together with the related liability.

Equity instruments: An equity instrument is any contract that evidences residual interests in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities: These are measured at amortized cost using the effective interest method.

ii) *Determination of fair value:*

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

iii) *Derecognition of financial assets and financial liabilities:*

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities are derecognized when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

iv) *Impairment of financial assets:*

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Loans and receivables: Objective evidence of impairment includes default in payments with respect to amounts receivable from customers.

Impairment loss in respect of loans and receivables is calculated as the difference between their carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognised in the income statement. If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The reversal is recognized in the income statement. Loans and receivables are generally written off against the allowance only after all means of collection have been exhausted and the potential for recovery is considered remote.

Available-for-sale financial assets: If the available-for-sale financial asset is impaired, the difference between the financial asset's acquisition cost (net of any principal repayments and amortization) and the current fair value, less any previous impairment loss recognized in the income statement, is reclassified from equity to income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed. The reversal is recognized in the income statement. Reversal of impairment loss on equity investments classified as available-for-sale is not recognized in the income statement. Increase in their fair value after impairment is recognized in other comprehensive income.

Impairment loss on equity investments carried at cost is not reversed.

u. **Hedge accounting**

The Company uses foreign currency forward and option contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates these forward and option contracts in a cash flow hedging relationship by applying the hedge accounting principles.

These forward and option contracts are stated at fair value at each reporting date. Changes in the fair value of these forward and option contracts that are designated and effective as hedges of future cash flows are recognized in other comprehensive income (net of tax) and the ineffective portion is recognized immediately in the consolidated income statement. Amounts accumulated in equity are reclassified to the consolidated income statement in the periods in which the forecasted transactions occurs.

For options, the time value is not considered part of the hedge, and this is treated as an ineffective hedge portion and recognized immediately in the consolidated income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecast transactions, any cumulative gain or loss on the hedging instrument recognized in equity is retained there until the forecast transaction occurs.

If the forecast transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is immediately transferred to the consolidated income statement for the year.

v. Recent accounting pronouncements

New Accounting pronouncements affecting amounts reported and /or disclosures in the financial statements.

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective. The Company is evaluating the impact of these pronouncements on the consolidated financial statements:

IFRS 9	Financial Instruments ³
Amendments to IAS 16 & IAS 38	Property, Plant & Equipment and Intangible Assets ¹
IFRS 15	Revenue from Contracts with Customers ³
IFRS 16	Leases ⁴
Amendments to IFRS 11	Joint Arrangements ¹
Amendments to IFRS 10 & IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to IAS 1	Presentation of Financial Statements ¹
Amendments to IAS 12	Income Taxes ²
Amendment to IAS 7	Statement of Cash Flows ²
Annual Improvements to IFRSs 2012-2014 Cycle	IFRS 5, IFRS 7, IAS 19, IAS 34 ¹

¹ Effective for annual periods beginning on or after January 1, 2016.

² Effective for annual periods beginning on or after January 1, 2017.

³ Effective for annual periods beginning on or after January 1, 2018.

⁴ Effective for annual periods beginning on or after January 1, 2019.

⁵ The IASB has postponed indefinitely the effective date, with early adoption permitted.

IFRS 9 – Financial Instruments

In July 2014, the IASB completed the final element of its comprehensive response to the financial crisis by issuing IFRS 9 *Financial Instruments*. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking “expected loss” impairment model and a substantially-reformed approach to hedge accounting. The new standard will come into effect on January 1, 2018, with early application permitted.

Amendment to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets

In May 2014, the IASB issued “Amendments to IAS 16 and IAS 38”, clarifying that the use of methods based on revenue to calculate depreciation is not appropriate because revenue generated by an activity that includes the use of an asset typically reflects factors that are not directly linked to the consumption of the economic benefits embodied in the asset. Revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

IFRS 15 – Revenue from Contracts with Customers

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 - Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17 - Leases. IFRS 16, which is not applicable to service contracts, but only applicable to leases or lease components of a contract, defines a lease as a contract that conveys to the customer (lessee) the right to use an asset for a period of time in exchange for consideration. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead, introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leases assets separately from interest on lease liabilities in the income statement. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019, with early adoption allowed only if IFRS 15 - Revenue from Contracts with Customers is also adopted.

Amendments to IFRS 11 – Joint Arrangements

When an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, it shall apply, to the extent of its share in accordance with this standard, all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in this standard and disclose the information that is required in those IFRSs in relation to business combinations.

Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In September 2014, IASB issued an amendment to IFRS 10 and IAS 28 to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- Requires full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- Requires the partial recognition of gains and losses where the assets do not constitute a business, i.e., a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.
- These requirements apply regardless of the legal form of the transaction, for example, whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

This amendment is effective for annual periods beginning on or after January 1, 2016.

Amendments to IAS 1 – Presentation of Financial Statements

In December 2014, IASB issued an amendment to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports by making the following changes:

- Clarification that information should not be obscured by aggregating or by providing immaterial information, and that materiality considerations apply to all the parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- Additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

This amendment is effective for annual periods beginning on or after January 1, 2016.

Amendments to IAS 12 – Income Taxes

In January 2016, the IASB issued amendments to IAS 12- Income Taxes that clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier adoption permitted.

Amendments to IAS 7 – Statements of Cash Flows

In January 2016, the IASB issued amendments to IAS 7 - Statement of Cash Flows introducing additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective from January 1, 2017, with earlier adoption permitted.

Annual Improvements to IFRSs 2012-2014 Cycle

In September 2014, the IASB issued “Annual Improvements to IFRSs: 2012-2014 Cycle” as part of its annual process of revising and improving existing standards. These are effective for annual periods beginning on or after January 1, 2016.

- IFRS 5 – Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held-for-sale to held-for-distribution or vice versa and cases in which held-for-distribution accounting is discontinued
- IFRS 7 – Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- IAS 19 – Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- IAS 34 – Clarifies the meaning of “elsewhere in the interim report” and requires a cross-reference

w. *Convenience translation*

The consolidated financial statements have been expressed in Indian rupees (“Rs.”), Tata Motors Limited’s functional currency. For the convenience of the reader, the financial statements as at and for the year ended March 31, 2016, have been translated into U.S. dollars at US\$1.00 = Rs.66.2550, based on fixing rate in the City of Mumbai on March 31, 2016, for cable transfers in Indian rupees as published by the Foreign Exchange Dealers’ Association of India (FEDAI).

Such translation should not be construed as representation that the rupee amounts have been or could be converted into U.S. dollars at that or any other rate, or at all.

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2016		As at March 31, 2016 (In millions)		2015
Cash balances	US\$	6.1	Rs.	400.9	Rs. 369.7
Balances with banks (including deposits with original maturity of up to three months)		2,582.9		171,135.2	197,061.2
Total	US\$	2,589.0	Rs.	171,536.1	Rs. 197,430.9

4. Finance receivables

Finance receivables consist of vehicle loans, the details of which are as follows:

	2016		As at March 31, 2016 (In millions)		2015
Finance receivables	US\$	3,131.9	Rs.	207,501.7	Rs. 204,569.9
Less: allowance for credit losses		666.1		44,131.9	46,554.3
Total	US\$	2,465.8	Rs.	163,369.8	Rs. 158,015.6
Current portion		917.3		60,773.1	49,568.5
Non-current portion		1,548.5		102,596.7	108,447.1
Total	US\$	2,465.8	Rs.	163,369.8	Rs. 158,015.6

Changes in the allowance for credit losses in finance receivables are as follows:

	2016		Year ended March 31, 2016 (In millions)		2015	2014
Balance at the beginning	US\$	702.7	Rs.	46,554.3	Rs. 31,587.5	Rs. 14,534.8
Allowances made during the year		129.8		8,600.3	23,226.2	24,138.9
Written off		(166.4)		(11,022.7)	(8,259.4)	(7,086.2)
Balance at the end	US\$	666.1	Rs.	44,131.9	Rs. 46,554.3	Rs. 31,587.5

5. Allowance for trade and other receivables

Change in the allowances for trade and other receivables are as follows:

	2016		Year ended March 31, 2016 (In millions)		2015	2014
Balance at the beginning	US\$	131.7	Rs.	8,727.8	Rs. 7,321.8	Rs. 4,813.7
Allowances made during the year		101.4		6,719.1	2,371.0	2,691.0
Written off		(13.4)		(889.3)	(839.3)	(408.2)
Foreign exchange translation differences		(1.5)		(97.2)	(125.7)	225.3
Balance at the end	US\$	218.2	Rs.	14,460.4	Rs. 8,727.8	Rs. 7,321.8

6. Investments

Investments consist of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Available-for-sale, at fair value	US\$ 2,934.6	Rs. 194,434.8	Rs. 142,806.8
Unquoted equity investments, at cost	58.9	3,900.0	3,936.8
Loans and receivables	1.3	82.6	80.0
Total	US\$ 2,994.8	Rs. 198,417.4	Rs. 146,823.6

Available-for-sale, financial assets (investments) are as follows:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Quoted equity shares	US\$ 31.7	Rs. 2,105.0	Rs. 2,106.1
Mutual funds	2,902.9	192,329.8	140,685.7
Corporate bonds and other debt instruments	—	—	15.0
Total available for sale securities	US\$ 2,934.6	Rs. 194,434.8	Rs. 142,806.8

The current and non-current classifications of investments are as follows:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Current investments	US\$ 2,902.9	Rs. 192,329.8	Rs. 140,747.8
Non-current investments	91.9	6,087.6	6,075.8
Total	US\$ 2,994.8	Rs. 198,417.4	Rs. 146,823.6

The fair value of the unquoted equity investments cannot be reliably measured as the variability in the range of fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

7. Other financial assets - current

Other financial assets - current consist of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Derivative financial instruments	US\$ 114.3	Rs. 7,572.8	Rs. 16,726.7
Advances and other receivables recoverable in cash	155.1	10,275.7	6,964.1
Inter corporate deposits	4.6	303.1	953.1
Loans to joint operation	20.0	1,325.0	—
Restricted bank deposits	80.1	5,308.2	2,347.3
Total	US\$ 374.1	Rs. 24,784.8	Rs. 26,991.2

Restricted bank deposits include Rs. 3,616.7 million and Rs. 2,045.6 million as at March 31, 2016 and 2015, respectively, held as security in relation to interest and repayment of bank borrowings. Out of these deposits, Rs. 1,766.7 million and Rs. 2,045.6 million as at March 31, 2016 and 2015, respectively, are pledged till the maturity of the respective borrowings.

Loan to joint operation is subordinated to other borrowings of the joint operation. Subject to certain conditions, the loan is convertible into equity of the joint operation at fair value, at the option of the joint operation.

8. Other financial assets (non-current)

Other financial assets - non-current consist of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Margin money with banks	US\$ 2.4	Rs. 156.3	Rs. 1,001.3
Restricted deposits	32.8	2,170.5	2,267.0
Loans to employees	4.5	298.6	400.6
Loan to joint operation	—	—	1,325.0
Loan to equity accounted investee	24.1	1,600.0	1,600.0
Derivative financial instruments	240.2	15,916.9	2,532.8
Others	71.9	4,761.3	3,944.0
Total	US\$ 375.9	Rs. 24,903.6	Rs. 13,070.7

Margin money with banks is restricted cash deposits and consists of collateral provided for transfer of finance receivables.

Restricted deposits as at March 31, 2016 of Rs. 1,813.6 million is held as a deposit in relation to ongoing legal cases.

Restricted deposits as at March 31, 2015 of Rs. 1,479.2 million relate to the Company's residual risk arising on vehicles sold by dealer under leasing arrangement.

Loan to equity accounted investees carries an interest rate of 9% and is repayable at par or may be converted into equity shares at fair value after seven years from Fiscal 2015.

9. Inventories

Inventories consist of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Raw materials, components and consumables	US\$ 524.5	Rs. 34,752.4	Rs. 28,924.4
Work-in-progress	642.7	42,580.8	33,650.3
Finished goods	3,758.8	249,037.2	224,705.1
Total	US\$ 4,926.0	Rs. 326,370.4	Rs. 287,279.8

Inventories of finished goods include Rs. 23,863.1 million and Rs. 17,287.9 million as at March 31, 2016 and 2015, respectively, relating to vehicles sold subject to repurchase arrangements.

Cost of inventories (including cost of purchased products) recognized as expense during the years ended March 31, 2016, March 31, 2015 and 2014 amounted to Rs. 1,912,609.0 million, Rs. 1,864,306.0 million and Rs. 1,662,646.2 million, respectively.

During the years ended March 31, 2016, 2015 and 2014, the Company recorded inventory write-down expenses of Rs. 3,285.9 million (excluding provision for loss of inventory at port of Tianjin in China mentioned below), Rs. 5,527.2 million and Rs. 3,354.5 million, respectively.

A provision of Rs. 16,383.9 million (GBP 157 million) (net of insurance recoveries of Rs. 5,342.4 million (GBP 55 million)) has been recognised against the carrying value of inventory during the year ended March 31, 2016, for the damage due to explosion at the port of Tianjin in China in August 2015. The Company may have additional claims for insurance recoveries in future.

10. Other current assets

Other current assets consist of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Advances to suppliers and contractors	US\$ 31.0	Rs. 2,055.7	Rs. 1,837.3
VAT, other taxes recoverable, statutory deposits and dues from government	673.8	44,642.7	41,291.6
Prepaid expenses	168.8	11,180.7	10,590.8
Others	6.1	406.1	582.0
Total	US\$ 879.7	Rs. 58,285.2	Rs. 54,301.7

11. Other non-current assets

Other non-current assets consist of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Taxes recoverable, statutory deposits and dues from government	US\$ 147.9	Rs. 9,802.7	Rs. 11,729.1
Prepaid rentals on operating leases	20.8	1,375.2	955.2
Prepaid expenses	76.7	5,080.6	2,691.5
Others	42.8	2,843.3	2,373.3
Total	US\$ 288.2	Rs. 19,101.8	Rs. 17,749.1

Others include Rs. 90.1 million and Rs. 36.1 million towards pension assets as at March 31, 2016 and 2015, respectively.

12. Property, plant and equipment

Property, plant and equipment consists of the following:

	Land and buildings	Plant and equipment	Vehicles	Computers	Furniture and fixtures	Heritage Assets	Total
	(In millions)						
Cost as at April 1, 2015	Rs. 123,715.4	Rs. 645,370.5	Rs. 2,657.3	Rs. 14,439.0	Rs. 10,081.2	Rs. 4,821.2	Rs. 801,084.6
Additions	27,035.6	143,627.8	570.4	3,894.1	2,479.0	—	177,606.9
Write off of assets	—	(2,257.9)	—	—	—	—	(2,257.9)
Currency translation differences	1,886.9	9,810.4	14.5	82.6	163.8	156.6	12,114.8
Disposal	(899.1)	(5,903.0)	(451.8)	(284.1)	(327.6)	—	(7,865.6)
Cost as at March 31, 2016	151,738.8	790,647.8	2,790.4	18,131.6	12,396.4	4,977.8	980,682.8
Accumulated depreciation (net of Rs. 6,887.1 million in respect of disposals/write off)	(21,900.4)	(341,171.9)	(1,580.7)	(10,648.8)	(5,438.5)	—	(380,740.3)
Net carrying amount as at March 31, 2016	Rs. 129,838.4	Rs. 449,475.9	Rs. 1,209.7	Rs. 7,482.8	Rs. 6,957.9	Rs. 4,977.8	Rs. 599,942.5
Capital work-in-progress							70,122.5
Total							Rs. 670,065.0
							US\$ 10,113.4
Depreciation for the year	Rs. (4,420.1)	Rs. (71,972.4)	Rs. (428.5)	Rs. (1,457.7)	Rs. (1,363.8)	Rs. —	Rs. (79,642.5)
							US\$ (1,202.1)
Cost as at April 1, 2014	Rs. 101,083.9	Rs. 535,561.7	Rs. 2,567.3	Rs. 12,154.3	Rs. 8,731.0	Rs. —	Rs. 660,098.2
Additions	29,215.2	146,494.3	500.9	2,852.7	2,199.3	5,141.80	186,404.2
Currency translation differences	(5,411.2)	(30,282.3)	(36.4)	(434.4)	(462.5)	(320.60)	(36,947.4)
Disposal	(1,172.5)	(6,403.2)	(374.5)	(133.6)	(386.6)	—	(8,470.4)
Cost as at March 31, 2015	123,715.4	645,370.5	2,657.3	14,439.0	10,081.2	4,821.2	801,084.6
Accumulated depreciation (net of Rs. 7,461.5 million in respect of disposals)	(17,460.8)	(272,264.0)	(1,526.0)	(9,302.6)	(4,318.5)	—	(304,871.9)
Net carrying amount as at March 31, 2015	Rs. 106,254.6	Rs. 373,106.5	Rs. 1,131.3	Rs. 5,136.4	Rs. 5,762.7	Rs. 4,821.2	Rs. 496,212.7
Capital work-in-progress							90,686.4
Total							Rs. 586,899.1
Depreciation for the year	Rs. (3,350.8)	Rs. (58,945.8)	Rs. (391.6)	Rs. (1,188.2)	Rs. (1,521.7)	Rs. —	Rs. (65,398.1)

Notes:

1. Net carrying amounts of property, plant and equipment under finance lease arrangements were as follows:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Land	US\$ 3.7	Rs. 247.0	Rs. 200.8
Buildings	17.3	1,146.2	1,264.3
Plant and equipment	20.3	1,343.3	1,495.5
Computers	3.5	229.1	290.2
Total	US\$ 44.8	Rs. 2,965.6	Rs. 3,250.8

2. Land and buildings includes freehold land of Rs. 28,868.0 million and Rs. 23,606.7 million as at March 31, 2016 and 2015, respectively.
3. Capital work-in-progress as at March 31, 2014, included building under construction at Singur in West Bengal of Rs. 3,098.8 million for the purposes of manufacturing automobiles. In October 2008, the Company moved the Nano project from Singur in West Bengal to Sanand in Gujarat. In June 2011, the newly elected Government of West Bengal (State Government) enacted a law cancelling the land lease agreement at Singur, and took over possession of the land. The Company challenged the constitutional validity of the law. In June 2012, the Calcutta High Court declared the law unconstitutional and restored Company's rights under the land lease agreement. The State Government filed an appeal in the Supreme Court of India in August 2012, which is pending disposal.

Though the Company continues to rigorously press its rights, contentions and claims in the matter, the Company has been advised that the time it may take in disposal of the appeal is uncertain. The Company has also been advised that it has a good case to defend the appeal and will continue to pursue the case and assert its rights and its claims in the Court.

In these circumstances, because of the unanticipated considerable lapse in the passage of time for resolution and in view of the uncertainty on the timing of resolution, the management has during the year ended March 31, 2015, made a provision for carrying capital cost of buildings at Singur amounting to Rs. 3,098.8 million.

13. Leases

The Company has taken land, buildings, plant and equipment, computers and furniture and fixtures under operating and finance leases. The following is the summary of future minimum lease rental payments under non-cancellable operating leases and finance leases entered into by the Company:

	As at March 31,					
	2016			2015		
	Operating	Finance		Operating	Finance	
	Minimum Lease Payments	Minimum Lease Payments	Present value of minimum lease payments	Minimum Lease Payments	Minimum Lease Payments	Present value of minimum lease payments
	(In millions)					
Not later than one year	Rs. 5,031.9	Rs. 611.8	Rs. 572.2	Rs. 4,626.7	Rs. 755.1	Rs. 571.7
Later than one year but not later than five years	7,843.6	587.7	533.1	5,775.6	919.9	907.5
Later than five years	13,094.6	381.8	157.3	11,127.2	—	—
Total minimum lease commitments	Rs. 25,970.1	Rs. 1,581.3	Rs. 1,262.6	Rs. 21,529.5	Rs. 1,675.0	Rs. 1,479.2
	US\$ 392.0	US\$ 23.9	US\$ 19.0			
Less: future finance charges		Rs. (318.7)			Rs. (195.8)	
Present value of minimum lease payments		Rs. 1,262.6			Rs. 1,479.2	
Included in the financial statements as:						
Other financial liabilities – current (refer note 20)			Rs. 572.2			Rs. 571.7
Other financial liabilities – non-current (refer note 21)			690.4			907.5
			Rs. 1,262.6			Rs. 1,479.2
			US\$ 19.0			

Total operating lease rent expenses were Rs. 7,740.3 million, Rs. 7,185.6 million and Rs. 6,521.6 million for the years ended March 31, 2016, 2015 and 2014, respectively.

Significant leasing arrangements include lease of land under an operating lease for a period of 90 years with a renewal option for a further period of 90 years. Minimum lease payments for a period 'later than five years' includes Rs. 8,382.8 million relating to this leasing arrangement.

14. Goodwill

	As at March 31,		
	2016	2016	2015
		(In millions)	
Balance at the beginning	US\$ 110.5	Rs. 7,319.5	Rs. 7,449.2
Currency translation differences	4.2	278.5	(129.7)
Balance at the end	US\$ 114.7	Rs. 7,598.0	Rs. 7,319.5

As at March 31, 2016, goodwill of Rs. 1,309.8 million and Rs. 6,288.2 million relates to the automotive and related activity segment (Tata and other brand vehicles including financing thereof) and "others" segment respectively. As at March 31, 2015, goodwill of Rs. 1,307.0 million and Rs. 6,012.5 million relates to the automotive and related activity segment (Tata and other brand vehicles including financing thereof) and "others" segment respectively.

As at March 31, 2016, goodwill of Rs. 6,288.2 million has been allocated to software consultancy and services cash generating unit. The recoverable amount of the cash generating unit has been determined based on value in use. Value in use has been determined based on future cash flows, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.

As at March 31, 2016, the estimated cash flows for a period of 5 years were developed using internal forecasts, and a pre-tax discount rate of 11.62%. The cash flows beyond 5 years have been extrapolated assuming 2% growth rates. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

15. Intangible assets

Intangible assets consist of the following:

	Software	Patents and technological know how	Customer related	Intellectual property rights and other intangibles (In millions)	Product development	Indefinite life trademarks and brands	Total
Cost as at April 1, 2015	Rs. 43,582.8	Rs. 14,530.6	Rs. 5,867.5	Rs. 811.4	Rs. 402,362.8	Rs. 57,164.8	Rs. 524,319.9
Additions	16,378.7	281.8	—	—	133,877.9	—	150,538.4
Write off of assets	—	—	—	—	(9,077.2)	—	(9,077.2)
Currency translation differences	800.9	443.3	182.5	9.4	8,262.5	1,857.0	11,555.6
Disposal	(1,110.0)	—	—	—	—	—	(1,110.0)
Fully amortized not in use	—	—	—	—	(35,600.7)	—	(35,600.7)
Cost as at March 31, 2016	59,652.4	15,255.7	6,050.0	820.8	499,825.3	59,021.8	640,626.0
Accumulated amortization (net of Rs. 43,567.2 million in respect of disposals/fully amortized not in use/write off)	(24,918.1)	(11,499.5)	(2,282.7)	(397.1)	(193,706.3)	—	(232,803.7)
Net carrying amount as at March 31, 2016	Rs. 34,734.3	Rs. 3,756.2	Rs. 3,767.3	Rs. 423.7	Rs. 306,119.0	Rs. 59,021.8	Rs. 407,822.3
Capital work-in-progress							192,492.4
Total							Rs. 600,314.7
							US\$ 9,060.7
Amortization for the year	Rs. (7,520.1)	Rs. (1,466.7)	Rs. (276.6)	Rs. (37.2)	Rs. (79,131.8)	Rs. —	Rs. (88,432.4)
							US\$ (1,334.6)
Cost as at April 1, 2014	Rs. 29,605.0	Rs. 15,283.8	Rs. 9,075.5	Rs. 780.1	Rs. 291,062.9	Rs. 61,543.6	Rs. 407,350.9
Additions	17,472.0	287.9	—	33.2	151,835.9	—	169,629.0
Currency translation differences	(2,802.4)	(1,041.1)	(459.1)	(1.9)	(24,898.4)	(4,378.8)	(33,581.7)
Disposal	(691.8)	—	—	—	—	—	(691.8)
Fully amortized not in use	—	—	(2,748.9)	—	(15,637.6)	—	(18,386.5)
Cost as at March 31, 2015	43,582.8	14,530.6	5,867.5	811.4	402,362.8	57,164.8	524,319.9
Accumulated amortization (net of Rs. 18,550.5 million in respect of disposals/fully amortized not in use)	(18,085.1)	(9,783.4)	(1,952.8)	(349.4)	(155,293.7)	—	(185,464.4)
Net carrying amount as at March 31, 2015	Rs. 25,497.7	Rs. 4,747.2	Rs. 3,914.7	Rs. 462.0	Rs. 247,069.1	Rs. 57,164.8	Rs. 338,855.5
Capital work-in-progress							192,045.3
Total							Rs. 530,900.8
Amortization for the year	Rs. (5,061.1)	Rs. (1,354.9)	Rs. (317.1)	Rs. (99.1)	Rs. (62,265.5)	Rs. —	Rs. (69,097.7)

The useful life of trademarks and brands in respect of the acquired Jaguar Land Rover businesses have been determined to be indefinite as the Company expects to generate future economic benefits indefinitely from these assets.

The indefinite life intangible assets have been allocated to the Jaguar Land Rover businesses. The recoverable amount of the cash generating unit has been determined based on value in use. Value in use has been determined based on future cash flows after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions.

The estimated cash flows for a period of five years were developed using internal forecasts, and a pre-tax discount rate of 11.2%. The cash flows beyond five years have been extrapolated assuming 2.1% growth rate. The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

During the year ended March 31, 2014, legislation was enacted that allows United Kingdom (UK) companies to elect for the Research and Development Expenditure Credit (RDEC) on qualifying expenditures incurred since April 1, 2013, instead of the existing super-deduction rules. As a result of this election by the Company's subsidiary in the UK, Rs. 6,509.0 million, Rs. 6,458.1 million and Rs. 4,308.6 million of the RDEC, for the years ended March 31, 2016, 2015 and 2014 respectively, the proportion relating to capitalized product development expenditure, have been off set against these assets. The remaining Rs. 3,747.6 million, Rs. 2,908.6 million and Rs. 1,711.9 million for the years ended March 31, 2016, 2015 and 2014, respectively, have been recognized as miscellaneous income, a component of other income/(loss) (net).

16. Investments in equity accounted investees:

(a) Associates:

The Company has no material associates as at March 31, 2016. The aggregate summarized financial information in respect of the Company's immaterial associates that are accounted for using the equity method is set forth below.

	As at March 31,		
	2016	2016	2015
		(In millions)	
Carrying amount of the Company's interest in associates	US\$ 79.5	Rs. 5,265.7	Rs. 5,718.4

	Year ended March 31,			
	2016	2016	2015	2014
		(In millions)		
Company's share of profit/(loss) in associates*	US\$ (3.2)	Rs. (214.0)	Rs. (632.7)	Rs. (1,142.0)
Company's share of other comprehensive income in associates	(1.3)	(84.5)	95.1	(151.8)
Company's share of total comprehensive income in associates	US\$ (4.5)	Rs. (298.5)	Rs. (537.6)	Rs. (1,293.8)

- Fair value of investment in an equity accounted associate for which published price quotation is available, which is a level 1 input, was Rs. 1,278.0 million and Rs. 1,338.6 million as at March 31, 2016 and 2015, respectively. The carrying amount as at March 31, 2016 and 2015, was Rs. 1,350.4 million and Rs. 1,343.2 million, respectively.
- The Company recognized an impairment loss of Rs. 8,033.7 million for the year ended March 31, 2014, in respect of its investment in an associate which was caused by economic slowdown and increased competition from new entrants faced by the associates. The associate is engaged in the business of manufacture and sale of construction equipment. The recoverable amount of Rs. 2,682.6 million as at March 31, 2014, is determined based on value in use and a pretax discount rate of 17.45%.

(b) Joint ventures:

- Details of the Company's material joint venture as at March 31, 2016 are as follows:

Name of joint venture	Principal activity	Principal place of the business	% holding as at March 31,	
			2016	2015
Chery Jaguar Land Rover Automotive Co. Limited (Chery)	Manufacture and assembly of vehicles	China	50%	50%

Chery is a limited liability company, whose legal form confers separation between the parties to the joint arrangement. There is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint venture have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Chery is classified as a joint venture. The summarized financial information in respect of Chery that is accounted for using the equity method is set forth below.

	As at March 31,		
	2016	2016 (In millions)	2015
Current assets	US\$1,004.9	Rs. 66,578.1	Rs. 48,122.3
Non-current assets	1,171.8	77,640.9	54,232.8
Current liabilities	(884.6)	(58,609.6)	(31,987.3)
Non-current liabilities	(310.6)	(20,580.3)	(17,842.6)
The above amounts of assets and liabilities include the following:			
Cash and cash equivalents	648.3	42,953.5	27,272.4
Current financial liabilities (excluding trade and other payables and provisions)	(50.4)	(3,340.8)	(5,177.1)
Non-current financial liabilities (excluding trade and other payables and provisions)	(310.6)	(20,580.3)	(17,842.6)
Share of net assets of material joint venture	490.7	32,514.6	26,262.6
Other consolidation adjustments	(9.7)	(642.3)	(530.1)
Carrying amount of the Company's interest in joint venture	US\$ 481.0	Rs. 31,872.3	Rs. 25,732.5

	Year ended March 31,			
	2016	2016 (In millions)	2015	2014
Revenue	US\$1,645.9	Rs.109,048.6	Rs.15,578.4	Rs. —
Net income/(loss)	179.1	11,866.4	(1,365.2)	(1,614.4)
Other comprehensive income	—	—	—	—
Total comprehensive income for the year	179.1	11,866.4	(1,365.2)	(1,614.4)
The above net income includes the following:				
Depreciation and amortization	86.3	5,720.1	1,577.6	96.2
Interest income	(11.9)	(789.0)	(788.8)	(192.3)
Interest expense (net)	14.9	986.2	295.8	96.2
Income tax expense/(credit)	65.5	4,339.4	(591.6)	(1,250.2)

Reconciliation of above summarized financial information to the carrying amount of the interest in the joint venture recognized in the consolidated financial statements:

	As at March 31,		
	2016	2016 (In millions)	2015
Net assets of the joint venture	US\$981.5	Rs.65,029.1	Rs.52,525.2
Proportion of the Company's interest in joint venture	490.7	32,514.6	26,262.6
Other consolidation adjustments	(9.7)	(642.3)	(530.1)
Carrying amount of the Company's interest in joint venture	<u>US\$481.0</u>	<u>Rs.31,872.3</u>	<u>Rs.25,732.5</u>

- (ii) The aggregate summarized financial information in respect of the Company's immaterial joint ventures that are accounted for using the equity method is set forth below.

	As at March 31,		
	2016	2016 (In millions)	2015
Carrying amount of the Company's interest in joint ventures	US\$7.6	Rs.501.5	Rs.285.7

	Year ended March 31,			
	2016	2016	2015	2014
		(In millions)		
Company's share of profit/(loss) in joint ventures*	US\$ 3.1	Rs.207.4	Rs.97.1	Rs.71.6
Company's share of other comprehensive income in joint ventures	—	—	—	—
Company's share of total comprehensive income in joint ventures	US\$ 3.1	Rs.207.4	Rs.97.1	Rs.71.6

(c) Summary of carrying amount of the Company's interest in equity accounted investees:

	As at March 31,		
	2016	2016	2015
		(In millions)	
Carrying amount in immaterial associates	US\$ 79.5	Rs. 5,265.7	Rs. 5,718.4
Carrying amount in material joint venture	481.0	31,872.3	25,732.5
Carrying amount in immaterial joint ventures	7.6	501.5	285.7
Total	US\$ 568.1	Rs. 37,639.5	Rs. 31,736.6

(d) Summary of Company's share of profit/(loss) in equity accounted investees:

	Year ended March 31,			
	2016	2016	2015	2014
		(In millions)		
Share of profit/(loss) in immaterial associates	US\$ (3.2)	Rs. (214.0)	Rs. (632.7)	Rs. (1,142.0)
Share of profit/(loss) in material joint venture	89.6	5,933.2	(682.6)	(807.2)
Share of profit/(loss) on other adjustments in material joint venture	(2.3)	(151.9)	(530.1)	—
Share of profit/(loss) in immaterial joint ventures	3.1	207.4	97.1	71.6
	US\$ 87.2	Rs. 5,774.7	Rs. (1,748.3)	Rs. (1,877.6)

(e) Summary of Company's share of other comprehensive income in equity accounted investees:

	Year ended March 31,			
	2016	2016	2015	2014
		(In millions)		
Share of other comprehensive income in immaterial associates	US\$(1.3)	Rs. (84.5)	Rs. 95.1	Rs.(151.8)
Currency translation differences – material joint venture	5.4	358.5	1,071.1	508.4
Currency translation differences – immaterial joint venture	0.1	8.4	(23.2)	73.4
	US\$ 4.2	Rs. 282.4	Rs. 1,143.0	Rs. 430.0

* Company's share of profit/(loss) of the equity accounted investees has been determined after giving effect for the subsequent amortization/depreciation and other adjustments arising on account of fair value adjustments made to the identifiable net assets of the equity accounted investee as at the date of acquisition and other adjustments (mainly unrealised profits on inventories), arising under the equity method of accounting.

17. Income taxes

The domestic and foreign components of net income before income tax:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Net income before income taxes				
India	US\$ (297.3)	Rs. (19,696.5)	Rs. (62,451.7)	Rs. (61,601.7)
Other than India	2,174.7	144,081.4	260,683.8	241,006.8
Total	US\$ 1,877.4	Rs. 124,384.9	Rs. 198,232.1	Rs. 179,405.1

The domestic and foreign components of income tax expense:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Current taxes				
India	US\$ 11.5	Rs. 762.3	Rs. 1,014.9	Rs. 1,770.4
Other than India	265.8	17,608.2	37,660.5	34,797.8
Deferred taxes				
India	28.1	1,862.7	9,134.7	(14,102.7)
Other than India	109.9	7,279.5	21,339.6	25,761.0
Total income tax expense	US\$ 415.3	Rs. 27,512.7	Rs. 69,149.7	Rs. 48,226.5

The reconciliation of estimated income tax to income tax expense is as follows:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Income before income taxes	US\$ 1,877.4	Rs. 124,384.9	Rs. 198,232.1	Rs. 179,405.1
Income tax expense at tax rates applicable to individual entities		356.7	23,634.1	38,245.2
Additional deduction for patent, research and product development cost		(218.8)	(14,494.0)	(7,202.9)
Items (net) not deductible for tax/not liable to tax :				
- foreign currency (gain)/loss relating to loans and deposits (net)		17.2	1,140.6	1,046.3
- interest, loss on conversion option and other expenses relating to borrowings for investment		18.2	1,203.7	1,536.5
- Dividend from subsidiaries, joint operations, equity accounted investees and available-for-sale investments		20.3	1,345.3	(83.8)
Tax effect on shares repurchased by a wholly-owned subsidiary		—	—	4,468.7
Undistributed earnings of subsidiaries, joint operations and equity accounted investees		81.5	5,402.2	7,804.6
Deferred tax assets not recognized because realization is not probable		200.7	13,288.8	20,932.5
Utilization/credit of unrecognised tax losses, unabsorbed depreciation and other tax benefits		(12.7)	(843.2)	(596.8)
Profit on sale of investments to wholly owned subsidiary		8.3	550.3	—
Previously recognized deferred tax assets written down		—	—	7,771.8
Tax on share of (profit)/loss of equity accounted investees (net)		(17.2)	(1,137.6)	333.7
Impact of change in statutory tax rates		(89.5)	(5,930.6)	(7,999.7)
Others		50.6	3,353.1	2,893.6
Income tax expense reported	US\$ 415.3	Rs. 27,512.7	Rs. 69,149.7	Rs. 48,226.5

The United Kingdom (UK) corporation tax rate changed from 20% to 19% with effect from April 1, 2017 and to 18% with effect from April 1, 2020. Accordingly, UK deferred tax has been recognized at the rates applicable when the temporary differences are expected to reverse.

A further change to the UK corporation tax rate was announced in the Chancellor's Budget during the year ended March 31, 2016. The announcement included a reduction in the UK corporation tax rate to 17% from April 1, 2020. As the change to 17% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Significant components of deferred tax assets and liabilities for the year ended March 31, 2016 are as follows:

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in /reclassified from other comprehensive income</u>	<u>Closing balance</u>
	(In millions)			
Deferred tax assets:				
Depreciation carry forwards	Rs. 15,844.4	Rs. 3,588.2	Rs. —	Rs. 19,432.6
Business loss carry forwards	38,184.0	(4,717.0)	854.9	34,321.9
Expenses deductible in future years: - provisions, allowances for doubtful receivables and others	34,102.7	(1,660.3)	707.1	33,149.5
Compensated absences and retirement benefits	18,693.1	3,795.6	(10,629.7)	11,859.0
Minimum alternate tax carry-forward	898.7	(316.1)	—	582.6
Property, plant and equipment	861.8	1,276.4	(28.9)	2,109.3
Derivative financial instruments	24,151.0	(437.6)	(747.0)	22,966.40
Unrealised profit on inventory	13,565.7	(1,745.9)	413.6	12,233.4
Others	4,162.1	1,384.4	198.5	5,745.0
Total deferred tax assets	<u>Rs. 150,463.5</u>	<u>Rs. 1,167.7</u>	<u>Rs. (9,231.5)</u>	<u>Rs. 142,399.7</u>
Deferred tax liabilities:				
Property, plant and equipment	15,819.9	293.2	4.1	16,117.2
Intangible assets	102,641.2	11,071.7	2,164.8	115,877.7
Undistributed earnings in subsidiaries, joint operations and equity accounted investees	14,265.4	(1,122.2)*	293.1	13,436.3
Fair valuation of retained interest in a subsidiary subsequent to disposal of controlling equity interest	169.5	—	—	169.5
Derivative financial instruments	17.5	(2.7)	25.6	40.4
Others	538.0	69.9	16.2	624.1
Total deferred tax liabilities	<u>Rs. 133,451.5</u>	<u>Rs. 10,309.9</u>	<u>Rs. 2,503.8</u>	<u>Rs. 146,265.2</u>
Net assets/(liabilities)	<u>Rs. 17,012.0</u>	<u>Rs. (9,142.2)</u>	<u>Rs. (11,735.3)</u>	<u>Rs. (3,865.5)</u>
	<u>US\$ 256.8</u>	<u>US\$ (138.0)</u>	<u>US\$ (177.1)</u>	<u>US\$ (58.4)</u>
Deferred tax assets			US\$ 597.3	Rs. 39,575.9
Deferred tax liabilities			US\$ (655.7)	Rs. (43,441.4)

* Net off Rs. 6,524.4 million reversed on dividend distribution by subsidiaries.

As at March 31, 2016, unrecognized deferred tax assets amount to Rs. 29,095.3 million and Rs. 22,105.2 million, which can be carried forward indefinitely and up to a specified period, respectively. These relate primarily to business and capital losses and other deductible temporary differences. The deferred tax asset has not been recognized on the basis that its recovery is not probable in the foreseeable future.

Unrecognized deferred tax assets expire unutilized based on the year of origination as follows:

<u>March 31,</u>	<u>In millions</u>	
2017	Rs. 4,090.5	US\$ 61.7
2018	256.1	3.9
2019	319.0	4.8
2020	402.4	6.1
2021	632.0	9.5
Thereafter	Rs.16,405.2	US\$247.6

The Company has not recognized deferred tax liability on undistributed profits of certain subsidiaries amounting to Rs. 566,049.4 million because it is able to control the timing of the reversal of temporary differences associated with such undistributed profits and it is probable that such differences will not reverse in the foreseeable future.

Significant components of deferred tax assets and liabilities for the year ended March 31, 2015 are as follows:

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in /reclassified from other comprehensive income</u>	<u>Closing balance</u>
	<u>(In millions)</u>			
Deferred tax assets:				
Depreciation carry forwards	Rs. 15,428.6	Rs. 415.8	Rs. —	Rs. 15,844.4
Business loss carry forwards	59,116.8	(19,369.2)	(1,563.6)	38,184.0
Expenses deductible in future years:				
- provisions, allowances for doubtful receivables and others	30,192.5	4,330.8	(420.6)	34,102.7
Compensated absences and retirement benefits	14,627.8	(2,100.3)	6,165.6	18,693.1
Minimum alternate tax carry-forward	7,879.2	(6,980.5)	—	898.7
Property, plant and equipment	7,416.6	(6,496.1)	(58.7)	861.8
Derivative financial instruments	—	3,192.5	20,958.5	24,151.0
Unrealised profit on inventory	13,893.7	705.7	(1,033.7)	13,565.7
Others	2,577.4	1,743.2	(158.5)	4,162.1
Total deferred tax assets	Rs.151,132.6	Rs.(24,558.1)	Rs. 23,889.0	Rs.150,463.5
Deferred tax liabilities:				
Property, plant and equipment	15,231.1	595.4	(6.6)	15,819.9
Intangible assets	93,076.0	15,601.4	(6,036.2)	102,641.2
Undistributed earnings in subsidiaries, joint operations and equity accounted investees	24,096.4	(9,414.2)*	(416.8)	14,265.4
Fair valuation of retained interest in a subsidiary subsequent to disposal of controlling equity interest	169.5	—	—	169.5
Derivative financial instruments	13,342.1	3.1	(13,327.7)	17.5
Others	1,338.8	(869.5)	68.7	538.0
Total deferred tax liabilities	Rs.147,253.9	Rs. 5,916.2	Rs.(19,718.6)	Rs.133,451.5
Net assets/(liabilities)	Rs. 3,878.7	Rs.(30,474.3)	Rs. 43,607.6	Rs. 17,012.0
Deferred tax assets				Rs. 40,478.8
Deferred tax liabilities				Rs. (23,466.8)

* Net of Rs. 10,949.8 million reversed on dividend distributions by subsidiaries and Rs. 6,269.0 million relating to withholding tax released as a result of changes in tax rates and laws expected to apply to future repatriation of inter-company dividends.

Significant components of deferred tax assets and liabilities for the year ended March 31, 2014 are as follows:

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in /reclassified from other comprehensive income</u> (In millions)	<u>Acquisition of subsidiary</u>	<u>Closing balance</u>
Deferred tax assets:					
Depreciation carry forwards	Rs. 10,184.6	Rs. 5,244.0	Rs. —	Rs. —	Rs. 15,428.6
Business loss carry forwards	49,983.4	(926.1)	9,992.3	67.2	59,116.8
Expenses deductible in future years: - provisions, allowances for doubtful receivables and others	20,319.6	8,807.4	1,065.5	—	30,192.5
Compensated absences and retirement benefits	14,985.6	(2,902.7)	2,541.2	3.7	14,627.8
Minimum alternate tax carry-forward	15,170.6	(7,291.4)	—	—	7,879.2
Property, plant and equipment	11,981.4	(7,168.1)	2,603.3	—	7,416.6
Derivative financial instruments	4,958.7	—	(4,958.7)	—	—
Unrealised profit in inventory	6,369.1	6,299.1	1,225.5	—	13,893.7
Others	594.8	1,657.1	325.5	—	2,577.4
Total deferred tax assets	Rs.134,547.8	Rs. 3,719.3	Rs. 12,794.6	Rs. 70.9	Rs.151,132.6
Deferred tax liabilities:					
Property, plant and equipment	15,216.8	5.6	7.4	1.3	15,231.1
Intangible assets	75,031.2	6,231.5	11,738.6	74.7	93,076.0
Undistributed earnings in subsidiaries, joint operations and equity accounted investees	11,297.8	11,387.7*	1,410.9	—	24,096.4
Fair valuation of retained interest in a subsidiary subsequent to disposal of controlling equity interest	2,843.0	(2,673.5)	—	—	169.5
Derivative financial instruments	—	14.4	13,327.7	—	13,342.1
Others	1,010.2	411.9	(83.3)	—	1,338.8
Total deferred tax liabilities	Rs.105,399.0	Rs. 15,377.6	Rs. 26,401.3	Rs. 76.0	Rs.147,253.9
Net assets/(liabilities)	Rs. 29,148.8	Rs.(11,658.3)	Rs.(13,606.7)	Rs. (5.1)	Rs. 3,878.7
Deferred tax assets					Rs. 39,150.5
Deferred tax liabilities					Rs. (35,271.8)

* Net of Rs. 497.7 million reversed on dividend distributions by subsidiaries and Rs. 1,108.2 million reversed due to change in tax rate in subsidiaries.

Deferred tax assets of Tata Motors Limited (on standalone basis, being its tax status) as at March 31, 2014 amounted to Rs.15,250.9 million, Rs.19,897.8 million and Rs.7,771.8 million relating to unabsorbed depreciation, unutilized business loss and MAT credit, respectively, have been assessed as probable of realization on the basis of estimated taxable income for future years including dividends from subsidiaries.

18. Short-term borrowings and current portion of long-term debt

Short-term borrowings and current portion of long-term debt consist of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Commercial paper	US\$ 702.1	Rs. 46,519.6	Rs. 49,626.7
Loans from banks/financial institutions	1,022.2	67,718.2	81,320.1
Inter-corporate deposits	4.1	270.0	600.0
Current portion of long-term debt (refer note 19)	1,107.0	73,348.7	48,918.6
Total	US\$2,835.4	Rs.187,856.5	Rs.180,465.4

For details of carrying amount of assets pledged as security for secured borrowings refer note 36.

19. Long-term debt

Long-term debt consists of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Non-convertible debentures	US\$1,680.1	Rs. 111,317.2	Rs. 127,727.7
Collateralized debt obligations	6.0	400.7	6,168.0
Buyers credit from banks at floating interest rate	228.0	15,106.0	16,424.6
Loan from banks/financial institutions	2,237.8	148,263.5	140,048.4
Senior notes	4,457.9	295,360.8	300,797.2
Others	111.9	7,411.8	2,615.2
Total	8,721.7	577,860.0	593,781.1
Less: current portion (refer note 18)	1,107.0	73,348.7	48,918.6
Long-term debt	US\$7,614.7	Rs.504,511.3	Rs.544,862.5

Collateralized debt obligations

These represent amount received against finance receivables securitized/assigned, which does not qualify for derecognition.

Non-convertible debentures

The interest rate on non-convertible debentures range from 8.60% to 10.30%.

Buyers credit

The buyers line of credit from banks is repayable within three years from drawdown dates.

Loan from banks/financial institutions

Certain of the Company's loans 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 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 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.

Senior notes (Euro MTF listed debt)

The senior notes of Jaguar Land Rover Automotive Plc (JLR) are listed on the Euro MTF market, which is a listed market regulated by the Luxembourg Stock Exchange.

Details of the tranches of the senior notes outstanding at March 31, 2016 are as follows:

Issued on	Currency	Initial Principal amounts (In millions)	Outstanding Principal amounts (In millions)	Outstanding (In millions)		Interest Rate	Redeemable on
				As at March 31,			
				2016	2015		
May 2011	USD	410	84	Rs. 5,503.2	Rs. 5,170.7	8.125%	May 2021
March 2012	GBP	500	—	—	5,349.8	8.250%	March 2020
January 2013	USD	500	500	32,918.5	30,936.3	5.625%	February 2023
December 2013	USD	700	700	46,415.5	43,519.1	4.125%	December 2018
January 2014	GBP	400	400	37,846.0	36,629.6	5.000%	February 2022
October 2014	USD	500	500	33,006.7	31,013.3	4.250%	November 2019
February 2015	GBP	400	400	37,814.0	36,600.2	3.875%	March 2023
March 2015	USD	500	500	32,980.2	30,930.6	3.500%	March 2020
Total				Rs.226,484.1	Rs.220,149.6		

In May 2016, JLR repaid early the remaining USD 84 million senior notes due 2021 for a redemption premium of GBP 2 million.

Details of the tranches of the senior notes repaid in the year ended March 31, 2016 are as follows:

- GBP 58 million senior notes due 2020 at a coupon of 8.250% per annum – issued March 2012

Details of the tranches of the senior notes repaid in the year ended March 31, 2015 are as follows:

- USD 326 million senior notes due 2021 at a coupon of 8.125% per annum – issued May 2011
- GBP 442 million senior notes due 2020 at a coupon of 8.250% per annum – issued March 2012

These senior notes are subject to customary covenants and events of default, which include, among other things, restrictions or limitations on the amount of cash which can be transferred outside the Jaguar Land Rover group of companies in the form of dividends, loans or investments.

Senior notes (SGX-ST listed debt)

The senior notes of Tata Motors Limited and TML Holdings Pte Ltd are listed on the SGX-ST market, which is a listed market regulated by the Singapore Stock Exchange.

Details of the tranches of the senior notes outstanding at March 31, 2016 are as follows:

Issued on	Currency	Initial Principal amounts (In millions)	Outstanding Principal amounts (In millions)	Outstanding (In millions)		Interest Rate	Redeemable on
				As at March 31,			
				2016	2015		
May 2013	SGD	350	—	Rs. —	Rs.15,741.4	4.250%	May 2018
May 2014	USD	300	300	19,639.1	18,557.1	5.750%	May 2021
October 2014	USD	250	250	16,412.5	15,449.7	5.750%	October 2024
October 2014	USD	500	500	32,825.1	30,899.4	4.625%	April 2020
Total				Rs.68,876.7	Rs.80,647.6		

During the year ended March 31, 2016, TML Holdings Pte Ltd has refinanced the existing SGD 350 million 4.250% senior notes due in May 2018 by a new syndicated loan of USD 250 million maturing in March 2020, which has been disclosed under loans from banks/financial institutions.

For details of carrying amount of assets pledged as security for secured borrowings refer note 36.

20. Other financial liabilities – current

Other current financial liabilities consist of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Liability towards vehicles sold under repurchase arrangements	US\$ 384.9	Rs. 25,504.4	Rs. 18,206.0
Interest accrued but not due	145.8	9,657.3	10,047.5
Lease liabilities	8.6	572.2	571.7
Derivative financial instruments	978.4	64,823.2	64,459.8
Deferred payment liability	9.7	645.0	597.5
Unclaimed matured fixed deposits	2.5	166.9	194.3
Others	8.7	572.8	312.0
Total	US\$1,538.6	Rs.101,941.8	Rs.94,388.8

21. Other financial liabilities – non-current

Other financial liabilities non-current consist of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Lease liabilities	US\$ 10.4	Rs. 690.4	Rs. 907.5
Deferred payment liability	10.6	700.8	1,264.1
Derivative financial instruments	1,168.8	77,441.1	77,219.4
Employee separation liability	11.7	777.2	894.2
Retention money, security deposits and others	7.5	489.5	671.3
Total	US\$1,209.0	Rs.80,099.0	Rs.80,956.5

22. Provisions

Provisions consist of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Current			
Product warranty	US\$ 712.3	Rs. 47,190.7	Rs. 43,732.9
Legal and product liability	114.5	7,583.7	2,748.5
Provision for residual risk	8.7	574.2	427.2
Provision for environmental liability	10.3	689.9	441.8
Employee related and other provisions	32.0	2,119.7*	2,022.3*
Total-Current	US\$ 877.8	Rs. 58,158.2	Rs. 49,372.7
Non-current			
Employee benefits obligations	US\$ 116.2	Rs. 7,702.0	Rs. 9,208.8
Product warranty	1,025.7	67,959.2	56,051.6
Provision for residual risk	18.6	1,234.2	1,425.5
Provision for environmental liability	33.5	2,221.5	2,448.8
Other provisions	2.0	125.7	645.1
Total-Non-current	US\$1,196.0	Rs. 79,242.6	Rs. 69,779.8

* Includes provision towards employee claims in foreign subsidiaries.

	Year ended March 31,			
	2016	2016	2016	2016
	Product Warranty		Legal and product liability	
	(In millions)			
Balance at the beginning	US\$1,506.1	Rs. 99,784.5	US\$ 41.5	Rs. 2,748.5
Provision made during the year	942.8	62,462.1	76.6	5,077.2
Provision used during the year	(777.9)	(51,539.6)	(5.7)	(374.8)
Impact of discounting	27.7	1,836.7	—	—
Impact of foreign exchange translation	39.3	2,606.2	2.1	132.8
Balance at the end	US\$1,738.0	Rs.115,149.9	US\$ 114.5	Rs. 7,583.7
Current	US\$ 712.3	Rs. 47,190.7	US\$ 114.5	Rs. 7,583.7
Non-current	US\$1,025.7	Rs. 67,959.2	US\$ —	Rs. —

	Year ended March 31,							
	2016		2016		2016		2016	
	Provision for residual risk				Provision for environmental liability			
	(In millions)							
Balance at the beginning	US\$	28.0	Rs.	1,852.7	US\$	43.6	Rs.	2,890.6
Provision made during the year		5.9		390.9		1.0		63.8
Provision reversed during the year		(6.3)		(419.5)		(2.1)		(136.7)
Provision used during the year		(2.2)		(147.9)		—		—
Impact of foreign exchange translation		1.9		132.2		1.3		93.7
Balance at the end	US\$	27.3	Rs.	1,808.4	US\$	43.8	Rs.	2,911.4
Current	US\$	8.7	Rs.	574.2	US\$	10.3	Rs.	689.9
Non-current	US\$	18.6	Rs.	1,234.2	US\$	33.5	Rs.	2,221.5

23. Other current liabilities

Other current liabilities consist of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Liability for advances received	US\$326.5	Rs. 21,629.5	Rs. 22,883.5
Statutory dues	368.8	24,434.0	18,304.8
Deferred revenue	168.8	11,186.1	7,463.7
Others	31.0	2,055.0	1,383.4
Total	US\$895.1	Rs. 59,304.6	Rs. 50,035.4

Statutory dues include sales tax, excise duty and other taxes payable.

24. Other liabilities - non-current

Other liabilities non-current consist of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Employee benefit obligations	US\$ 837.3	Rs. 55,475.4	Rs. 82,554.3
Deferred revenue	298.9	19,802.2	10,854.1
Others	25.4	1,683.4	1,162.9
Total	US\$1,161.6	Rs. 76,961.0	Rs. 94,571.3

25. Equity

Ordinary shares and 'A' Ordinary shares

The movement of number of shares and share capital is as follows:

	Year ended March 31,											
	2016				2015				2014			
	Ordinary shares		'A' Ordinary shares		Ordinary shares		'A' Ordinary shares		Ordinary shares		'A' Ordinary shares	
	No. of shares	(In millions)	No. of shares	(In millions)	No. of shares	(In millions)	No. of shares	(In millions)	No. of shares	(In millions)	No. of shares	(In millions)
Shares at the beginning	2,736,713,122	Rs. 5,473.8	481,966,945	Rs. 964.0	2,736,713,122	Rs. 5,473.8	481,966,945	Rs. 964.0	2,708,156,151	Rs. 5,416.7	481,959,620	Rs. 964.0
Shares issued pursuant to Rights issue	150,490,480	301.0	26,509,759	53.0	—	—	—	—	—	—	—	—
Share issued on conversion of foreign currency convertible notes	—	—	—	—	—	—	—	—	28,549,566	57.1	—	—
Shares issued #	—	—	—	—	—	—	—	—	7,405	*	7,325	*
Shares at the end	2,887,203,602	Rs. 5,774.8	508,476,704	Rs. 1,017.0	2,736,713,122	Rs. 5,473.8	481,966,945	Rs. 964.0	2,736,713,122	Rs. 5,473.8	481,966,945	Rs. 964.0
	US\$ 87.2			US\$ 15.3								

* Less than Rs. 50,000

Out of shares held in abeyance - Rights issue of 2001 and 2008.

Authorized share capital

Authorized share capital includes 3,500,000,000 Ordinary shares of Rs. 2 each as at March 31, 2016 (3,500,000,000 Ordinary shares of Rs. 2 each as at March 31, 2015 and 2014), 1,000,000,000 'A' Ordinary shares of Rs. 2 each as at March 31, 2016 (1,000,000,000 'A' Ordinary shares of Rs. 2 each as at March 31, 2015 and 2014) and 300,000,000 convertible cumulative preference shares of Rs. 100 each as at March 31, 2016 (300,000,000 convertible cumulative preference shares of Rs. 100 each as at March 31, 2015 and 2014).

Issued and subscribed share capital

Share issued includes partly paid up shares of 68,750 Ordinary shares of Rs. 2 each as at March 31, 2016, 2015 and 2014.

Ordinary shares and 'A' Ordinary shares:

- The Company has two classes of shares – the Ordinary shares and the 'A' Ordinary shares both of Rs.2 each (together referred to as shares). In respect of every Ordinary share (whether fully or partly paid), voting rights shall be in the same proportion as the capital paid up on such Ordinary share bears to the total paid up Ordinary share capital of the Company. In case of every 'A' Ordinary share, if any resolution is put to vote on a poll or by postal ballot at any general meeting of shareholders, the holder shall be entitled to one vote for every ten 'A' Ordinary shares held as per the terms of its issue.
- Under the provisions of the revised Indian Listing Agreement with domestic Indian Stock Exchanges, every listed company is required to provide its shareholders with the facility to exercise their right to vote, by electronic means, either at a general meeting of the Company or by means of a postal ballot.
- The dividend proposed by Tata Motors Limited's Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Further, the Board of Directors may also announce an interim dividend which would need to be confirmed by the shareholders at the forthcoming Annual General Meeting. The holders of 'A' Ordinary shares shall be entitled to receive dividend for each financial year at five percentage point more than the aggregate rate of dividend declared on Ordinary shares for that financial year.
- In the event of liquidation, the shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholdings.

During the year ended March 31, 2016, the Company allotted 150,490,480 (including 32,049,820 shares underlying the ADSs) Ordinary shares at a premium of Rs. 448 per share aggregating Rs. 67,720.7 million and 26,509,759 'A' Ordinary shares at a premium of Rs. 269 per share, aggregating to Rs. 7,184.1 million, pursuant to the Rights issue. 154,279 Ordinary shares and 20,531 'A' Ordinary shares have been kept in abeyance.

The rights offer raised Rs.74,904.8 million which is being used, net of issue expenses, for repayment in full or part, of certain long-term and short-term borrowings, funding of capital expenditure towards property plant and equipment and expenditure relating to research and product development and for general corporate purposes.

26. Other components of equity

(a) The movement of Currency translation reserve is as follows:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Balance at the beginning	US\$436.0	Rs.28,887.9	Rs. 70,610.8	Rs. 3,820.6
Exchange differences arising on translating the net assets of foreign operations (net)	252.9	16,758.7	(42,905.3)	66,376.4
Net change in translation reserve – equity accounted investees (net)	4.4	290.0	1,182.4	413.8
Balance at the end	<u>US\$693.3</u>	<u>Rs.45,936.6</u>	<u>Rs. 28,887.9</u>	<u>Rs.70,610.8</u>

(b) The movement of Available-for-sale investments reserve is as follows:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Balance at the beginning	US\$ 4.2	Rs.280.6	Rs. 800.2	Rs. 320.3
Gain/(loss) arising on revaluation of available-for-sale investments (net)	0.4	23.9	(340.0)	589.9
Income tax relating to gain/loss arising on revaluation of available-for-sale investments (net), where applicable	(0.3)	(16.6)	(18.1)	(36.1)
Cumulative (gain)/loss reclassified to profit or loss on available-for-sale investments (net)	(0.3)	(22.0)	(190.3)	(142.7)
Income tax relating to cumulative gain/loss reclassified to profit or loss on available-for-sale investments (net), where applicable	0.1	7.6	36.1	63.5
Net change in share of available-for-sale investments reserves – equity accounted investees (net)	—	1.1	(7.3)	5.3
Balance at the end	<u>US\$ 4.1</u>	<u>Rs.274.6</u>	<u>Rs. 280.6</u>	<u>Rs. 800.2</u>

(c) The movement of Hedging reserve is as follows:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Balance at the beginning	US\$(1,337.3)	Rs.(88,603.2)	Rs. 54,198.2	Rs. (16,801.3)
Gain/(loss) recognised on cash flow hedges	(252.8)	(16,750.5)	(174,153.2)	100,428.5
Income tax relating to gain/loss recognized on cash flow hedges	42.2	2,797.1	34,821.0	(21,158.1)
(Gain)/loss reclassified to profit or loss	333.9	22,120.8	(4,338.4)	(10,771.4)
Income tax relating to gain/loss reclassified to profit or loss	(66.8)	(4,424.2)	869.2	2,500.5
Balance at the end	<u>US\$(1,280.8)</u>	<u>Rs.(84,860.0)</u>	<u>Rs. (88,603.2)</u>	<u>Rs. 54,198.2</u>

(d) Summary of Other components of equity:

	As at March 31,			
	2016	2016	2015	2014
	(In millions)			
Currency translation reserve	US\$ 693.3	Rs. 45,936.6	Rs. 28,887.9	Rs. 70,610.8
Available-for-sale investments reserve	4.1	274.6	280.6	800.2
Hedging reserve	(1,280.8)	(84,860.0)	(88,603.2)	54,198.2
Total	<u>US\$ (583.4)</u>	<u>Rs.(38,648.8)</u>	<u>Rs.(59,434.7)</u>	<u>Rs.125,609.2</u>

27. Notes to reserves and dividends

Capital redemption reserve

The Indian Companies Act, 2013 (the “Companies Act”) requires that where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the company, in paying up unissued shares of the company to be issued to shareholders of the company as fully paid bonus shares. Tata Motors Limited established this reserve pursuant to the redemption of preference shares issued in earlier years.

Debenture redemption reserve

The Companies Act requires that where a company issues debentures, it shall create a debenture redemption reserve out of profits of the company available for payment of dividend. The company is required to maintain a Debenture Redemption Reserve of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the debenture redemption reserve may not be utilized by the company except to redeem debentures.

Reserve for research and human resource development

In terms of Article 9 of the Act on Special Taxation Restriction in Korea, Tata Daewoo Commercial Vehicle Company Limited (TDCV, a subsidiary of Tata Motors Limited) is entitled for deferment of tax in respect of expenditures incurred on product development cost subject to fulfillment of certain conditions, by way of deduction from the taxable income, provided that TDCV appropriates an equivalent amount from “Retained Earnings” to “Reserve for Research and Human Resource Development”.

The deferment is for a period of three years and from the fourth year onwards one-third of the reserve is offered to tax and an equal amount is then transferred from the reserve to “Retained earnings available for appropriation”.

Special reserve

The special reserve represents the reserve created by two subsidiaries of Tata Motors Limited pursuant to the Reserve Bank of India Act, 1934 (the “RBI Act”) and related regulations applicable to those companies. Under the RBI Act, a non-banking finance company is required to transfer an amount not less than 20% of its net profit to a reserve fund before declaring any dividend. Appropriation from this reserve fund is permitted only for the purposes specified by the RBI.

Earned surplus reserve

Under the Korean commercial code, TDCV is required to appropriate at least 10% of cash dividend declared each year to a legal reserve until such reserves equal to 50% of capital stock. This reserve may not be utilized for cash dividends, but may only be used to offset against future deficits, if any, or may be transferred to capital stock.

Dividends

The final dividend is recommended by the Board of Directors and is recorded in the books of account upon its approval by the shareholders. Tata Motors has not declared any dividend during the year ended March 31, 2016. For the year ended March 31, 2015, dividend per share of Rs. 2 for Ordinary Shares (face value of Rs. 2 each) and Rs. 2.10 for ‘A’ Ordinary Shares (face value of Rs. 2 each) was declared.

The Board of Directors has recommended dividend of Rs. 0.20 per Ordinary share of Rs. 2 each and Rs. 0.30 per ‘A’ Ordinary share of Rs. 2 each for the financial year 2015-16, subject to approval of the Shareholders.

28. Employee cost

Employee cost consists of the following:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Salaries, wages and welfare expenses	US\$3,833.5	Rs.253,989.3	Rs.223,594.3	Rs.187,862.2
Contribution to provident fund and other funds	515.1	34,128.1	26,806.9	26,040.8
Total	US\$4,348.6	Rs.288,117.4	Rs.250,401.2	Rs.213,903.0

A subsidiary of the Company operates a Long Term Incentive Plan (LTIP) arrangement for certain employees. The scheme provides a cash payment to the employee based on a specific number of phantom shares at grant and the share price of Tata Motors Limited at the vesting date. The cash payment is dependent on the performance of the underlying shares of Tata Motors Limited shares over the 3 year vesting period and continued employment at the end of the vesting period. The fair value of the awards is calculated using a Black-Scholes model at the grant date. The fair value is updated at each reporting date as the awards are accounted for as cash-settled plan. The inputs into the model are based on the Tata Motors Limited historic data, the risk-free rate and the weighted average fair value of shares, in the scheme at the reporting date. The amount expensed in relation to the LTIP was Rs. 295.9 million, Rs. 1,577.6 million and Rs. 1,057.9 million for the years ended March 31, 2016, 2015 and 2014, respectively. The Company considers these amounts as not material and accordingly has not provided further disclosures as required by IFRS 2 “Share-based payment”.

29. Other expenses

Other expenses consist of the following:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Stores, spare parts and tools consumed	US\$ 316.4	Rs. 20,961.9	Rs. 17,818.5	Rs. 16,823.4
Freight and transportation expenses	1,559.9	103,350.9	84,309.2	75,438.5
Research and product development cost	523.5	34,687.7	28,515.3	25,651.2
Warranty and product liability expenses	1,019.4	67,539.3	60,265.5	57,957.3
Allowance for trade and other receivables, and finance receivables	231.2	15,319.4	25,597.2	26,829.9
Works operation and other expenses	3,370.6	223,315.3	213,280.0	186,066.6
Repairs to building and plant and machinery	93.2	6,175.7	5,837.4	3,549.1
Processing charges	167.7	11,106.8	10,504.8	10,935.3
Power and fuel	172.6	11,436.3	11,116.0	11,278.0
Insurance	56.5	3,743.5	2,892.7	2,823.0
Publicity	1,323.4	87,684.6	85,772.9	81,425.4
Total	US\$8,834.4	Rs.585,321.4	Rs.545,909.5	Rs.498,777.7

30. Other income/(loss) (net)

Other income/(loss) (net) consist of the following:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Miscellaneous income	US\$ 330.7	Rs. 21,907.7	Rs. 17,100.8	Rs. 13,976.8
Gain/(Loss) on change in fair value of commodity derivatives	(174.4)	(11,555.3)	(3,626.5)	(1,797.5)
Dividend income and income on mutual funds	6.7	446.7	351.3	375.1
Gain/(loss) on sale, change in fair value of available-for-sale investments (net)	27.4	1,813.9	1,195.0	1,102.1
Gain/(loss) on change in the fair value of conversion options	—	—	—	(838.2)
Gain/(loss) on change in fair value of prepayment options on senior notes	—	—	—	(4,791.6)
Loss on sale of assets/assets written off and others (net) *	(143.1)	(9,477.4)	(3,512.2)	(294.1)
Total	US\$ 47.3	Rs. 3,135.6	Rs. 11,508.4	Rs. 7,732.6

* Includes provision of Rs. 3,098.8 million for the year ended March 31, 2015 as described in note 12.

31. Interest expense (net)

Interest expense (net) consists of the following:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Gross interest expense	US\$ 908.2	Rs. 60,167.8	Rs. 68,634.7	Rs. 68,075.3
Less: Interest capitalized *	(185.0)	(12,255.2)	(16,403.1)	(14,980.6)
Total	US\$ 723.2	Rs. 47,912.6	Rs. 52,231.6	Rs. 53,094.7

* Represents borrowing costs capitalized during the year on qualifying assets (property plant and equipment and product development).

The weighted average rate for capitalization of interest relating to general borrowings was approximately 6.3%, 7.1% and 7.9% for the years ended March 31, 2016, 2015 and 2014, respectively.

32. Employee benefits

Defined Benefit Plan

Pension and post retirement medical plans

The following table sets out the funded and unfunded status and the amounts recognized in the financial statements for the pension and the post retirement medical plans in respect of Tata Motors, its Indian subsidiaries and joint operations:

	As at March 31,					
	Pension benefits			Post retirement medical benefits		
	2016	2016	2015	2016	2016	2015
(In millions)						
Change in defined benefit obligations:						
Defined benefit obligation, beginning of the year	US\$136.1	Rs. 9,018.1	Rs. 8,277.6	US\$ 23.6	Rs. 1,556.6	Rs. 1,239.9
Current service cost	9.7	642.6	564.3	1.2	76.8	57.1
Interest cost	10.1	669.6	690.5	1.8	121.8	113.1
Remeasurements (gains)/losses						
Actuarial (gains)/losses arising from changes in demographic assumptions	0.2	14.6	5.9	—	—	—
Actuarial (gains)/losses arising from changes in financial assumptions	0.6	38.7	760.0	1.2	78.4	199.8
Actuarial (gains)/losses arising from changes in experience adjustments	0.9	61.7	93.7	(2.5)	(165.3)	(38.3)
Past service cost	—	—	—	—	—	7.0
Benefits paid from plan assets	(17.3)	(1,149.1)	(1,321.6)	—	—	—
Benefits paid directly by employer	(0.9)	(57.6)	(52.3)	(1.0)	(67.8)	(22.0)
Defined benefit obligation, end of the year	US\$139.4	Rs. 9,238.6	Rs. 9,018.1	US\$ 24.3	Rs. 1,600.5	Rs. 1,556.6
Change in plan assets:						
Fair value of plan assets, beginning of the year	US\$119.1	Rs. 7,891.3	Rs. 7,206.0	US\$ —	Rs. —	Rs. —
Interest income	9.1	601.0	564.2	—	—	—
Remeasurements gains/(losses)						
Return on plan assets, (excluding amount included in net Interest expense)	3.1	203.4	268.7	—	—	—
Employer's contributions	6.8	450.3	1,174.0	—	—	—
Benefits paid	(17.3)	(1,149.1)	(1,321.6)	—	—	—
Fair value of plan assets, end of the year	US\$120.8	Rs. 7,996.9	Rs. 7,891.3	US\$ —	Rs. —	Rs. —
Amount recognized in the balance sheet consists of:						
Present value of defined benefit obligation	US\$139.4	Rs. 9,238.6	Rs. 9,018.1	US\$ 24.3	Rs. 1,600.5	Rs. 1,556.6
Fair value of plan assets	120.8	7,996.9	7,891.3	—	—	—
Net liability	US\$ (18.6)	Rs. (1,241.7)	Rs. (1,126.8)	US\$ (24.3)	Rs. (1,600.5)	Rs. (1,556.6)
Amounts in the balance sheet:						
Non-current assets	US\$ 0.7	49.1	Rs. 108.5	US\$ —	Rs. —	Rs. —
Non-current liabilities	(19.3)	(1,290.8)	(1,235.3)	(24.3)	(1,600.5)	(1,556.6)
Net liability	US\$ (18.6)	Rs. (1,241.7)	Rs. (1,126.8)	US\$ (24.3)	Rs. (1,600.5)	Rs. (1,556.6)

Total amount recognized in other comprehensive income consists of:

	As at March 31,							
	Pension benefits				Post retirement medical benefits			
	2016	2016	2015	2014	2016	2016	2015	2014
	(In millions)							
Remeasurements (gains)/losses	US\$ 35.5	Rs. 2,350.7	Rs. 2,439.1	Rs. 1,848.2	US\$ 3.7	Rs. 243.6	Rs. 330.5	Rs. 169.0
	<u>US\$ 35.5</u>	<u>Rs. 2,350.7</u>	<u>Rs. 2,439.1</u>	<u>Rs. 1,848.2</u>	<u>US\$ 3.7</u>	<u>Rs. 243.6</u>	<u>Rs. 330.5</u>	<u>Rs. 169.0</u>

Information for funded plans with a defined benefit obligation in excess of plan assets:

	As at March 31,		
	Pension benefits		
	2016	2016	2015
	(In millions)		
Defined benefit obligation	US\$ 114.0	Rs. 7,549.9	Rs. 7,335.9
Fair value of plan assets	US\$ 110.1	Rs. 7,295.5	Rs. 7,057.5

Information for funded plans with a defined benefit obligation less than plan assets:

	As at March 31,		
	Pension benefits		
	2016	2016	2015
	(In millions)		
Defined benefit obligation	US\$ 9.9	Rs. 652.7	Rs. 725.4
Fair value of plan assets	US\$ 10.6	Rs. 701.4	Rs. 833.8

Information for unfunded plans:

	As at March 31,					
	Pension benefits			Post retirement medical benefits		
	2016	2016	2015	2016	2016	2015
	(In millions)					
Defined benefit obligation	US\$ 15.5	Rs. 1,036.0	Rs. 956.8	US\$ 24.3	Rs. 1,600.5	Rs. 1,556.6

Net pension and post retirement medical cost consist of the following components:

	Year ended March 31,							
	Pension benefits				Post retirement medical benefits			
	2016	2016	2015	2014	2016	2016	2015	2014
	(In millions)							
Service cost	US\$ 9.7	Rs. 642.6	Rs. 564.3	Rs. 585.3	US\$ 1.2	Rs. 76.8	Rs. 57.1	Rs. 51.8
Past Service cost	—	—	—	1.6	—	—	7.0	5.5
Net interest cost/(income)	1.0	68.6	126.3	53.3	1.8	121.8	113.1	90.6
Net periodic cost	US\$ 10.7	Rs. 711.2	Rs. 690.6	Rs. 640.2	US\$ 3.0	Rs. 198.6	Rs. 177.2	Rs. 147.9

Other changes in plan assets and benefit obligation recognized in other comprehensive income.

	Year ended March 31,							
	Pension benefits				Post retirement medical benefits			
	2016	2016	2015	2014	2016	2016	2015	2014
	(In millions)							
Remeasurements								
Return on plan assets, (excluding amount included in net interest expense)	US\$ (3.1)	Rs. (203.4)	Rs. (268.7)	Rs. 248.5	US\$ —	Rs. —	Rs. —	Rs. —
Actuarial (gains)/losses arising from changes in demographic assumptions	0.2	14.6	5.9	(4.3)	—	—	—	—
Actuarial (gains)/losses arising from changes in financial assumptions	0.6	38.7	760.0	(464.8)	1.2	78.4	199.8	(8.1)
Actuarial (gains)/losses arising from changes in experience adjustments on plan liabilities	0.9	61.7	93.7	231.9	(2.5)	(165.3)	(38.3)	34.6
Total recognized in other comprehensive income	US\$ (1.4)	Rs. (88.4)	Rs. 590.9	Rs. 11.3	US\$ (1.3)	Rs. (86.9)	Rs. 161.5	Rs. 26.5
Total recognized in statement of operations and other comprehensive income	US\$ 9.3	Rs. 622.8	Rs. 1,281.5	Rs. 651.5	US\$ 1.7	Rs. 111.7	Rs. 338.7	Rs. 174.4

The assumptions used in accounting for the pension and post retirement medical plans are set out below:

	As at March 31,					
	Pension benefits			Post retirement medical benefits		
	2016	2015	2014	2016	2015	2014
Discount rate	6.75% - 8.00%	6.75% - 8.00%	6.75% - 9.30%	8.00%	8.00%	9.20%
Rate of increase in compensation level of covered employees	5.00% - 12.00%	5.00% - 11.00%	5.00% - 11.00%	NA	NA	NA
Increase in health care cost	NA	NA	NA	6.00%	6.00%	6.00%

Plan Assets

The fair value of Company's pension plan asset as of March 31, 2016 and 2015 by category are as follows:

Asset category:	Pension benefits	
	Plan assets as of March 31,	
	2016	2015
Cash and cash equivalents	2%	6%
Debt instruments (quoted)	77%	67%
Debt instruments (unquoted)	1%	6%
Equity instruments (quoted)	1%	—
Deposits with Insurance companies	19%	21%
	100%	100%

The Company's policy is driven by considerations of maximizing returns while ensuring credit quality of the debt instruments. The asset allocation for plan assets is determined based on investment criteria prescribed under the Indian Income Tax Act, 1961, and is also subject to other exposure limitations. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

The weighted average duration of the defined benefit obligation as at March 31, 2016 is 15.6 years (2015: 16.0 years)

The Company expects to contribute Rs.700.3 million to the funded pension plans in fiscal 2017.

The table below outlines the effect on the service cost, the interest cost and the defined benefit obligation in the event of a decrease/increase of 1% in the assumed rate of discount rate, salary escalation and health care cost:

Assumption	Change in assumption	Impact on defined benefit obligation	Impact on service cost and interest cost
Discount rate	Increase by 1%	Decrease by Rs. 822.2 million	Decrease by Rs. 161.6 million
	Decrease by 1%	Increase by Rs. 907.9 million	Increase by Rs. 229.2 million
Salary escalation rate	Increase by 1%	Increase by Rs. 737.3 million	Increase by Rs. 180.9 million
	Decrease by 1%	Decrease by Rs. 648.7 million	Decrease by Rs. 149.5 million
Health care cost	Increase by 1%	Increase by Rs. 215.0 million	Increase by Rs. 52.2 million
	Decrease by 1%	Decrease by Rs. 178.6 million	Decrease by Rs. 48.3 million

Severance indemnity plan

Severance indemnity is a funded plan of Tata Daewoo Commercial Vehicles Limited (TDCV), a subsidiary of Tata Motors Limited.

The following table sets out, the amounts recognized in the financial statements for the severance indemnity plan.

	As at March 31,			
	2016		2016	
			(In millions)	
2015				
Change in defined benefit obligation:				
Defined benefit obligation, beginning of the year	US\$	49.9	Rs. 3,307.2	Rs. 2,195.4
Service cost		8.4	555.3	421.6
Interest cost		1.1	76.1	80.5
Remeasurements (gains)/losses				
Actuarial (gains)/losses arising from changes in financial assumptions		(9.9)	(653.2)	474.6
Actuarial (gains)/losses arising from changes in experience adjustments on plan liabilities		(0.6)	(40.9)	198.3
Actuarial (gains)/losses arising from changes in demographic assumption on plan liabilities		0.5	33.1	—
Benefits paid from plan assets		(0.3)	(21.1)	(33.7)
Benefits paid directly by employer		(0.2)	(12.0)	(13.6)
Foreign currency translation		1.4	94.7	(15.9)
Defined benefit obligation, end of the year	US\$	50.3	Rs.3,339.2	Rs. 3,307.2
Change in plan assets:				
Fair value of plan assets, beginning of the year	US\$	30.6	Rs. 2,025.1	Rs. 1,294.3
Interest income		0.8	52.4	60.7
Remeasurements gain/(loss)				
Return on plan assets, (excluding amount included in net Interest expense)		(0.3)	(19.3)	(26.3)
Employer's contributions		7.7	509.5	741.2
Benefits paid		(0.3)	(21.1)	(33.7)
Foreign currency translation		1.0	71.0	(11.2)
Fair value of plan assets, end of the year	US\$	39.5	Rs 2,617.6	Rs 2,025.1

	As at March 31,		
	2016	2016	2015
		(In millions)	
Amount recognized in the balance sheet consist of:			
Present value of defined benefit obligation	US\$ 50.3	Rs. 3,339.2	Rs. 3,307.2
Fair value of plan assets	39.5	2,617.6	2,025.1
Net liability	US\$ (10.8)	Rs. (721.6)	Rs. (1,282.1)
Amounts in the balance sheet:			
Non- current liabilities	US\$ (10.8)	Rs. (721.6)	Rs. (1,282.1)

Total amount recognized in other comprehensive income for severance indemnity consists of:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Remeasurements (gains)/losses	US\$ (7.3)	Rs. (481.6)	Rs. 160.1
	US\$ (7.3)	Rs. (481.6)	Rs. 160.1
			Rs. (539.1)

Net severance indemnity cost consist of the following components:

	As at March 31,			
	2016	2016	2015	2014
	(In millions)			
Service cost	US\$ 8.4	Rs. 555.3	Rs. 421.6	Rs. 387.5
Net interest cost	0.3	23.7	19.8	56.0
Net periodic pension cost	US\$ 8.7	Rs. 579.0	Rs. 441.4	Rs. 443.5

Other changes in plan assets and benefit obligation recognized in other comprehensive income for severance indemnity plan:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Remeasurements (gains)/losses				
Return on plan assets, (excluding amount included in net Interest expense)	US\$ 0.3	Rs. 19.3	Rs. 26.3	Rs. —
Actuarial (gains)/losses arising from changes in financial assumptions	(9.9)	(653.2)	474.6	(136.8)
Actuarial (gains)/losses arising from changes in experience adjustments on plan liabilities	(0.6)	(40.9)	198.3	65.4
Actuarial (gains)/losses arising from changes in demographic assumptions	0.5	33.1	—	—
Total recognized in other comprehensive income	US\$ (9.7)	Rs. (641.7)	Rs. 699.2	Rs. (71.4)
Total recognized in statement of operations and other comprehensive income	US\$ (0.9)	Rs. (62.7)	Rs. 1,140.6	Rs. 372.1

The assumptions used in accounting for the Severance indemnity plan is set out below:

	Year ended March 31,		
	2016	2015	2014
Discount rate	1.90%	2.30%	3.60%
Rate of increase in compensation level of covered employees	3%	5%	5%

The table below outlines the effect on the service cost, the interest cost and the defined benefit obligation in the event of a decrease/increase of 1% in the assumed rate of discount rate, salary escalation rate:

<u>Assumption</u>	<u>Change in assumption</u>	<u>Impact on scheme liabilities</u>	<u>Impact on service cost and interest cost</u>
Discount rate	Increase by 1%	Decrease by Rs. 348.8 million	Decrease by Rs. 107.1 million
	Decrease by 1%	Increase by Rs. 411.3 million	Increase by Rs. 120.7 million
Salary escalation rate	Increase by 1%	Increase by Rs. 402.4 million	Increase by Rs. 133.1 million
	Decrease by 1%	Decrease by Rs. 348.5 million	Decrease by Rs. 113.8 million

Severance indemnity plans asset allocation by category is as follows:

	As at March 31,	
	2016	2015
Deposit with banks	100%	100%

The weighted average duration of the defined benefit obligation as at March 31, 2016 is **11.8 years** (2015: 12.6 years)

The Company expects to contribute **Rs.405.3 million** to the funded severance indemnity plans in fiscal 2017.

Jaguar Land Rover Pension plan

Jaguar Land Rover Ltd UK, has pension arrangements providing employees with defined benefits related to pay and service as set out in the rules of each fund.

The UK defined benefit schemes are administered by a separate fund that is legally separated from the Company. The trustees of the pension schemes are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme and are responsible for the investment policy with regard to the assets of the schemes and all other governance matters. The board of trustees must be composed of representatives of the Company and plan participants in accordance with the plan's regulations.

Through its defined benefit pension plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to corporate bond yields; if plan assets under perform compared to the corporate bonds discount rate, this will create or increase a deficit. The defined benefit plans hold a significant proportion of equity type assets, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity type investments is an appropriate element of the Company's long term strategy to manage the plans efficiently.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings and interest rate hedging instruments.

Inflation risk

Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The plans hold a significant proportion of assets in index linked gilts, together with other inflation hedging instruments and also assets which are more loosely correlated with inflation. However an increase in inflation will also increase the deficit to some degree.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the UK defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

The following table sets out the disclosure pertaining to employee benefits of Jaguar Land Rover Limited

	As at March 31,		
	Pension benefits		
	2016	2016	2015
	(In millions)		
Change in defined benefit obligation:			
Defined benefit obligation, beginning of the year	US\$ 10,998.3	Rs. 728,691.5	Rs. 602,488.9
Service cost	333.9	22,125.8	16,555.5
Interest cost	390.9	25,897.1	27,015.7
Remeasurements (gains)/losses			
Actuarial (gains)/losses arising from changes in demographic assumptions	(53.7)	(3,560.2)	(1,971.9)
Actuarial (gains)/losses arising from changes in financial assumptions	(847.4)	(56,145.3)	143,396.1
Actuarial (gains)/losses arising from changes in experience adjustments on plan liabilities	94.4	6,252.6	9,958.3
Past service cost	0.2	13.8	51.3
Plan curtailment	—	—	(9.6)
Plan settlement	—	—	(131.1)
Plan combinations	—	—	(15.8)
Benefits paid	(245.9)	(16,292.3)	(14,670.3)
Member contributions	2.5	163.7	183.4
Foreign currency translation	372.0	24,643.9	(54,159.0)
Defined benefit obligation, end of the year	US\$ 11,045.2	Rs. 731,790.6	Rs. 728,691.5
Change in plan assets:			
Fair value of plan assets, beginning of the year	US\$ 9,763.7	Rs. 646,895.5	Rs. 535,777.5
Interest Income	347.1	22,997.6	24,215.5
Remeasurements gains/(losses)			
Return on plan assets, (excluding amount included in net Interest expense)	(76.7)	(5,079.0)	116,147.7
Plan settlement	—	—	(110.4)
Employer's contributions	133.7	8,858.2	34,090.1
Members contributions	2.5	163.7	183.4
Plan settlement	—	—	—
Benefits paid	(245.9)	(16,292.3)	(14,670.3)
Expenses paid	(12.4)	(824.5)	(806.5)
Foreign currency translation	321.6	21,313.8	(47,931.5)
Fair value of plan assets, end of the year	US\$ 10,233.6	Rs. 678,033.0	Rs. 646,895.5
	Year ended March 31,		
	Pension benefits		
	2016	2016	2015
	(In millions)		
Amount recognized in the balance sheet consist of:			
Present value of defined benefit obligation	US\$ 11,045.2	Rs. 731,790.6	Rs. 728,691.5
Fair value of plan Assets	10,233.6	678,033.0	646,895.5
Surplus/(deficit)	(811.6)	(53,757.6)	(81,796.0)
Restriction of pension asset (as per IFRIC 14) and onerous obligation	(2.6)	(171.8)	(35.1)
Net liability	US\$ (814.2)	Rs. (53,929.4)	Rs. (81,831.1)
Amount recognized in the balance sheet consist of:			
Non-current assets	US\$ 0.5	Rs. 41.0	Rs. 36.1
Non-current liabilities	(814.7)	(53,970.4)	(81,867.2)
Net liability	US\$ (814.2)	Rs. (53,929.4)	Rs. (81,831.1)

Total amount recognized in other comprehensive income

	As at March 31, Pension benefits			
	2016	2016	2015	2014
	(In millions)			
Remeasurements (gains)/losses	US\$ 1,452.9	Rs. 96,259.4	Rs. 144,633.3	Rs. 109,398.5
Restriction of Pension asset (as per IFRIC 14)	(210.2)	(13,928.1)	(13,928.1)	(13,659.9)
Onerous obligation, excluding amounts included in interest expenses	(127.9)	(8,475.1)	(8,573.7)	(8,573.7)
	<u>US\$ 1,114.8</u>	<u>Rs. 73,856.2</u>	<u>Rs. 122,131.5</u>	<u>Rs. 87,164.9</u>

Net pension and post retirement cost consist of the following components:

	Year ended March 31, Pension benefits			
	2016	2016	2015	2014
	(In millions)			
Current service cost	US\$ 333.9	Rs. 22,125.8	Rs. 16,555.5	Rs. 16,926.4
Past service cost	0.2	13.8	51.3	557.8
Administrative expenses	12.4	824.5	806.5	769.4
Interest cost on onerous obligations	—	1.0	—	—
Net interest cost/(income)	43.8	2,899.5	2,800.2	2,423.6
Net periodic pension cost	<u>US\$ 390.3</u>	<u>Rs. 25,864.5</u>	<u>Rs. 20,213.5</u>	<u>Rs. 20,677.2</u>

Amount recognized in other comprehensive income

	Year ended March 31, Pension benefits			
	2016	2016	2015	2014
	(In millions)			
Remeasurements (gains)/losses				
Actuarial (gains)/losses arising from changes in demographic assumptions	US\$ (53.7)	Rs. (3,560.2)	Rs. (1,971.9)	Rs. (3,750.7)
Actuarial (gains)/losses arising from changes in financial assumptions	(847.4)	(56,145.3)	143,396.1	(23,370.0)
Actuarial (gains)/losses arising from changes in experience adjustments on plan liabilities	94.4	6,252.6	9,958.3	827.1
Return on plan assets, (excluding amount included in net interest expense)	76.7	5,079.0	(116,147.7)	39,132.8
Change in restriction of pension asset (as per IFRIC 14)	—	—	(268.2)	211.6
Change in onerous obligation, (excluding amounts included in interest expenses)	1.5	98.6	—	—
Total recognized in other comprehensive income	<u>US\$ (728.5)</u>	<u>Rs. (48,275.3)</u>	<u>Rs. 34,966.6</u>	<u>Rs. 13,050.8</u>
Total recognized in statement of operations and other comprehensive income	<u>US\$ (338.2)</u>	<u>Rs. (22,410.8)</u>	<u>Rs. 55,180.1</u>	<u>Rs. 33,728.0</u>

The assumptions used in accounting for the pension plans are set out below:

	Year ended March 31,		
	Pension benefits		
	2016	2015	2014
Discount rate	3.60%	3.40%	4.60%
Expected rate of increase in compensation level of covered employees	3.50%	3.60%	3.90%
Inflation increase	3.00%	3.10%	3.40%
The assumed life expectations on retirement at age 65 are (years)			
Retiring today:			
Males	21.5	21.4	20.0
Females	24.4	23.9	24.5
Retiring in 20 years:			
Males	23.2	23.1	23.8
Females	26.2	25.8	26.4

For the valuation at 31 March 2016, the mortality assumptions used are SAPS base table, in particular S2NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor of 120% for males and 110% for females has been used for the Jaguar Pension Plan, 115% for males and 105 % for females for the Land Rover Pension Scheme, and 95% for males and 85% for females for Jaguar Executive Pension Plan.

For the valuation as at March 31, 2015 and 2014, the mortality assumptions used are the SAPS base table, in particular S1NxA tables and the Light table for members of the Jaguar Executive Pension Plan. A scaling factor of 115% has been used for the Jaguar Pension Plan, 110% for the Land Rover Pension Scheme and 105% for males and 90% for females for Jaguar Executive Pension Plan.

There is an allowance for future improvements in line with the CMI (2014) projections (2015: CMI (2014) projections, 2014: CMI (2013) projections) and an allowance for long term improvements of 1.25% per annum.

Pension plans asset allocation by category is as follows:

	As at March 31,					
	2016			2015		
	Quoted *	Unquoted	Total	Quoted *	Unquoted	Total
	(In millions)					
Equity Instruments						
Information Technology	Rs. 11,931.5	Rs. —	Rs. 11,931.5	Rs. 10,909.0	Rs. —	Rs. 10,909.0
Energy	5,059.0	—	5,059.0	6,471.4	—	6,471.4
Manufacturing	9,354.3	—	9,354.3	8,875.1	—	8,875.1
Financials	16,990.5	—	16,990.5	17,010.6	—	17,010.6
Others	41,748.0	—	41,748.0	38,582.0	—	38,582.0
	85,083.3	—	85,083.3	81,848.1	—	81,848.1
Debt Instruments						
Government	247,221.5	—	247,221.5	249,519.5	1,109.4	250,628.9
Corporate Bonds						
(Investment Grade)	15,081.5	139,455.8	154,537.3	3,513.1	110,753.7	114,266.8
Corporate Bonds (Non Investment Grade)	15,749.5	26,726.7	42,476.2	4,992.2	44,005.7	48,997.9
	278,052.5	166,182.5	444,235.0	258,024.8	155,868.8	413,893.6
Property Funds						
UK	6,395.4	10,977.0	17,372.4	12,110.8	10,446.7	22,557.5
Other	7,254.4	4,581.7	11,836.1	4,807.3	1,571.7	6,379.0
	13,649.8	15,558.7	29,208.5	16,918.1	12,018.4	28,936.5
Cash and Cash equivalents	16,226.9	—	16,226.9	12,018.3	—	12,018.3
Other						
Hedge Funds	—	35,603.7	35,603.7	—	36,240.0	36,240.0
Private Markets	—	7,636.2	7,636.2	—	5,177.1	5,177.1
Alternatives	33,121.9	8,399.8	41,521.7	15,716.3	13,497.5	29,213.8
	33,121.9	51,639.7	84,761.6	15,716.3	54,914.6	70,630.9
Derivatives						
Foreign exchange contracts	—	(859.1)	(859.1)	—	(1,201.8)	(1,201.8)
Interest Rate and inflation	—	54,980.5	54,980.5	—	40,769.9	40,769.9
	—	54,121.4	54,121.4	—	39,568.1	39,568.1
Collateralized debt obligations	—	(35,603.7)	(35,603.7)	—	—	—
Total	Rs.426,134.4	Rs.251,898.6	Rs.678,033.0	Rs.384,525.6	Rs.262,369.9	Rs.646,895.5

* determined on the basis of quoted prices for identical assets or liabilities in active markets.

As at March 31, 2016 the schemes held Gilt Repos, reflected as a collateralized debt obligation. The schemes did not have any Gilt Repos as at March 31, 2015.

The split of level 1 assets is 63% (2015: 59%), level 2 assets 31% (2015: 37%) and level 3 assets 6% (2015: 4%).

The table below outlines the effect on the service cost and the defined benefit obligation in the event of a decrease/increase of 0.25% in the assumed discount rate and inflation rate and increase/decrease in mortality rate by 1 year. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

<u>Assumption</u>	<u>Change in assumption</u>	<u>Impact on scheme liabilities</u>	<u>Impact on service cost</u>
Discount rate	Increase/decrease by 0.25%	Decrease/increase by Rs.41,322.5 million	Decrease/increase by Rs.1,282.1 million
Inflation rate	Increase/decrease by 0.25%	Increase/decrease by Rs.36,785.9 million	Increase/decrease by Rs.1,282.1 million
Mortality rate	Increase/decrease by 1 year	Increase/decrease by Rs.20,414.7 million	Increase/decrease by Rs.493.1 million

The Company has agreed updated contributions towards the UK defined benefit schemes following the April 5, 2015 valuation. It is intended to eliminate the pension scheme funding deficits over the 10 years following the valuation date. The current agreed contribution rate for defined benefit accrual is 31% of pensionable salaries in the UK. Deficit contribution levels remain in line with prior expectation for 2016-18 and then increase to Rs.5,720.1 million per annum to March 2025.

The average duration of the defined benefit obligation at March 31, 2016 is 20.5 years (2015 : 23.5 Years)

The expected net periodic pension cost for the year ended March 31, 2017 is Rs.22,091.3 million. The Company expects to contribute Rs. 21,598.2 million to the funded pension plans of Jaguar Land Rover Limited, UK in fiscal 2017.

Defined contribution plan

The Company's contribution to defined contribution plans aggregated Rs.6,768.5 million, Rs. 5,346.2 million and Rs. 4,928.0 million for years ended March 31, 2016, 2015 and 2014 respectively.

33. Commitments and contingencies

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Litigation

The Company is involved in legal proceedings, both as plaintiff and as defendant. There are claims which the Company does not believe to be of material nature, other than those described below.

Income Tax

The Company has ongoing disputes with income tax authorities relating to tax treatment of certain items. These mainly include disallowed expenses, the tax treatment of certain expenses claimed by the Company as deductions and the computation of, or eligibility of, the Company's use of certain tax incentives or allowances.

Most of these disputes and/or disallowances, being repetitive in nature, have been raised by the income tax authorities consistently in most of the years.

The Company has a right of appeal to the Commissioner of Income Tax (Appeals), or CIT (A), the Dispute Resolution Panel, or DRP, and to the Income Tax Appellate Tribunal, or ITAT, against adverse decisions by the assessing officer, DRP or CIT (A), as applicable. The income tax authorities have similar rights of appeal to the ITAT against adverse decisions by the CIT (A) or DRP. The Company has a further right of appeal to the High Court of Bombay or Supreme Court against adverse decisions by the appellate authorities for matters involving substantial question of law. The income tax authorities have similar rights of appeal.

As at March 31, 2016, there are matters and/or disputes pending in appeal amounting to Rs.1,338 million, which includes Rs.75 million in respect of equity accounted investees (Rs.1,343 million, which includes Rs.157 million in respect of equity accounted investees as at March 31, 2015).

Customs, Excise Duty and Service Tax

As at March 31, 2016, there was pending litigation for various matters relating to customs, excise duty and service taxes involving demands, including interest and penalties, of Rs.14,400 million, which includes Rs.66 million in respect of equity accounted investees (Rs.14,042 million, which includes Rs.61 million in respect of equity accounted investees, as at March 31, 2015). These demands challenged the basis of valuation of the Company's products and denied the Company's claims of Central Value Added Tax, or CENVAT, credit on inputs. The details of the demands for more than Rs.200 million are as follows:

As at March 31, 2016, the Excise Authorities had denied a CENVAT credit of Rs.524 million and imposed a penalty of Rs.230 million for the period between April 2011 to September 2012 (Rs.524 million and Rs.230 million CENVAT credit and penalty, respectively, as at March 31, 2015) in respect of consulting engineering services alleged to have been used exclusively for producing prototypes at the Engineering Research Centre, in Pune. The contention of the Excise Authorities is that since the Company claims exemptions from CENVAT under Notification No.167/71-CE, dated September 11, 1971, the Company is not entitled to avail service tax credits on consulting engineering services used in the Engineering Research Centre. The matter is being contested by the Company before the appellate authorities. The Company believes it has a merit in its case, since the consulting engineering services are not exclusively used in the manufacture of prototypes and they form part of the assessable value of final products manufactured by the Company on which CENVAT is paid.

The Excise Authorities have raised a demand for Rs.907 million as at March 31, 2016 (Rs.907 million as at March 31, 2015), on account of alleged undervaluation's of ex-factory discounts given by Company on passenger vehicles through invoices. The matter is being contested by the Company before the High Court of Bombay.

As at March 31, 2016, the Excise Authorities have raised a demand and penalty of Rs.1,986 million, (Rs.1,876 million as at March 31, 2015), due to the classification of certain chassis (as dumpers instead of goods transport vehicles) which were sent to automotive body builders by the Company, which the Excise Authorities claim requires the payment of the National Calamity Contingent Duty, or NCCD. The Company has obtained a technical expert certificate on the classification. The appeal is pending before the Custom Excise & Service Tax Appellate Tribunal.

The Excise Authorities had denied the Company's claim of a CENVAT credit of Rs.228 million (Rs.228 million as at March 31, 2015) claimed by the Company from Fiscal 1992 to Fiscal 2013, on technical grounds. The matter is being contested by the Company before the appellate authorities.

As at March 31, 2016, the Excise Authorities had levied penalties and interest amounting to Rs.6,799 million (Rs.6,799 million as at March 31, 2015) with respect to CENVAT credit claimed by the Company from March 2010 to November 2012, on inputs, stating that vehicles manufactured at Uttarakhand plant are "Exempted Products" and the Company may not claim a CENVAT credit on these vehicles. The Company has challenged this demand as NCCD and the automobile cess is assessed on those vehicles, which are "duties of excise". Therefore, the Company asserts that these vehicles are not "Exempted Products". The matter is being contested by the Company before the appellate authorities.

As at March 31, 2016, the Excise Authorities have raised a demand amounting to Rs.295 million (Rs.295 million as at March 31, 2015) on pre-delivery inspection charges and free after-sales service charges incurred by dealers on certain of the Company's products on the alleged grounds that the pre-delivery inspection charges and free after-sales services are provided by the dealer on behalf of the Company and should be included in excisable value of the vehicle. The case is pending before Tribunal, which has granted an unconditional stay.

As at March 31, 2016, the Excise Authorities have raised a demand amounting to Rs.219 million (Rs.219 million as at March 31, 2015) with respect to customs duties on dies and fixtures imported under the EPCG Scheme and, in the case of the fixtures, are installed at premises of a vendor. The matter is pending with the adjudicating authority.

As at March 31, 2016, the Excise Authorities have raised a demand amounting to Rs.342 million (Rs.127 million as at March 31, 2015) with respect to denial of CENVAT credit on service tax availed on freight outward and courier services. The Company asserts that since freight forms part of the services on which the taxes have been paid, CENVAT credit can be availed. The Excise Authorities have raised show cause notice which is being contested.

Sales Tax

The total sales tax demands (including interest and penalty), that are being contested by the Company amount to Rs.12,623 million, which includes Rs.228 million in respect of equity accounted investees as at March 31, 2016 (Rs.9,331 million, which includes Rs.227 million in respect of equity accounted investees, as at March 31, 2015). The details of the demands for more than Rs.200 million are as follows:

The Sales Tax Authorities have raised demand of Rs.4,034 million (Rs.1,755 million as at March 31, 2015) towards rejection of certain statutory forms for concessional lower/nil tax rate (Form F and Form C) on technical grounds such as late submission, single form issued against different months / quarters dispatches / sales, etc. and denial of exemption from tax in absence of proof of export for certain years. The Company has contended that the benefit cannot be denied on technicalities, which are being complied with. The matter is pending at various levels.

In some of the states in India, the Sales Tax Authorities have raised disputes totaling up to Rs.411 million as at March 31, 2016 (Rs.411 million as at March 31, 2015), treating the stock transfers of vehicles from the Company's manufacturing plants to regional sales offices and the transfers between two regional sales offices as sales liable for levy of sales tax. The Company is contesting this issue.

The Sales Tax authorities have denied input tax credit and levied interest and penalty thereon due to varied reasons aggregating to Rs.3,302 million as at March 31, 2016 (Rs.2,390 as at March 31, 2015). The reasons for disallowing credit was mainly due to Taxes not paid by Vendors, incorrect method of calculation of set off as per the department, alleging suppression of sales as per the department etc. The matter is contested in appeal.

Sales tax demand aggregating Rs.2,527 million as at March 31, 2016 (Rs.2,584 million as at March 31, 2015) has been raised by Sales Tax Authorities disallowing the concessional rate of 2% on certain purchases of raw materials in case the final product is stock transferred for sale outside the state. The matter is pending with various authorities.

Other Taxes and Dues

Other amounts for which the Company may contingently be liable aggregate to Rs.3,394 million, which includes Rs.16 million in respect of equity accounted investees as at March 31, 2016 (Rs.3,851 million, which includes Rs.12 million in respect of equity accounted investees, as at March 31, 2015). Following are the cases involving more than Rs.200 million:

The municipal authorities in certain states levy octroi duty (a local indirect tax) on goods brought inside the municipal limits at rates based on the classification of goods. Demands aggregating Rs.617 million as at March 31, 2016 (Rs.617 million as at March 31, 2015) had been raised demanding higher octroi duties on account of classification disputes relating to components purchased for the manufacture of vehicles and retrospective increase in octroi rates relating to past periods. The dispute relating to classification is presently pending before the Supreme Court and the other dispute is pending before the Bombay High Court on remand by the Supreme Court.

As at March 31, 2016, property tax amounting to Rs.506 million (Rs.491 million as at March 31, 2015) has been demanded by the local municipal authorities in respect of vacant land of the Company in the plant in Pimpri, Pune. The Company has filed Special Leave Petition (SLP) before the Supreme Court against an unfavorable decision of the Bombay High Court. The Supreme Court has disposed of the SLP and remanded the matter back to the local municipal corporation for fresh adjudication.

As at March 31, 2016, a penalty of Rs.203 million (Rs.562 million as at March 31, 2015) is likely to be imposed relating to a matter of regularization of construction of certain buildings in respect of which approvals from appropriate authorities are awaited. However, as the buildings were constructed as per the applicable development rules, the Company believes it will be possible to get the waiver of the same.

As at March 31, 2016, Sales tax/VAT amounting to Rs.241 million (Rs.151 million as at March 31, 2015) has been demanded by local authorities on dealers in respect of spare parts used for carrying out warranty repairs. The dispute is pending before the Supreme Court.

As at March 31, 2016, bonus payable to employees amounting to Rs.348 million (Rs.Nil as at March 31, 2015) is due, as a result of retrospective amendment to the notification dated January 1, 2016. Similar cases contesting the retrospective applicability of the said notification is pending in the High Courts of Kerala, Karnataka, Tamil Nadu and Gujarat state.

Other claims

There are other claims against the Company, the majority of which pertain to motor accident claims, product liability claims and consumer complaints. Some of the cases also relate to the replacement of parts of vehicles and/or the compensation for deficiencies in the services by the Company or its dealers.

Commitments

The Company has entered into various contracts with vendors and contractors for the acquisition of plant and machinery, equipment and various civil contracts of a capital nature amounting to Rs.108,384 million, which includes Rs.10,021 million in respect of equity accounted investees as at March 31, 2016 (Rs.89,291 million, which includes Rs.1,848 million in respect of equity accounted investees, as at March 31, 2015), which are yet to be executed.

The Company has entered into various contracts with vendors and contractors for the acquisition of intangible assets of a capital nature amounting to Rs.2,506 million as at March 31, 2016 (Rs.2,517 million as at March 31, 2015), which are yet to be executed.

Under the joint venture agreement with Chery Jaguar Land Rover Automotive Co. Limited, the Company is committed to contribute Rs.35,930 million as at March 31, 2016 (Rs.35,282 million as at March 31, 2015) towards its share in the capital of the joint venture of which Rs.29,514 million (Rs.28,982 million as at March 31, 2015) has been contributed as at March 31, 2016. As at March 31, 2016, the Company has an outstanding commitment of Rs.6,416 million (Rs.6,300 million as at March 31, 2015).

34. Capital Management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long-term and short-term goals of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, convertible and non-convertible debt securities, senior notes and other long-term/short-term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings.

The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Total debt includes all long and short-term debts as disclosed in notes 18 and 19 to the consolidated financial statements. Equity comprises all components excluding (profit)/loss on cash flow hedges and foreign currency translation reserve.

The following table summarizes the capital of the Company:

	As at March 31,		
	2016	2016	2015
		(In millions)	
Equity*	US\$12,176.0	Rs. 806,725.8	Rs. 598,930.8
Short-term borrowings and current portion of long-term debt	2,835.4	187,856.5	180,465.4
Long-term debt	7,614.7	504,511.3	544,862.5
Total debt	10,450.1	692,367.8	725,327.9
Total capital (Debt + Equity)	US\$22,626.1	Rs.1,499,093.6	Rs.1,324,258.7

* Details of equity :

	As at March 31,		
	2016	2016	2015
		(In millions)	
Total equity as reported in balance sheet	US\$11,592.0	Rs.768,036.7	Rs.539,351.8
Currency translation reserve attributable to			
- Shareholders of Tata Motors Limited	(693.3)	(45,936.6)	(28,887.9)
- Non-controlling interests	(3.5)	(234.3)	(136.3)
Hedging reserve	1,280.8	84,860.0	88,603.2
Equity as reported above	US\$12,176.0	Rs.806,725.8	Rs.598,930.8

35. Disclosures on financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the consolidated financial statements.

(a) Financial assets and liabilities

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2016.

Financial assets	Cash, and loans and receivables	Available- for-sale financial assets	Derivatives in other than hedging relationship		Derivatives in hedging relationship		Total carrying value	Total fair value	Total carrying value	Total fair value
			(In millions)							
Cash and cash equivalents	Rs. 171,536.1	Rs. —	Rs. —	Rs. —	Rs. 171,536.1	Rs. 171,536.1	US\$ 2,589.0	US\$ 2,589.0		
Short-term deposits	127,809.6	—	—	—	127,809.6	127,809.6	1,929.1	1,929.1		
Finance receivables	163,369.8	—	—	—	163,369.8	164,187.8	2,465.8	2,478.1		
Trade receivables	136,085.7	—	—	—	136,085.7	136,085.7	2,053.9	2,053.9		
Unquoted equity investments*	—	3,900.0	—	—	3,900.0	—	58.9	—		
Other investments	82.6	194,434.8	—	—	194,517.4	194,517.4	2,935.9	2,935.9		
Other financial assets:										
-current	17,212.0	—	2,339.8	5,233.0	24,784.8	24,784.8	374.1	374.1		
-non-current	8,986.7	—	2,267.2	13,649.7	24,903.6	24,903.6	375.9	375.9		
Total	Rs. 625,082.5	Rs. 198,334.8	Rs. 4,607.0	Rs. 18,882.7	Rs. 846,907.0	Rs. 843,825.0	US\$12,782.6	US\$12,736.0		

* The fair value in respect of the unquoted equity investments cannot be reliably measured.

Financial liabilities	Derivatives other than in hedging relationship	Derivatives in hedging relationship	Other financial liabilities (In millions)	Total carrying value	Total fair value	Total carrying value	Total fair value
Accounts payable	Rs. —	Rs. —	Rs. 613,364.4	Rs. 613,364.4	Rs. 613,364.4	US\$ 9,257.6	US\$ 9,257.6
Acceptances	—	—	39,813.3	39,813.3	39,813.3	600.9	600.9
Short-term debt (excluding current portion of long-term debt)	—	—	114,507.8	114,507.8	114,507.8	1,728.4	1,728.4
Long-term debt (including current portion of long-term debt)	—	—	577,860.0	577,860.0	587,329.8	8,721.7	8,864.7
Other financial liabilities:							
-current	11,083.6	53,739.6	37,118.6	101,941.8	101,941.8	1,538.6	1,538.6
-non-current	5,661.0	71,780.1	2,657.9	80,099.0	80,201.3	1,209.0	1,210.5
Total	Rs. 16,744.6	Rs. 125,519.7	Rs. 1,385,322.0	Rs. 1,527,586.3	Rs. 1,537,158.4	US\$23,056.2	US\$23,200.7

The following table presents the carrying amounts and fair value of each category of financial assets and liabilities as at March 31, 2015.

<u>Financial assets</u>	<u>Cash, and loans and receivables</u>	<u>Available-for-sale financial assets</u>	<u>Derivatives in other than hedging relationship</u>	<u>Derivatives in hedging relationship</u>	<u>Total carrying value</u>	<u>Total fair value</u>
			(In millions)			
Cash and cash equivalents	Rs. 197,430.9	Rs. —	Rs. —	Rs. —	Rs. 197,430.9	Rs. 197,430.9
Short-term deposits	104,391.0	—	—	—	104,391.0	104,391.0
Finance receivables	158,015.6	—	—	—	158,015.6	157,409.9
Trade receivables	130,994.3	—	—	—	130,994.3	130,994.3
Unquoted equity investments*	—	3,936.8	—	—	3,936.8	—
Other investments	80.0	142,806.8	—	—	142,886.8	142,886.8
Other financial assets:						
-current	10,264.5	—	548.1	16,178.6	26,991.2	26,991.2
-non-current	10,537.9	—	683.8	1,849.0	13,070.7	12,976.3
Total	<u>Rs. 611,714.2</u>	<u>Rs. 146,743.6</u>	<u>Rs. 1,231.9</u>	<u>Rs. 18,027.6</u>	<u>Rs. 777,717.3</u>	<u>Rs. 773,080.4</u>

* The fair value in respect of the unquoted equity investments cannot be reliably measured.

<u>Financial liabilities</u>	<u>Derivatives other than in hedging relationship</u>	<u>Derivatives in hedging relationship</u>	<u>Other financial liabilities</u>	<u>Total carrying value</u>	<u>Total fair value</u>
			(In millions)		
Accounts payable	Rs. —	Rs. —	Rs. 569,383.4	Rs. 569,383.4	Rs. 569,383.4
Acceptances	—	—	40,767.5	40,767.5	40,767.5
Short-term debt (excluding current portion of long-term debt)	—	—	131,546.8	131,546.8	131,546.8
Long-term debt (including current portion of long-term debt)	—	—	593,781.1	593,781.1	608,359.3
Other financial liabilities:					
-current	2,611.5	61,848.3	29,929.0	94,388.8	94,388.8
-non-current	4,277.2	72,942.2	3,737.1	80,956.5	81,177.7
Total	<u>Rs. 6,888.7</u>	<u>Rs. 134,790.5</u>	<u>Rs. 1,369,144.9</u>	<u>Rs. 1,510,824.1</u>	<u>Rs. 1,525,623.5</u>

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below.

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of quoted equity shares, quoted corporate debt instruments and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Company's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main items in this category are unquoted available-for-sale financial assets, measured at fair value.

	As at March 31, 2016			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	(In millions)			
Financial assets measured at fair value				
Available-for-sale financial assets	Rs. 194,434.8	Rs. —	Rs. —	Rs. 194,434.8
Derivative assets	—	23,489.7	—	23,489.7
Total	Rs. 194,434.8	Rs. 23,489.7	Rs. —	Rs. 217,924.5
	US\$ 2,934.6	US\$ 354.5	US\$—	US\$ 3,289.1
Financial liabilities measured at fair value				
Derivative liabilities	Rs. —	Rs. 142,264.3	Rs. —	Rs. 142,264.3
Total	Rs. —	Rs. 142,264.3	Rs. —	Rs. 142,264.3
	US\$ —	US\$ 2,147.2	US\$—	US\$ 2,147.2

Reconciliation of Level 3 category of financial assets and financial liabilities:

	Year ended March 31, 2016	
	Available-for-sale financial assets	
	(In millions)	
Balance at the beginning	US\$ 0.2	Rs. 15.0
Total gains:		
- gain recognized in income statement	—	0.5
Sale of investments	(0.2)	(15.5)
Balance at the end	US\$ —	Rs. —

	As at March 31, 2015			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Financial assets measured at fair value				
Available-for-sale financial assets	Rs. 142,791.8	Rs. —	Rs. 15.0	Rs. 142,806.8
Derivative assets	—	19,259.5	—	19,259.5
Total	Rs.142,791.8	Rs. 19,259.5	Rs.15.0	Rs.162,066.3
Financial liabilities measured at fair value				
Derivative liabilities	Rs. —	Rs. 141,679.2	Rs. —	Rs. 141,679.2
Total	Rs. —	Rs.141,679.2	Rs. —	Rs.141,679.2

Reconciliation of Level 3 category of financial assets and financial liabilities:

	Year ended March 31, 2015	
	Available-for-sale financial assets	
	(In millions)	
Balance at the beginning	Rs.	62.0
Total losses:		
- loss recognized in income statement		(7.4)
Sale of investments		(39.6)
Balance at the end	Rs.	15.0

There have been no transfers between level 1 and level 2 for the years ended March 31, 2016 and 2015.

The following table provides an analysis of fair value of financial instruments that are not measured at fair value on recurring basis, grouped into Level 1 to Level 3 categories:

	As at March 31, 2016			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Financial assets not measured at fair value				
Finance receivables	—	—	164,187.8	164,187.8
Other investments	—	82.6	—	82.6
Total	Rs. —	Rs. 82.6	Rs. 164,187.8	Rs. 164,270.4
	US\$ —	US\$ 1.3	US\$ 2,478.1	US\$ 2,479.4
Financial liabilities not measured at fair value				
Short-term debt (excluding current portion of long-term debt)	—	114,507.8	—	114,507.8
Long-term debt (including current portion of long-term debt)	301,234.6	286,095.2	—	587,329.8
Total	Rs. 301,234.6	Rs. 400,603.0	Rs. —	Rs. 701,837.6
	US\$ 4,546.6	US\$ 6,046.5	US\$ —	US\$ 10,593.1
	As at March 31, 2015			
	Level 1	Level 2	Level 3	Total
	(In millions)			
Financial assets not measured at fair value				
Finance receivables	—	—	157,409.9	157,409.9
Other investments	—	80.0	—	80.0
Total	Rs. —	Rs. 80.0	Rs. 157,409.9	Rs. 157,489.9
Financial liabilities not measured at fair value				
Short-term debt (excluding current portion of long-term debt)	—	131,546.8	—	131,546.8
Long-term debt (including current portion of long-term debt)	311,696.8	296,662.5	—	608,359.3
Total	Rs. 311,696.8	Rs. 428,209.3	Rs. —	Rs. 739,906.1

Notes

The short-term financial assets and liabilities are stated at amortized cost which is approximately equal to their fair value.

Derivatives are fair valued using market observable rates and published prices together with forecast cash flow information where applicable.

The fair value of finance receivables has been estimated by discounting expected cash flows using rates at which loans of similar credit quality and maturity would be made and internal assumptions such as expected credit losses and estimated collateral value for repossessed vehicles as at March 31, 2016 and 2015. As unobservable inputs are applied, finance receivables are classified in Level 3.

Available-for-sale securities are carried at their fair values, which are generally based on market price quotations. The fair value in respect of the unquoted equity investments cannot be reliably measured.

The fair value of borrowings which have a quoted market price in an active market is based on its market price and for other borrowings the fair value is estimated by discounting expected future cash flows, using a discount rate equivalent to the risk-free rate of return, adjusted for the credit spread considered by the lenders for instruments of the similar maturity.

Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

Offsetting

Certain financial assets and financial liabilities are subject to offsetting where there is currently a legally enforceable right to set off recognized amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability, simultaneously.

Certain derivative financial assets and financial liabilities are subject to master netting arrangements, whereby in the case of insolvency, derivative financial assets and financial liabilities will be settled on a net basis.

The following table discloses the amounts that have been offset, in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at March 31, 2016:

		Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement		
Financial assets	Gross amount recognized			Financial instruments	Cash collateral	Net amount after offsetting
				(In millions)		
Derivative financial instruments	Rs. 23,489.7	Rs. —	Rs. 23,489.7	Rs. (21,732.4)	Rs. —	Rs. 1,757.3
Trade receivables	136,473.2	(387.5)	136,085.7	—	—	136,085.7
Cash and cash equivalents	181,844.9	(10,308.8)	171,536.1	—	—	171,536.1
Total	Rs. 341,807.8	Rs. (10,696.3)	Rs. 331,111.5	Rs. (21,732.4)	Rs. —	Rs. 309,379.1
	US\$ 5,158.9	US\$ (161.5)	US\$ 4,997.4	US\$ (328.0)	US\$ —	US\$ 4,669.4
Financial liabilities						
Derivative financial instruments	Rs. 142,264.3	Rs. —	Rs. 142,264.3	Rs. (21,732.4)	Rs. —	Rs. 120,531.9
Accounts payable	613,751.9	(387.5)	613,364.4	—	—	613,364.4
Loans from banks/financial institutions (short-term)	78,027.0	(10,308.8)	67,718.2	—	—	67,718.2
Total	Rs. 834,043.2	Rs. (10,696.3)	Rs. 823,346.9	Rs. (21,732.4)	Rs. —	Rs. 801,614.5
	US\$ 12,588.5	US\$ (161.5)	US\$ 12,427.0	US\$ (328.0)	US\$ —	US\$ 12,099.0

The following table discloses the amounts that have been offset in arriving at the balance sheet presentation and the amounts that are available for offset only under certain conditions as at March 31, 2015:

	Gross amount recognized	Gross amount recognized as set off in the balance sheet	Net amount presented in the balance sheet	Amounts subject to an enforceable master netting arrangement		Net amount after offsetting
Financial assets				Financial instruments	Cash collateral	
				(In millions)		
Derivative financial instruments	Rs. 19,259.5	Rs. —	Rs. 19,259.5	Rs. (18,304.9)	Rs. —	Rs. 954.6
Trade receivables	131,458.6	(464.3)	130,994.3	—	—	130,994.3
Cash and cash equivalents	206,028.6	(8,597.7)	197,430.9	—	—	197,430.9
Total	Rs.356,746.7	Rs. (9,062.0)	Rs.347,684.7	Rs. (18,304.9)	Rs. —	Rs.329,379.8
Financial liabilities						
Derivative financial instruments	Rs.141,679.2	Rs. —	Rs.141,679.2	Rs. (18,304.9)	Rs. —	Rs.123,374.3
Accounts payable	569,847.7	(464.3)	569,383.4	—	—	569,383.4
Loans from banks/financial institutions (short-term)	89,917.8	(8,597.7)	81,320.1	—	—	81,320.1
Total	Rs.801,444.7	Rs. (9,062.0)	Rs.792,382.7	Rs. (18,304.9)	Rs. —	Rs.774,077.8

(b) Transfer of financial assets

The Company transfers finance receivables in securitization transactions and direct assignments. In such transactions the Company surrenders control over the receivables, though it continues to act as an agent for the collection of receivables. In most of these transactions, the Company also provides credit enhancements to the transferee.

Because of the existence of credit enhancements in such transactions, the Company continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement, even if it does not collect the equivalent amounts from the original asset and continues to retain substantially all risks and rewards associated with the receivables, and hence, such transfer or assignment does not meet the derecognition criteria resulting into the transfer not being recorded as sale. Consequently, the proceeds received from the transfer are recorded as collateralized debt obligation.

Further the Company transfers certain trade receivables under the debt factoring arrangements. These do not qualify for derecognition, due to the recourse arrangement in place. Consequently the proceeds received from transfer are recorded as loans from banks / financial institutions and classified under short-term borrowings.

The carrying amount of trade receivables and finance receivables along with the associated liabilities is as follows:

Nature of Asset	As at March 31,					
	2016		2016		2015	
	Carrying amount of asset sold	Carrying amount of associated liabilities	Carrying amount of asset sold	Carrying amount of associated liabilities	Carrying amount of asset sold	Carrying amount of associated liabilities
	(In millions)					
Trade receivables	US\$228.6	US\$228.6	Rs.15,143.5	Rs.15,143.5	Rs.17,154.3	Rs.17,154.3
Finance receivables	US\$ 5.4	US\$ 6.0	Rs. 355.1*	Rs. 400.7	Rs. 5,833.3*	Rs. 6,168.0

* Net of provision of Rs. 94.3 million and Rs. 1,137.2 million as at March 31, 2016 and 2015, respectively.

(c) Cash flow hedges

As at March 31, 2016, the Company has a number of cash flow hedging instruments in a hedging relationship. The Company and its subsidiaries uses U.S. dollar/Pounds sterling forward and option contracts, U.S. dollar/Euro forward contracts and other currency forward and options to hedge future cash flows from sales and purchases. Cash flow hedges are expected to be recognized in profit or loss during the years ending March 31, 2017 to 2021.

The Company and its subsidiaries also has a number of foreign currency derivative contracts, which are entered into as an economic hedge of the financial risks of the Company. These contracts do not meet the hedge accounting criteria of IAS 39, hence the change in fair value is recognized immediately in the income statement.

The time value of options is considered ineffective in the hedge relationship and thus the change in time value is recognised immediately in the income statement.

Changes in fair value of foreign currency derivative contracts, to the extent determined to be an effective hedge, is recognized in other comprehensive income and the ineffective portion of the fair value change is recognized in income statement. Accordingly, the fair value change of (net loss) Rs. 13,953.4 million (net of tax), (net loss) Rs. 139,332.2 million (net of tax), (net gain) Rs. 79,270.4 million (net of tax), was recognized in other comprehensive income during the years ended March 31, 2016, March 31, 2015 and March 31, 2014, respectively. Amounts reclassified from hedging reserve of (net loss) Rs. 17,538.8 million (net of tax), (net gain) Rs. 3,863.6 million (net of tax) and (net gain) Rs. 7,900.6 million (net of tax) during the years ended March 31, 2016, 2015, and 2014, respectively, have been classified as foreign exchange gain/loss in the income statement on occurrence of forecast transactions.

Amounts reclassified from hedging reserve, where forecast transactions are no longer expected to occur, amounts to (net loss) of Rs.157.8 million (net of tax), (net loss) of Rs.394.4 million (net of tax) and (net gain) of Rs.370.3 million (net of tax) during the years ended March 31, 2016, 2015 and 2014, respectively, have been classified as foreign exchange gain/loss in the income statement.

(d) Financial risk management

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments.

The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the board of directors. The risk management framework aims to:

- Create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.
- Achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

(i) Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(i) – (a) Foreign currency exchange rate risk:

The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in U.S. dollar, Chinese renminbi, Japanese yen, Singapore dollar and Euro, against the respective functional currencies of Tata Motors Limited and its subsidiaries.

The Company, as per its risk management policy, uses foreign exchange and other derivative instruments primarily to hedge foreign exchange and interest rate exposure. Furthermore, any movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its international operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures.

The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in accordance with its risk management policies.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 10%.

The following analysis is based on the gross exposure as of the relevant balance sheet dates, which could affect the income statement. There is no exposure to the income statement on account of translation of financial statements of consolidated foreign entities. Furthermore, the exposure as indicated below is mitigated by some of the derivative contracts entered into by the Company as disclosed at clause (iv) below.

The following table sets forth information relating to foreign currency exposure (other than risk arising from derivatives disclosed at clause (iv) below) as at March 31, 2016:

	<u>U.S. dollar</u>	<u>Euro</u>	<u>Chinese Renminbi</u> (In millions)	<u>Japanese Yen</u>	<u>Others*</u>	<u>Total</u>
Financial assets	Rs. 73,411.8	Rs. 66,207.6	Rs.63,929.2	Rs.2,577.6	Rs.41,348.7	Rs.247,474.9
Financial liabilities	Rs.367,796.8	Rs.165,362.8	Rs.54,509.4	Rs.6,163.9	Rs.27,896.5	Rs.621,729.4

* Others mainly include currencies such as the Russian rouble, Swiss franc, Australian dollars, South African rand, Singapore dollars, Thai baht and Korean won.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net income before tax by approximately Rs. 24,747.5 million and Rs. 62,172.9 million for financial assets and financial liabilities respectively, for the year ended March 31, 2016.

The following table set forth information relating to foreign currency exposure (other than risk arising from derivatives disclosed at clause (iv) below) as at March 31, 2015:

	<u>U.S. dollar</u>	<u>Euro</u>	<u>Chinese Renminbi</u> (In millions)	<u>Singapore Dollar</u>	<u>Others*</u>	<u>Total</u>
Financial assets	Rs. 89,508.3	Rs. 45,441.1	Rs.68,607.8	Rs. 1,977.9	Rs.38,542.1	Rs.244,077.2
Financial liabilities	Rs.307,376.4	Rs.106,703.0	Rs.69,901.6	Rs.24,214.1	Rs.23,277.2	Rs.531,472.3

* Others mainly include currencies such as the Russian rouble, Japanese yen, Swiss franc, Australian dollars, South African rand, Thai baht and Korean won.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net income before tax by approximately Rs. 24,407.7 million and Rs. 53,147.2 million for financial assets and financial liabilities respectively, for the year ended March 31, 2015.

The following table set forth information relating to foreign currency exposure (other than risk arising from derivatives disclosed at clause (iv) below) as at March 31, 2014:

	<u>U.S. dollar</u>	<u>Euro</u>	<u>Chinese Renminbi</u>	<u>Singapore Dollar</u>	<u>Japanese Yen</u> (In millions)	<u>Others*</u>	<u>Total</u>
Financial assets	Rs. 60,850.2	Rs. 31,938.5	Rs.83,609.6	Rs.13,191.2	Rs.1,692.9	Rs.41,198.6	Rs.232,481.0
Financial liabilities	Rs.232,914.3	Rs.140,077.3	Rs.71,172.2	Rs.25,311.6	Rs.6,793.5	Rs.24,105.3	Rs.500,374.2

* Others mainly include currencies such as the Russian rouble, Swiss franc, Australian dollars, South African rand, Thai baht and Korean won.

10% appreciation/depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/increase in the Company's net income before tax by approximately Rs. 23,248.1 million and Rs. 50,037.4 million for financial assets and financial liabilities respectively, for the year ended March 31, 2014.

(Note: The impact is indicated on the income/loss before tax basis).

(i) – (b) Interest rate risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs.

The Company is subject to variable interest rates on some of its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations. The Company also uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like short term non-convertible bonds and short term loans.

In its financing business, the Company enters into transactions with customers which primarily result in receivables at fixed rates. In order to manage this risk, the Company has a policy to match funding in terms of maturities and interest rates and also for certain part of the portfolio, the Company does not match funding with maturities, in order to take advantage of market opportunities.

The Company also enters into arrangements of securitization of receivables in order to reduce the impact of interest rate movements.

As at March 31, 2016, 2015 and 2014, financial liability of Rs. 221,171.2 million, Rs. 215,830.7 million and Rs. 223,225.2 million respectively, was subject to variable interest rates. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact (decrease/increase in case of net income) of Rs. 2,211.7 million, Rs. 2,158.3 million and Rs. 2,232.3 million on income for the year ended March 31, 2016, 2015 and 2014, respectively.

The model assumes that interest rate changes are instantaneous parallel shifts in the yield curve. Although some assets and liabilities may have similar maturities or periods to re-pricing, these may not react correspondingly to changes in market interest rates. Also, the interest rates on some types of assets and liabilities may fluctuate with changes in market interest rates, while interest rates on other types of assets may change with a lag.

The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(Note: The impact is indicated on the income/loss before tax basis).

(i) – (c) Equity Price risk

Equity Price Risk is related to the change in market reference price of the investments in equity securities.

The fair value of some of the Company's investments in available-for-sale securities exposes the Company to equity price risks. In general, these securities are not held for trading purposes. These investments are subject to changes in the market price of securities. The fair value of available-for-sale equity securities as at March 31, 2016, 2015 and 2014, was Rs. 2,105.0 million, Rs. 2,106.1 million and Rs. 2,770.1 million, respectively. A 10% change in equity prices of available-for-sale securities held as at March 31, 2016, 2015 and 2014, would result in an impact of Rs. 210.5 million, Rs. 210.6 million and Rs. 277.0 million on equity, respectively.

The Company has investments in unquoted equity shares of Rs. 3,900.0 million as at March 31, 2016, Rs. 3,936.8 million as at March 31, 2015 and Rs. 3,919.7 million as at March 31, 2014, the fair value of which cannot be reliably measured.

(Note: The impact is indicated on equity before consequential tax impact, if any).

(ii) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks.

Financial instruments that are subject to concentrations of credit risk, principally consist of investments classified as loans and receivables, available-for-sale debt instruments, trade receivables, finance receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 840,501.1 million as at March 31, 2016 and Rs. 771,304.7 million as at March 31, 2015, being the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, finance receivables, margin money and other financial assets excluding equity investments.

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade receivables and other receivables, and other loans or receivables that are neither impaired nor past due, there were no indications as at March 31, 2016, that defaults in payment obligations will occur.

Credit quality of financial assets and impairment loss

The ageing of trade receivables and finance receivables as of balance sheet date is given below. The age analysis have been considered from the due date.

	As at March 31,								
	2016	2016	2016	2016	2016	2016	2015	2015	2015
Trade receivables	Gross	Allowance	Net	Gross	Allowance	Net	Gross	Allowance	Net
(In millions)									
Period (in months)									
Not due	US\$1,667.5	US\$ (1.3)	US\$1,666.2	Rs.110,480.7	Rs. (84.6)	Rs. 110,396.1	Rs.115,072.2	Rs. (90.9)	Rs. 114,981.3
Overdue up to 3 months	342.5	(41.1)	301.4	22,689.4	(2,722.8)	19,966.6	10,900.0	(280.8)	10,619.2
Overdue 3-6 months	63.5	(33.6)	29.9	4,209.9	(2,223.6)	1,986.3	2,582.2	(241.1)	2,341.1
Overdue more than 6 months	167.1	(110.7)	56.4*	11,072.0	(7,335.3)	3,736.7*	9,836.3	(6,783.6)	3,052.7*
Total	US\$2,240.6	US\$(186.7)	US\$2,053.9	Rs.148,452.0	Rs.(12,366.3)	Rs. 136,085.7	Rs.138,390.7	Rs.(7,396.4)	Rs. 130,994.3

* Trade receivables overdue more than six months include Rs. 2,300.2 million as at March 31, 2016 (Rs. 1,529.3 million as at March 31, 2015) outstanding from state government organizations in India, which are considered recoverable.

	As at March 31,								
	2016	2016	2016	2016	2016	2016	2015	2015	2015
Finance receivables #	Gross	Allowance	Net	Gross	Allowance	Net	Gross	Allowance	Net
(In millions)									
Period (in months)									
Not due*	US\$2,643.7	US\$(336.8)	US\$2,306.9	Rs.175,158.4	Rs.(22,314.2)	Rs.152,844.2	Rs.175,045.5	Rs.(31,130.5)	Rs. 143,915.0
Overdue up to 11 months	117.4	(8.7)	108.7	7,778.4	(578.7)	7,199.7	10,971.8	(1,329.9)	9,641.9
Overdue more than 11 months	370.8	(320.6)	50.2	24,564.9	(21,239.0)	3,325.9	18,552.6	(14,093.9)	4,458.7
Total	US\$3,131.9	US\$(666.1)	US\$2,465.8	Rs.207,501.7	Rs.(44,131.9)	Rs. 163,369.8	Rs.204,569.9	Rs.(46,554.3)	Rs. 158,015.6

* Allowance in the "Not due" category includes allowance against installments pertaining to impaired finance receivables which have not yet fallen due.

Finance receivables originated in India.

(iii) **Liquidity risk**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from debt markets through commercial paper programs, non-convertible debentures, fixed deposits from public, senior notes and other debt instruments. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no/low mark to market risks. The Company has also invested 15% of the public deposits/non-convertible debentures (taken by the Company) falling due for repayment in the next 12 months in bank deposits, to meet the regulatory norms of liquidity requirements.

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

The table below provides details regarding the contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2016:

	Carrying amount	Due in 1 st Year	Due in 2 nd Year	Due in 3 rd to 5 th Year	Due after 5 th Year	Total contractual cash flows	
	(In millions)						
Financial liabilities							
Accounts payable and acceptances	Rs. 653,177.7	Rs. 653,177.7	Rs. —	Rs. —	Rs. —	Rs. 653,177.7	US\$ 9,858.5
Borrowings and interest thereon	702,025.1	222,386.4	65,389.1	326,287.0	230,694.2	844,756.7	12,750.1
Other financial liabilities	30,119.2	27,461.3	1,504.6	728.1	1,061.5	30,755.5	464.2
Derivative liabilities	142,264.3	70,489.9	66,625.7	43,921.7	72.9	181,110.2	2,733.5
Total	<u>Rs.1,527,586.3</u>	<u>Rs.973,515.3</u>	<u>Rs.133,519.4</u>	<u>Rs.370,936.8</u>	<u>Rs.231,828.6</u>	<u>Rs.1,709,800.1</u>	<u>US\$25,806.3</u>

Contractual maturities of borrowings includes cash flows relating to collateralized debt obligations. This represents the amount received against the transfer of finance receivables in securitization transactions and/or direct assignments, which do not qualify for derecognition. The liability of the Company in such cases is limited to the extent of credit enhancements provided. The contractual maturities of such collateralized debt obligations are as follows:

	Carrying amount	Due in 1 st Year	Due in 2 nd Year	Due in 3 rd to 5 th Year	Total contractual cash flows	
	(In millions)					
Collateralized debt obligations	Rs.400.7	Rs.387.3	Rs. 28.4	Rs. —	Rs. 415.7	US\$ 6.3

The table below provides details regarding the contractual maturities of financial liabilities, including estimated interest payments as at March 31, 2015:

	<u>Carrying amount</u>	<u>Due in 1st Year</u>	<u>Due in 2nd Year</u>	<u>Due in 3rd to 5th Year</u>	<u>Due after 5th Year</u>	<u>Total contractual cash flows</u>
	(In millions)					
Financial liabilities						
Accounts payable and acceptances	Rs. 610,150.9	Rs.610,150.9	Rs. —	Rs. —	Rs. —	Rs. 610,150.9
Borrowings and interest thereon	735,375.4	221,073.5	112,882.9	320,095.1	254,109.5	908,161.0
Other financial liabilities	23,618.6	19,881.5	2,015.5	1,589.2	807.5	24,293.7
Derivative liabilities	141,679.2	69,674.4	57,035.3	49,453.4	129.1	176,292.2
Total	<u>Rs.1,510,824.1</u>	<u>Rs.920,780.3</u>	<u>Rs.171,933.7</u>	<u>Rs.371,137.7</u>	<u>Rs.255,046.1</u>	<u>Rs.1,718,897.8</u>

Contractual maturities of borrowings includes cash flows relating to collateralized debt obligations. This represents the amount received against the transfer of finance receivables in securitization transactions and/or direct assignments, which do not qualify for derecognition. The liability of the Company in such cases is limited to the extent of credit enhancements provided. The contractual maturities of such collateralized debt obligations are as follows:

	<u>Carrying amount</u>	<u>Due in 1st Year</u>	<u>Due in 2nd Year</u>	<u>Due in 3rd to 5th Year</u>	<u>Total contractual cash flows</u>
	(In millions)				
Collateralized debt obligations	Rs.6,168.0	Rs.5,364.4	Rs.1,065.6	Rs. 44.5	Rs.6,474.5

(iv) Derivative financial instruments and risk management

The Company has entered into variety of foreign currency, interest rates and commodity forward contracts and options to manage its 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 also enters into interest rate swaps and interest rate currency swap agreements, mainly to manage exposure on its fixed rate or variable rate debt. The Company 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.

Fair value of derivative financial instruments are determined using valuation techniques based on information derived from observable market data.

The fair value of derivative financial instruments is as follows:

	As at March 31,		
	2016	2016 (In millions)	2015
Foreign currency forward exchange contracts and options	US\$(1,629.8)	Rs.(107,983.8)	Rs.(118,472.2)
Commodity Derivatives	(145.3)	(9,628.1)	(3,890.1)
Others including interest rate and currency swaps	(17.5)	(1,162.7)	(57.4)
Total	US\$(1,792.6)	Rs.(118,774.6)	Rs.(122,419.7)

The gain/loss due to fluctuation in foreign currency exchange rates on derivative contract, recognized in the income statement was Rs. 16,849.0 million (loss), Rs. 11,419.2 million (loss), Rs. 16,281.7 million (gain) for the years ended March 31, 2016, 2015 and 2014, respectively.

The gain/loss on commodity derivative contracts, recognized in the income statement was Rs. 11,555.3 million (loss), Rs. 3,626.5 million (loss) and Rs. 1,797.5 million (loss) for the years ended March 31, 2016, 2015 and 2014, respectively.

In respect of the Company's foreign currency forward and option contracts, a 10% depreciation/appreciation of the foreign currency underlying such contracts, would have resulted in an approximate gain/(loss) of (Rs. 174,283.9 million)/Rs. 161,493.3 million in the Company's hedging reserve and an approximate gain of Rs. 9,028.8 million /Rs. 2,453.8 million respectively, in the Company's income statement for the year ended March 31, 2016.

In respect of the Company's foreign currency forward and option contracts, a 10% depreciation/appreciation of the foreign currency underlying such contracts, would have resulted in an approximate gain/(loss) of Rs. 123,345.3 million/ (Rs. 136,261.6 million) in the Company's hedging reserve and an approximate gain/(loss) of Rs. 16,268.6 million/ (Rs. 8,972.4 million) respectively, in the Company's income statement for the year ended March 31, 2015.

In respect of the Company's foreign currency forward and option contracts, a 10% depreciation/appreciation of the foreign currency underlying such contracts, would have resulted in an approximate gain/(loss) of Rs. 70,591.0 million/(Rs. 85,882.5 million) in the Company's hedging reserve and an approximate gain/(loss) of Rs. 4,904.8 million/(Rs. 2,981.4 million) respectively, in the Company's income statement for the year ended March 31, 2014.

In respect of the Company's commodity derivative contracts, a 10% depreciation/appreciation of all commodity prices underlying such contracts, would have resulted in an approximate gain/(loss) of Rs.4,963.5 million/ (Rs.4,963.5 million), an approximate gain/(loss) of Rs.5,127.1 million/ (Rs.5,127.1 million) and an approximate gain/(loss) of Rs.3,462.2 million/ (Rs.3,462.2 million), for the years ended March 31, 2016, 2015 and 2014 respectively.

Exposure to gain/loss on derivative instruments offset to some extent the exposure to foreign currency risk, interest rate risk as disclosed above.

(Note: The impact is indicated on the income/loss before tax basis).

36. Collaterals

Inventory, trade receivables, finance receivables, other financial assets, property, plant and equipment with a carrying amount of Rs. 177,500.1 million and Rs. 210,565.9 million are pledged as collateral/security against the borrowings as at March 31, 2016 and 2015, respectively.

Fair value of collaterals over which the Company has taken possession and held as at March 31, 2016 and March 31, 2015, amounted to Rs. 660.6 million and Rs. 3,569.5 million, respectively. The collateral represents vehicles financed by the Company and the Company normally undertakes disposal of these vehicles through an auction process.

37. Segment reporting

The Company primarily operates in the automotive segment. The automotive segment includes all activities relating to development, design, manufacture, assembly and sale of vehicles including financing thereof, as well as sale of related parts and accessories. The Company provides financing for vehicles sold by dealers in India. The vehicle financing is intended to drive sale of vehicles by providing financing to the dealers' customers and as such is an integral part of automotive business. The financing activity is assessed as an integral part of the overall automotive business. The operating results of the financing activity does not include all of the interest or cost of funds employed for the purposes of financing, and therefore the operating results of this activity is not used to make decisions about resources to be allocated or to assess performance.

The Company's products mainly include Tata and other brand vehicles and Jaguar and Land Rover vehicles.

As at March 31, 2016, the automotive segment is bifurcated into the following:

Tata and other brand vehicles, including financing thereof and Jaguar Land Rover.

The Company's other segment comprises primarily activities relating to information technology or IT services, machine tools and factory automation solutions.

The segment information presented is in accordance with the accounting policies adopted for preparing the consolidated financial statements of the Company. Segment revenues, expenses and results include inter-segment transfers. Such transfers are undertaken either at competitive market prices charged to unaffiliated customers for similar goods or at contracted rates. These transfers are eliminated on consolidation.

	Automotive and related activity						
	Tata and other brand vehicles (including financing thereof)*	Jaguar Land Rover	Intra-segment eliminations	Total (In millions)	Others	Inter-segment eliminations	Total
Revenues:							
External revenue	Rs. 490,273.9	Rs. 2,193,059.4	Rs. —	Rs. 2,683,333.3	Rs. 14,088.7	Rs. —	Rs. 2,697,422.0
Inter-segment/intra-segment revenue	69.8	—	(75.7)	(5.9)	15,027.0	(15,021.1)	—
Total revenues	Rs. 490,343.7	Rs. 2,193,059.4	Rs. (75.7)	Rs. 2,683,327.4	Rs. 29,115.7	Rs. (15,021.1)	Rs. 2,697,422.0
Earnings before other income, interest and tax	9,432.5	181,762.8**	—	191,195.3	4,212.2	(738.7)	194,668.8
Share of profit/(loss) of equity accounted investees (net)	206.7	5,987.1	—	6,193.8	(419.1)	—	5,774.7
Reconciliation to net income:							
Other income/(loss) (net)							3,135.6
Foreign exchange gain/(loss) (net)							(38,468.2)
Interest income							7,186.6
Interest expense (net)							(47,912.6)
Income tax expense							(27,512.7)
Net Income							Rs. 96,872.2
Depreciation and amortization	Rs. 27,796.5	Rs. 139,597.6	Rs. —	Rs. 167,394.1	Rs. 680.8	Rs. —	Rs. 168,074.9
Capital expenditure	39,064.7	266,777.2	—	305,841.9	1,243.1	(851.8)	306,233.2
Segment assets	Rs. 575,908.8	Rs. 1,578,129.2	Rs. (100.0)	Rs. 2,153,938.0	Rs. 20,644.4	Rs. (9,393.1)	Rs. 2,165,189.3
Investment in equity accounted investees	3,730.5	32,380.7	—	36,111.2	1,528.3	—	37,639.5
Reconciliation to total assets:							
Investments							198,417.4
Current and non-current income tax assets							14,123.8
Deferred income taxes							39,575.9
Other unallocated financial assets ¹							165,035.4
Total assets							Rs. 2,619,981.3
Segment liabilities	Rs. 141,011.6	Rs. 809,817.7	Rs. (100.0)	Rs. 950,729.3	Rs. 6,048.2	Rs. (2,785.9)	Rs. 953,991.6
Reconciliation to total liabilities:							
Borrowings							692,367.8
Current income tax liabilities							7,250.5
Deferred income taxes							43,441.4
Other unallocated financial liabilities ²							154,893.3
Total liabilities							Rs. 1,851,944.6
							US\$27,951.9

* Tata and other brand vehicles include Tata Daewoo and Fiat brand vehicles.

** Includes provision for loss of inventory (net of insurance recoveries) of Rs. 16,383.9 million.

1. Includes interest-bearing loans and deposits and accrued interest income.

2. Includes interest accrued and other interest bearing liabilities.

For the year ended/as at March 31, 2015

	Automotive and related activity						
	Tata and other brand vehicles (including financing thereof)*	Jaguar Land Rover	Intra-segment eliminations	Total (In millions)	Others	Inter-segment eliminations	Total
Revenues:							
External revenue	Rs. 446,636.4	Rs.2,165,673.1	Rs. —	Rs.2,612,309.5	Rs.12,955.7	Rs. —	Rs.2,625,265.2
Inter-segment/intra-segment revenue	581.5	—	(588.1)	(6.6)	14,196.5	(14,189.9)	—
Total revenues	Rs. 447,217.9	Rs.2,165,673.1	Rs. (588.1)	Rs.2,612,302.9	Rs.27,152.2	Rs. (14,189.9)	Rs.2,625,265.2
Earnings before other income, interest and tax	(29,831.3)	274,382.1	—	244,550.8	3,447.5	(1,377.9)	246,620.4
Share of profit/(loss) of equity accounted investees (net)	135.3	(1,122.9)	—	(987.6)	(760.7)	—	(1,748.3)
Reconciliation to net income:							
Other income/(loss) (net)							11,508.4
Foreign exchange gain/(loss) (net)							(12,680.7)
Interest income							6,763.9
Interest expense (net)							(52,231.6)
Income tax expense							(69,149.7)
Net Income							Rs. 129,082.4
Depreciation and amortization	Rs. 30,871.3	Rs. 103,040.3	Rs. —	Rs. 133,911.6	Rs. 584.2	Rs. —	Rs. 134,495.8
Capital expenditure	34,416.2	302,087.8	—	336,504.0	737.1	(1,470.1)	335,771.0
Segment assets	Rs. 558,623.8	Rs.1,402,756.6	Rs. —	Rs.1,961,380.4	Rs.20,056.4	Rs. (10,869.9)	Rs.1,970,566.9
Investment in equity accounted investees	3,670.9	26,029.9	—	29,700.8	2,035.8	—	31,736.6
Reconciliation to total assets:							
Investments							146,823.6
Current and non-current income tax assets							11,260.7
Deferred income taxes							40,478.8
Other unallocated financial assets ¹							144,776.8
Total assets							Rs.2,345,643.4
Segment liabilities	Rs. 139,351.1	Rs. 750,707.3	Rs. —	Rs. 890,058.4	Rs. 6,308.7	Rs. (2,808.9)	Rs. 893,558.2
Reconciliation to total liabilities:							
Borrowings							725,327.9
Current income tax liabilities							8,241.5
Deferred income taxes							23,466.8
Other unallocated financial liabilities ²							155,697.2
Total liabilities							Rs.1,806,291.6

* Tata and other brand vehicles include Tata Daewoo and Fiat brand vehicles.

1. Includes interest-bearing loans and deposits and accrued interest income.

2. Includes interest accrued and other interest bearing liabilities.

For the year ended March 31, 2014

	Automotive and related activity						
	Tata and other brand vehicles (including financing thereof) *	Jaguar Land Rover	Intra-segment eliminations	Total (In millions)	Others	Inter-segment eliminations	Total
Revenues:							
External revenue	Rs. 434,922.1	Rs. 1,894,589.8	Rs. —	Rs. 2,329,511.9	Rs. 12,248.6	Rs. —	Rs. 2,341,760.5
Inter-segment/intra-segment revenue	89.6	—	(20.0)	69.6	12,740.2	(12,809.8)	—
Total revenues	Rs. 435,011.7	Rs. 1,894,589.8	Rs. (20.0)	Rs. 2,329,581.5	Rs. 24,988.8	Rs. (12,809.8)	Rs. 2,341,760.5
Earnings before other income, interest and tax	(20,630.6)	228,026.6	—	207,396.0	2,633.9	(1,112.3)	208,917.6
Share of profit/(loss) of equity accounted investees (net)	211.6	(727.7)	—	(516.1)	(1,361.5)	—	(1,877.6)
Impairment in respect of an equity accounted investee	—	—	—	—	(8,033.7)	—	(8,033.7)
Reconciliation to net income:							
Other income /(loss) (net)							7,732.6
Foreign exchange gain/(loss) (net)							19,104.2
Interest income							6,656.7
Interest expense (net)							(53,094.7)
Income tax expense							(48,226.5)
Net Income							Rs. 131,178.6
Depreciation and amortization	Rs. 25,046.5	Rs. 84,941.8	Rs. —	Rs. 109,988.3	Rs. 474.3	Rs. —	Rs. 110,462.6
Capital expenditure	37,806.0	235,384.1	—	273,190.1	819.6	(1,177.7)	272,832.0

* Tata and other brand vehicles include Tata Daewoo and Fiat brand vehicles.

Entity-wide disclosures

Information concerning principal geographic areas is as follows:

Net sales to external customers by geographic area by location of customers:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
India	US\$ 6,209.3	Rs. 411,399.2	Rs. 361,206.0	Rs. 364,590.6
United States of America	6,579.6	435,931.4	314,008.8	266,436.5
United Kingdom	6,767.6	448,389.3	351,527.1	290,161.9
Rest of Europe	6,264.0	415,022.1	317,302.7	292,377.8
China	7,461.5	494,358.9	758,085.1	656,138.0
Rest of the World	7,430.7	492,321.1	523,135.5	472,055.7
Total revenues	US\$ 40,712.7	Rs. 2,697,422.0	Rs. 2,625,265.2	Rs. 2,341,760.5

Non-current assets (Property, plant and equipment, Intangible assets, other non-current assets and Goodwill) by geographic area:

	As at March 31,			
	2016	2016	2015	
	(In millions)			
India	US\$ 3,662.8	Rs. 242,677.7	Rs. 236,222.2	
United States of America	53.5	3,544.7	3,381.0	
United Kingdom	15,056.9	997,593.3	865,811.9	
Rest of Europe	42.1	2,786.3	1,206.1	
China	23.3	1,540.8	1,017.1	
Rest of the World	471.0	31,210.1	18,436.3	
Total	US\$ 19,309.6	Rs. 1,279,352.9	Rs. 1,126,074.6	

Information about product revenues:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Tata and Fiat vehicles	US\$ 6,340.4	Rs. 420,080.7	Rs. 368,038.2	Rs. 356,514.0
Tata Daewoo commercial vehicles	720.6	47,742.3	55,015.5	47,532.3
Hispano buses and coaches	2.0	132.1	951.9	999.9
Finance revenues	336.9	22,318.8	22,630.8	29,875.9
Jaguar Land Rover vehicles	33,100.3	2,193,059.4	2,165,673.1	1,894,589.8
Others	212.5	14,088.7	12,955.7	12,248.6
Total revenues	US\$ 40,712.7	Rs. 2,697,422.0	Rs. 2,625,265.2	Rs. 2,341,760.5

38. Related-party transactions

The Company's related parties principally consist of Tata Sons Limited, subsidiaries and joint ventures of Tata Sons Limited, the Company's associates and their subsidiaries, joint operations and joint ventures of the Company. The Company routinely enters into transactions with these related parties in the ordinary course of business. The Company enters into transactions for sale and purchase of products and services with its associates, joint operations and joint ventures. Transactions and balances with its own subsidiaries are eliminated on consolidation.

The following table summarizes related-party transactions and balances included in the consolidated financial statements for the year ended/as at March 31, 2016:

	Associates and its subsidiaries		Joint ventures		Joint operations		Tata Sons Ltd, its subsidiaries and joint ventures		Total		Total	
	(In millions)											
Purchase of products	Rs.	17,687.4	Rs.	—	Rs.	27,814.5	Rs.	674.0	Rs.	46,175.9	US\$	696.9
Sale of products		2,123.8		31,051.5		5,971.2		7,566.8		46,713.3		705.1
Services received		96.4		8,427.0		1.2		18,503.6		27,028.2		407.9
Services rendered		218.5		6,263.5		79.7		1,123.1		7,684.8		116.0
Acceptances		—		—		—		29,018.0		29,018.0		438.0
Sale of Investments		—		—		—		71.5		71.5		1.1
Purchase of property, plant and equipment		114.5		—		—		9.2		123.7		1.9
Interest (income)/expense, dividend (income)/paid, (net)		(119.8)		—		(143.3)		376.3		113.2		1.7
Amounts receivable in respect of loans and interest thereon		1,600.0		—		1,917.8		353.4		3,871.2		58.4
Amounts payable in respect of loans and interest thereon		270.0		—		—		1,061.7		1,331.7		20.1
Trade and other receivables		222.7		6,737.1		—		4,545.2		11,505.0		173.6
Accounts payable		585.1		148.1		1,680.4		1,626.0		4,039.6		61.0
Loans given/repaid		—		—		—		1,250.0		1,250.0		18.9
Loans taken/repaid		3,450.0		—		—		9,181.3		12,631.3		190.6
Proceeds from issue of shares		—		—		—		19,667.6		19,667.6		296.8
Deposits receivable		—		—		—		30.0		30.0		0.5

The following table summarizes related-party transactions and balances included in the consolidated financial statements for the year ended/as at March 31, 2015:

	Associates and its subsidiaries	Joint ventures	Joint operations (In millions)	Tata Sons Ltd, its subsidiaries and joint ventures	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Purchase of products	15,311.1	—	26,645.0	648.9	42,605.0
Sale of products	1,906.3	14,709.6	6,216.5	9,109.8	31,942.2
Services received	24.0	4,570.6	4.3	18,036.2	22,635.1
Services rendered	100.9	2,223.0	26.1	1,099.2	3,449.2
Acceptances	—	—	—	20,040.7	20,040.7
Purchase of property, plant and equipment	154.5	—	—	31.5	186.0
Interest (income)/expense, dividend (income)/paid, (net)	(106.1)	—	(97.9)	1,961.8	1,757.8
Amounts receivable in respect of loans and interest thereon	1,856.6	—	1,839.7	1,006.4	4,702.7
Amounts payable in respect of loans and interest thereon	34.9	—	—	78.1	113.0
Trade and other receivables	152.2	4,361.8	—	1,595.8	6,109.8
Accounts payable	764.9	46.5	1,436.8	3,358.7	5,606.9
Loans given/repaid	1,600.0	—	—	950.0	2,550.0
Purchase of unquoted equity shares	—	12,258.6	—	—	12,258.6
Loans taken/repaid	940.0	—	—	—	940.0
Deposits receivable	—	—	—	30.0	30.0

The following table summarizes related-party transactions and balances included in the consolidated financial statements for the year ended/as at March 31, 2014:

	Associates and its subsidiaries	Joint ventures	Joint operations (In millions)	Tata Sons Ltd, its subsidiaries and joint ventures	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Purchase of products	13,275.6	—	21,597.7	497.1	35,370.4
Sale of products	1,828.6	32.8	5,553.2	10,642.4	18,057.0
Services received	98.6	3,691.2	2.0	10,858.2	14,650.0
Services rendered	124.5	2,510.1	58.0	929.0	3,621.6
Acceptances	—	—	—	16,015.4	16,015.4
Redemption/buy back of investments	—	96.2	—	—	96.2
Purchase of property, plant and equipment	—	—	—	8.0	8.0
Interest (income)/expense, dividend (income)/paid, (net)	(119.0)	—	(113.5)	1,556.6	1,324.1
Amounts receivable in respect of loans and interest thereon	1.1	—	1,733.0	89.7	1,823.8
Amounts payable in respect of loans and interest thereon*	160.0	—	—	289.4	449.4
Trade and other receivables	207.2	1,471.3	81.3	2,820.1	4,579.9
Accounts payable	715.2	49.2	1,749.1	2,268.3	4,781.8
Accounts payable (in respect of bills discounted)	—	—	—	1,359.8	1,359.8
Loans given/repaid	268.6	—	—	5.0	273.6
Purchase of unquoted equity shares	—	9,007.6	—	3.0	9,010.6
Loans taken/repaid	705.0	—	—	578.1	1,283.1
Deposits receivable	—	—	—	30.0	30.0

* Amounts payable in respect of loans and interest consist of collateralized debt obligation for financial assets transferred to a related party that does not meet the derecognition criteria because of credit enhancement features.

Compensation of key management personnel:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Short-term benefits	US\$ 8.4	Rs. 557.8 [^]	Rs. 354.2	Rs. 417.6
Post-employment benefits*	1.7	112.0	208.2	95.3 [#]

[^] Includes Rs. 46.1 million of managerial remuneration which is subject to the approval of Central Government of India and shareholders of Tata Motors Limited.

* Excludes provision for encashable leave and gratuity for certain key management personnels as a separate actuarial valuation is not available.

[#] Excludes statutory dues paid on the demise of Mr. Karl Slym to his legal heirs namely social security benefit and gratuity, aggregating Rs. 24.1 million for the year ended March 31, 2014.

Other transactions with key management personnel:

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Issue of shares pursuant to rights issue	US\$ —	Rs. 0.8	Rs. —	Rs. —
Sale of products	0.2	11.0	—	—

Refer note 32 for information on transactions with post-employment benefit plans.

39. Earnings per share (“EPS”)

	Net income attributable to shareholders of Tata Motors Limited (In millions)		Weighted average shares (Nos.)	Earnings per share	
For the year ended March 31, 2016:					
Ordinary Shares					
Basic net earnings per share	Rs.	81,481.3	2,873,188,838	Rs.	28.4
	US\$	1,229.9		US\$	0.4
Effect of shares kept in abeyance	Rs.	(3.6)	621,045	Rs.	(5.8)
	US\$	(0.1)		US\$	(0.1)
Diluted earnings per share	Rs.	81,477.7	2,873,809,883	Rs.	28.4
	US\$	1,229.8		US\$	0.4
‘A’ Ordinary Shares					
Basic net earnings per share	Rs.	14,402.1	506,063,234	Rs.	28.5
	US\$	217.3		US\$	0.4
Effect of shares kept in abeyance	Rs.	3.6	257,745	Rs.	14.0
	US\$	0.1		US\$	0.2
Diluted earnings per share	Rs.	14,405.7	506,320,979	Rs.	28.5
	US\$	217.4		US\$	0.4
For the year ended March 31, 2015:¹					
Ordinary Shares					
Basic net earnings per share	Rs.	109,024.7	2,765,339,619	Rs.	39.4
Effect of shares kept in abeyance	Rs.	(5.2)	484,470	Rs.	(10.7)
Diluted earnings per share	Rs.	109,019.5	2,765,824,089	Rs.	39.4
‘A’ Ordinary Shares					
Basic net earnings per share	Rs.	19,266.5	487,445,041	Rs.	39.5
Effect of shares kept in abeyance	Rs.	5.2	239,570	Rs.	21.7
Diluted earnings per share	Rs.	19,271.7	487,684,611	Rs.	39.5
For the year ended March 31, 2014:¹					
Ordinary Shares					
Basic net earnings per share	Rs.	111,060.8	2,760,961,457	Rs.	40.2
Effect of shares kept in abeyance	Rs.	(5.4)	489,261	Rs.	(11.0)
Diluted earnings per share	Rs.	111,055.4	2,761,450,718	Rs.	40.2
‘A’ Ordinary Shares					
Basic net earnings per share	Rs.	19,656.3	487,440,271	Rs.	40.3
Effect of shares kept in abeyance	Rs.	5.4	244,287	Rs.	22.1
Diluted earnings per share	Rs.	19,661.7	487,684,558	Rs.	40.3

‘A’ Ordinary shareholders are entitled to receive dividend at 5 percentage points more than the aggregate rate of dividend determined by the Company on Ordinary shares for the financial year.

¹ Basic and diluted earnings per share for the year ended March 31, 2015 and 2014 have been retrospectively adjusted for the bonus element in respect of the rights issue as described in note 25 of the consolidated financial statements.

Schedule 1

Condensed financial information of Tata Motors Limited (“Parent Company”) on a standalone basis

A. Balance Sheet

	2016	As at March 31, 2016 (In millions)	2015
EQUITY AND LIABILITIES			
Shareholders’ funds:			
Share Capital	US\$ 102.5	Rs. 6,791.8	Rs. 6,437.8
Reserves and surplus	3,273.5	216,889.0	142,188.1
Total shareholders’ funds	3,376.0	223,680.8	148,625.9
Non-current liabilities:			
Long-term borrowings	1,613.2	106,879.4	123,189.6
Other long-term liabilities	31.7	2,101.2	2,868.0
Long-term provisions	212.7	14,090.5	21,041.9
Total non-current liabilities	1,857.6	123,071.1	147,099.5
Current liabilities:			
Short-term borrowings	505.9	33,517.4	77,620.1
Trade payables	1,345.8	89,166.0	88,526.5
Other current liabilities	644.1	42,672.3	31,428.8
Short-term provisions	183.4	12,154.9	6,130.9
Total current liabilities	2,679.2	177,510.6	203,706.3
Total liabilities	4,536.8	300,581.7	350,805.8
Total equity and liabilities	US\$7,912.8	Rs.524,262.5	Rs.499,431.7
ASSETS:			
Non-current assets:			
Fixed assets			
Tangible assets	1,849.3	122,527.8	122,605.0
Intangible assets	530.0	35,111.9	35,227.3
Capital work-in-progress	221.8	14,697.1	13,499.5
Intangible assets under development	756.4	50,111.8	46,908.4
	3,357.5	222,448.6	218,240.2
Non-current investments	2,562.1	169,754.6	169,669.5
Long-term loans and advances	356.7	23,632.2	24,035.6
Other non-current assets	20.7	1,368.0	1,756.7
Total non-current assets	6,297.0	417,203.4	413,702.0
Current assets:			
Current investments	262.0	17,360.0	202.2
Inventories	739.9	49,022.0	48,020.8
Trade receivables	236.7	15,684.6	11,144.8
Cash and bank balances	68.2	4,520.8	9,447.5
Short-term loans and advances	270.8	17,943.2	15,744.1
Other current assets	38.2	2,528.5	1,170.3
Total current assets	1,615.8	107,059.1	85,729.7
Total assets	US\$7,912.8	Rs.524,262.5	Rs.499,431.7

B. Statement of Profit and Loss

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Revenue from operations	US\$ 7,040.5	Rs. 466,466.7	Rs. 395,312.3	Rs. 377,580.0
Less: Excise duty	(645.5)	(42,768.5)	(32,296.0)	(34,698.9)
Net revenue from operations	6,395.0	423,698.2	363,016.3	342,881.1
Other income	321.9	21,329.2	18,814.1	38,330.3
Total revenues	6,716.9	445,027.4	381,830.4	381,211.4
Expenses:				
Cost of materials consumed	3,669.6	243,130.8	221,552.3	204,928.7
Purchase of products for sale	793.8	52,592.7	57,652.4	50,498.2
Changes in inventories of finished goods, work-in-progress and products for sale	3.5	229.4	(8,788.2)	3,717.2
Employee cost/benefits expense	456.8	30,267.5	30,914.6	28,776.9
Finance cost	223.5	14,811.1	16,116.8	13,531.8
Depreciation and amortization expense	370.3	24,537.5	26,032.2	20,703.0
Product development expense/Engineering expenses	64.1	4,246.1	4,374.7	4,287.4
Other expenses	1,213.8	80,418.1	80,872.8	69,718.7
Expenditure transferred to capital and other accounts	(156.1)	(10,341.8)	(11,187.5)	(10,091.1)
Total expenses	6,639.3	439,891.4	417,540.1	386,070.8
Profit/(Loss) before exceptional items, extraordinary items and tax	77.6	5,136.0	(35,709.7)	(4,859.4)
Exceptional items :				
Exchange loss (net) including on revaluation of foreign currency borrowings, deposits and loans	13.8	913.7	3,205.0	2,730.6
Provision for investment and costs associated with closure of operations of a subsidiary	14.8	978.6	—	2,020.0
Diminution in the value of investment in a subsidiary	—	—	—	175.2
Employee separation cost	1.5	100.4	832.5	472.8
Impairment of capitalised fixed assets	24.7	1,639.4	—	—
	54.8	3,632.1	4,037.5	5,398.6
Profit/(Loss) before extraordinary items and tax	22.8	1,503.9	(39,747.2)	(10,258.0)
Extraordinary items	—	—	—	—
Profit/(Loss) before tax from continuing operations	22.8	1,503.9	(39,747.2)	(10,258.0)
Tax expenses/(credit)(net)	(12.7)	(838.4)	7,642.3	(13,603.2)
Profit/(Loss) after tax for the year from continuing operations	US\$ 35.5	Rs. 2,342.3	Rs. (47,389.5)	Rs. 3,345.2

C. Statements of Cash Flows

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Cash flows from operating activities:				
Profit/(loss) after tax	US\$ 35.5	Rs. 2,342.3	Rs.(47,389.5)	Rs. 3,345.2
Adjustments for:				
Depreciation and amortization expense	370.3	24,537.5	26,032.2	20,703.0
Lease equalization adjusted in income	—	—	(22.7)	(45.2)
Impairment of capitalised fixed assets	24.7	1,639.4	—	—
Provision/(reversal) for diminution in value of investments	—	—	—	175.2
Provision for investments and costs associated with closure of operations of a subsidiary	14.8	978.6	—	2,020.0
Provision for doubtful trade receivable and advances	12.6	836.1	1,316.4	3,760.3
(Profit)/loss on sale of assets (net), including assets scrapped/written off	57.7	3,822.6	3,095.7	202.9
Tax expenses/(credit) (net)	(12.7)	(838.4)	7,642.3	(13,603.2)
Profit on sale of occupancy rights	—	—	(366.0)	—
Profit on sale of investments (net)	(121.4)	(8,042.2)	(804.8)	(20,523.3)
Exchange differences (net)	1.2	84.6	2,709.3	2,769.0
Interest/Dividend (net)	23.0	1,524.1	(1,892.5)	(4,431.8)
Operating profit/(loss) before working capital changes	405.7	26,884.6	(9,679.6)	(5,627.9)
Trade receivables	(81.1)	(5,375.9)	(212.2)	3,657.6
Finance receivables	3.1	205.7	13.8	150.0
Other current and non-current assets	8.6	567.6	(6,070.7)	9.2
Inventories	(15.1)	(1,001.2)	(9,395.5)	5,925.0
Trade payable and acceptances	9.7	639.5	(8,432.2)	12,128.3
Other current and non-current liabilities	50.3	3,334.4	1,146.8	2,492.5
Provisions	(31.7)	(2,103.0)	7,779.0	6,460.5
Cash generated from/(used in) operations	349.5	23,151.7	(24,850.6)	25,195.2
Income taxes (paid)/credit (net)	4.7	310.1	(776.1)	(560.6)
Net cash from/(used in) operating activities	354.2	23,461.8	(25,626.7)	24,634.6
Cash flows from investing activities:				
Fixed/restricted deposits with scheduled banks made	(831.8)	(55,112.9)	(5,052.8)	(5,301.5)
Fixed/restricted deposits with scheduled banks realized	808.1	53,537.4	4,498.5	7,604.0
Fixed deposit with financial institution made	(297.0)	(19,680.0)	(2,000.0)	(2,000.0)
Fixed deposit with financial institution realized	297.0	19,680.0	2,000.0	2,000.0
Realization of loans to associates and subsidiaries	—	—	—	2,978.3
Investment in subsidiary companies	(9.1)	(599.8)	(1,105.6)	(4,431.8)
Investment in associate companies	—	—	(1,590.0)	—
Investment in mutual fund (purchased)/sold (net)	(251.8)	(16,685.1)	669.8	4,456.3
Loans to associates and subsidiaries	(11.8)	(779.7)	—	(1,462.8)
Loan given to others	(0.1)	(7.5)	—	—
Sale/redemption of investments in subsidiary companies	112.7	7,469.0	18,039.0	39,784.8
Advance towards investment in subsidiary companies	(11.0)	(731.1)	(260.8)	(1,351.5)
Redemption of investments in other companies	12.8	850.5	—	—

	Year ended March 31,			
	2016	2016	2015	2014
	(In millions)			
Realisation of margin money/cash collateral	US\$ —	Rs. 0.1	Rs. 1.0	Rs. —
Investments in joint venture	—	—	—	(3,250.0)
(Increase)/decrease in short term inter-corporate deposits	(5.3)	(350.0)	(50.0)	(400.0)
Interest received	35.9	2,381.5	801.3	1,817.0
Dividend received	158.7	10,514.6	16,984.8	16,026.8
Payments for fixed assets	(453.4)	(30,041.5)	(27,309.4)	(31,054.2)
Proceeds from sale of fixed assets	3.3	221.7	245.2	113.7
Sale of occupancy rights	1.1	73.2	146.4	—
Net cash (used in)/from investing activities	(441.7)	(29,259.6)	6,017.4	25,529.1
Cash flows from financing activities:				
Proceeds from Rights issue of shares (net of issue expenses)	1,121.9	74,332.2	—	—
Brokerage and other expenses/refund on non-convertible debentures (NCD)	0.4	28.4	(479.5)	(875.4)
Proceeds from issue of shares held in abeyance	—	—	—	0.9
Expenses on foreign currency convertible notes (FCCN)/convertible alternative reference securities (CARS) conversion	—	—	—	(3.5)
Dividends paid (including dividend distribution tax)	(0.4)	(28.5)	(6,487.4)	(6,488.1)
Interest paid [including discounting charges paid, Rs. 3,644.7 million (2014-15 Rs. 4,341.6 million and 2013-14 Rs. 3,737.8 million)]	(303.8)	(20,128.7)	(18,449.3)	(17,499.0)
Premium paid on redemption of non-convertible debentures (NCD)	—	—	(7,441.9)	(6,580.5)
Repayment of fixed deposits	(0.4)	(27.4)	(93.1)	(3,621.9)
Proceeds from short-term borrowings	470.6	31,182.5	50,057.9	85,480.0
Repayment of short-term borrowings	(748.2)	(49,569.1)	(66,709.1)	(86,798.6)
Net change in other short-term borrowing (with maturity up to three months)	(381.8)	(25,296.0)	46,202.0	(14,734.1)
Proceeds from long-term borrowings	11.0	731.6	78,112.3	23,105.9
Repayments of long-term borrowings	(180.2)	(11,936.4)	(48,396.6)	(22,323.8)
Net cash (used in)/from financing activities	(10.9)	(711.4)	26,315.3	(50,338.1)
Net increase/(decrease) in cash and cash equivalents	(98.2)	(6,509.2)	6,706.0	(174.4)
Cash and cash equivalents as at April 01, (opening balance)	130.1	8,619.5	1,986.8	2,055.7
Exchange fluctuation on foreign currency bank balances	0.1	7.1	(73.3)	105.5
Cash and cash equivalents as at March 31, (closing balance)	US\$ 32.0	Rs. 2,117.4	Rs. 8,619.5	Rs. 1,986.8
Non-cash transactions:				
FCCN/CARS converted to Ordinary shares	US\$ —	Rs. —	Rs. —	Rs. 4,133.4

D. Supplementary information of Tata Motors Limited (“Parent Company”) prepared in accordance with Indian GAAP

The Parent Company’s long-term debt consists of the following:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Non-convertible debentures	US\$ 837.7	Rs. 55,500.0	Rs. 66,000.0
Buyers credit from banks at floating interest rate	217.6	14,418.0	15,792.4
Term Loans from others	83.4	5,526.6	4,795.0
Senior notes	750.0	49,689.4	46,875.0
Others	3.3	221.1	261.6
Total	1,892.0	125,355.1	133,724.0
Less: current portion	278.9	18,475.7	10,534.4
Long-term debt	<u>US\$ 1,613.1</u>	<u>Rs. 106,879.4</u>	<u>Rs. 123,189.6</u>

The table below provides details regarding the contractual maturities of long-term debt:

		As at March 31,	
	2016	2016	2015
		(In millions)	
Due in 1st Year	US\$ 278.9	Rs. 18,475.7	Rs. 10,534.4
Due in 2nd Year	115.0	7,622.4	18,449.8
Due in 3rd to 5th Year	847.7	56,167.3	24,069.8
Due after 5th Year	650.4	43,089.7	80,670.0
Total	<u>US\$ 1,892.0</u>	<u>Rs. 125,355.1</u>	<u>Rs. 133,724.0</u>

E. Significant accounting policies

(a) Basis of preparation

The financial statements of the Parent Company have been prepared under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and relevant provisions of the Companies Act, 2013 ("the 2013 Act").

(b) Use of estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent liabilities at the date of these financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

(c) Revenue recognition

The Parent Company recognises revenues on the sale of products, net of discounts and sales incentives, when the products are delivered to the dealer / customer or when delivered to the carrier for export sales, which is when risks and rewards of ownership pass to the dealer / customer.

Sales include income from services and exchange fluctuations relating to export receivables. Sales include export and other recurring and non-recurring incentives from the Government at the national and state levels. Sale of products is presented gross of excise duty where applicable, and net of other indirect taxes.

Revenues are recognized when collectability of the resulting receivables is reasonably assured.

Dividend from investments is recognized when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists.

Interest income is recognized on the time basis determined by the amount outstanding and the rate applicable and where no significant uncertainty as to measurability or collectability exists.

(d) Depreciation and amortization

- (i) Depreciation is provided on the Straight Line Method (SLM) over the estimated useful lives of the assets considering the nature, estimated usage, operating conditions, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support. Taking into account these factors, the Parent Company has decided to retain the useful life hitherto adopted for various categories of fixed assets, which are different from those prescribed in Schedule II of the Act. Estimated useful lives of assets are as follows :

Type of Asset	Estimated useful life
• Leasehold land	Amortized over the period of the lease
• Buildings, roads, bridges and culverts	4 to 60 years
• Plant, machinery and equipment	8 to 20 years
• Computers and other IT assets	4 to 6 years
• Vehicles	4 to 10 years
• Furniture, fixture and office appliances	5 to 15 years
• Technical know-how	5 to 6 years
• Computer software	4 years
• Water system and sanitation	20 years
• Assets taken on lease are amortised over the period of lease	10 years

- (ii) Product development costs are amortised over a period of upto 120 months for New Generation vehicles and powertrains on the basis of higher of the volumes between planned and actuals and on a straight line method over a period of 36 months for Vehicle Variants, Derivatives and other Regulatory Projects.
- (iii) In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life.
- (iv) Depreciation is not recorded on capital work-in-progress until construction and installation are complete and asset is ready for its intended use.
- (v) Capital assets, the ownership of which does not vest with the Parent Company, other than leased assets, are depreciated over the estimated period of their utility or five years, whichever is less.

(e) Fixed assets

- (i) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation / amortization and accumulated impairment, if any.
- (ii) Product development cost incurred on new vehicle platforms, engines, transmission and new products are recognised as fixed assets, when feasibility has been established, the Parent Company has committed technical, financial and other resources to complete the development and it is probable that the asset will generate probable future benefits.
- (iii) Cost includes purchase price, taxes and duties, labour cost and directly attributable overhead expenditure for self constructed assets incurred up to the date the asset is ready for its intended use. Borrowing cost incurred for qualifying assets is capitalised up to the date the asset is ready for intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. The cost of acquisition is further adjusted for exchange differences relating to long term foreign currency borrowings attributable to the acquisition of depreciable asset w.e.f. April 1, 2007.
- (iv) Tangible assets and Software not exceeding ₹25,000, and product development costs relating to minor product enhancements, facelifts and upgrades, are charged off to the Statement of Profit and Loss as and when incurred.

(f) Impairment

At each Balance Sheet date, the Parent Company assesses whether there is any indication that the fixed assets with finite lives may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where it is not possible to estimate the recoverable amount of individual asset, the Parent Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

As of March 31, 2016 none of the fixed assets were considered impaired.

(g) Leases

(i) Finance lease

Assets acquired under finance leases are recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the assets and the present value of minimum lease payments. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Assets given under finance leases are recognised as receivables at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment.

(ii) Operating lease

Leases other than finance lease, are operating leases, and the leased assets are not recognized on the Parent Company's Balance Sheet. Payments / rental income under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

(h) Transactions in foreign currencies and accounting of derivatives

(i) Exchange differences

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at year end exchange rates.

- (1) Exchange differences arising on settlement of transactions and translation of monetary items other than those covered by (2) below are recognized as income or expense in the year in which they arise. Exchange differences considered as borrowing cost are capitalized to the extent these relate to the acquisition/construction of qualifying assets and the balance amount is recognized in the Statement of Profit and Loss.
- (2) Exchange differences relating to long term foreign currency monetary assets/liabilities are accounted for with effect from April 1, 2007 in the following manner:
 - Differences relating to borrowings attributable to the acquisition of depreciable capital assets are added to/deducted from the cost of such capital assets.
 - Other differences were accumulated in foreign currency monetary item translation difference account and amortized over the period, beginning April 1, 2007 or date of inception of such item, as applicable, and ending on March 31, 2011 or the date of its maturity, whichever was earlier.
 - Pursuant to notification issued by the Ministry of Corporate Affairs on December 29, 2011, the exchange differences on long term foreign currency monetary items (other than those relating to acquisition of depreciable assets) are amortised over the period till the date of maturity or March 31, 2020, whichever is earlier.

(ii) **Hedge accounting**

The Parent Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. With effect from April 1, 2008, the Parent Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in Accounting Standard 30- Financial Instruments: Recognition and Measurement.

These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward and option contracts that are designated and effective as hedges of future cash flows are recognized directly in hedging reserve account under reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognized immediately in the Statement of Profit and Loss.

Amounts accumulated in the hedging reserve account are reclassified to Profit and Loss in the periods during which the forecasted transaction occurs.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Hedging reserve account is retained there until the forecasted transaction occurs.

If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve account is immediately transferred to the Profit and Loss Statement. Foreign currency options and other derivatives are stated at fair value as at the year end with changes in fair value recognized in the Statement of Profit and Loss.

- (iii) Premium or discount on forward contracts other than those covered in (ii) above is amortised over the life of such contracts and is recognized as income or expense.

(i) **Product warranty expenses**

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically up to 3 to 4 years.

(j) **Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost of raw materials and consumables are ascertained on a moving weighted average/monthly moving weighted average basis. Cost, including variable and fixed overheads, are allocated to work-in-progress, stock-in-trade and finished goods determined on full absorption cost basis. Net realizable value is estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

(k) **Employee benefits**

(i) **Gratuity**

The Parent Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Parent Company makes annual contributions to gratuity fund established as trust. The Parent Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation carried out at each Balance Sheet date using the projected unit credit method.

(ii) **Superannuation**

The Parent Company has two superannuation plans, a defined benefit plan and a defined contribution plan. An eligible employee on April 1, 1996 could elect to be a member of either plan.

Employees who are members of the defined benefit superannuation plan are entitled to benefits depending on the years of service and salary drawn. The monthly pension benefits after retirement range from 0.75% to 2% of the annual basic salary for each year of service. The Parent Company accounts for the liability for superannuation benefits payable in future under the plan based on an independent actuarial valuation as at Balance Sheet date.

With effect from April 1, 2003, this plan was amended and benefits earned by covered employees have been protected as at March 31, 2003. Employees covered by this plan are prospectively entitled to benefits computed on a basis that ensures that the annual cost of providing the pension benefits would not exceed 15% of salary.

During the year 2014-15, the employees covered by this plan were given a one time option to exit from the plan prospectively. Further, the employees who opted for exit were given a one time option to withdraw accumulated balances from the superannuation plan.

The Parent Company maintains a separate irrevocable trust for employees covered and entitled to benefits. The Parent Company contributes up to 15% or Rs.1,00,000, whichever is lower, of the eligible employees' salary to the trust every year. The Parent Company recognizes such contributions as an expense when incurred. The Parent Company has no further obligation beyond this contribution.

(iii) **Bhavishya Kalyan Yojana (BKY)**

Bhavishya Kalyan Yojana is an unfunded defined benefit plan for employees of the Parent Company. The benefits of the plan include pension in certain case, payable up to the date of normal superannuation had the employee been in service, to an eligible employee at the time of death or permanent disablement, while in service, either as a result of an injury or as certified by the appropriate authority. The monthly payment to dependents of the deceased/disabled employee under the plan equals 50% of the salary drawn at the time of death or accident or a specified amount, whichever is higher. The Parent Company accounts for the liability for BKY benefits payable in future based on an independent actuarial valuation as at Balance Sheet date.

(iv) **Post-retirement medicare scheme**

Under this scheme, employees of the Parent Company receive medical benefits subject to certain limits of amount, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Parent Company as part of the Early Separation Scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The liability for post-retirement medical scheme is based on an independent actuarial valuation as at Balance Sheet date.

(v) **Provident fund**

The eligible employees of the Parent Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Parent Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions as specified under the law are made to the provident fund and pension fund set up as irrevocable trust by the Parent Company. The Parent Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return or pension and recognizes such contributions and shortfall, if any, as an expense in the year incurred.

(vi) **Compensated absences**

The Parent Company provides for the encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilised leave at each balance sheet date on the basis of an independent actuarial valuation.

(l) **Investments**

Long-term investments are stated at cost less other than temporary diminution in value, if any. Current investments are stated at lower of cost and fair value. Fair value of investments in mutual funds are determined on a portfolio basis.

(m) **Income taxes**

Tax expense comprises current and deferred taxes.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax is net of credit for entitlement for Minimum Alternative Tax (MAT).

Deferred tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income to realize such assets.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

(n) **Borrowing costs**

Fees towards structuring/arrangements and underwriting and other incidental costs incurred in connection with borrowings are amortized over the period of the loan.

(o) **Liabilities and contingent liabilities**

The Parent Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Parent Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

(p) **Business segments**

The Parent Company is engaged mainly in the business of automobile products consisting of all types of commercial and passenger vehicles including financing of the vehicles sold by the Parent Company. These, in the context of Accounting Standard 17 on Segment Reporting are considered to constitute one single primary segment. Furthermore, there is no reportable secondary segment i.e. Geographical Segment.

F. Reconciliation from Indian GAAP to Consolidated IFRS net income

	Notes	Year ended March 31,			
		2016	2016	2015	2014
		(In millions)			
Net income as per Indian GAAP parent only financial statements		US\$ 35.5	Rs. 2,342.3	Rs. (47,389.5)	Rs. 3,345.2
<u>IFRS adjustments to parent only financial statements (net of consequential tax impact):</u>					
Foreign currency convertible notes – conversion options and interest thereon	[a]	—	—	—	(1,170.2)
Gain on fair value of below market interest loan (net of effective interest rate adjustment)	[b]	7.6	508.1	434.1	2,107.9
Reversal of exchange gain/(loss) accumulated in foreign currency monetary item translation difference account	[c]	(12.5)	(825.0)	1,862.9	137.7
Property, plant and equipment and intangible assets:	[d]				
(i) Foreign exchange (net of depreciation)		(2.7)	(178.7)	(904.1)	(1,073.5)
(ii) Pre-operative expenses (net of depreciation)		0.3	19.6	20.4	20.4
(iii) Interest capitalized (net of depreciation)		0.7	46.7	(175.2)	(75.4)
Interest including debt issue (expenses)/refund	[e]	0.4	28.4	(2,073.6)	(4,121.6)
Others (net)		(7.3)	(482.2)	708.9	65.3
Total IFRS adjustments to parent only financial statements		(13.5)	(883.1)	(126.6)	(4,109.4)
Net income as per IFRS parent only financial statements		US\$ 22.0	Rs. 1,459.2	Rs. (47,516.1)	Rs. (764.2)
Share of net income of subsidiaries and joint operations		1,355.3	89,792.5	178,500.2	141,998.6
Share of net income/(loss) and impairment of equity accounted investees		84.8	5,620.5	(1,901.7)	(10,055.8)
Net income as per consolidated income statement under IFRS		US\$ 1,462.1	Rs. 96,872.2	Rs. 129,082.4	Rs. 131,178.6

G. Reconciliation from Indian GAAP to Consolidated IFRS total comprehensive income

	Notes	Year ended March 31,				
		2016		2015		2014
		(In millions)				
Net income as per consolidated income statement under IFRS		US\$ 1,462.1	Rs. 96,872.2	Rs. 129,082.4	Rs. 131,178.6	
<u>IFRS adjustments to parent only financial statements (net of consequential tax impact):</u>						
Fair value gain/(loss) on available-for-sale investments	[g]	1.5	101.6	(331.2)	294.2	
Others (net)		1.0	65.2	(222.3)	(53.2)	
Total IFRS adjustments to parent only financial statements		US\$ 2.5	Rs. 166.8	Rs. (553.5)	Rs. 241.0	
Share of other comprehensive income/(loss) of subsidiaries and joint operations		876.7	58,088.0	(214,809.1)	124,511.4	
Share of other comprehensive income of equity accounted investees		4.3	282.4	1,143.0	430.0	
Consolidated other comprehensive income/(loss) for the year under IFRS		883.5	58,537.2	(214,219.6)	125,182.4	
Consolidated total comprehensive income/(loss) for the year under IFRS		US\$ 2,345.6	Rs. 155,409.4	Rs. (85,137.2)	Rs. 256,361.0	

H. Reconciliation from Indian GAAP to Consolidated IFRS total shareholders equity

	Notes	Year ended March 31,		
		2016	2016	2015
		(In millions)		
Shareholders' equity as per Indian GAAP parent only financial statements		US\$ 3,376.0	Rs. 223,680.8	Rs. 148,625.9
<u>IFRS adjustments to parent only financial statements (net of consequential tax impact):</u>				
Gain on fair value of below market interest loan	[b]	67.6	4,477.9	3,969.8
Property, plant and equipment and intangible assets:	[c],[d]			
(i) Foreign exchange (net of depreciation)		(85.5)	(5,665.8)	(5,487.1)
(ii) Pre-operative expenses (net of depreciation)		(4.8)	(316.3)	(335.9)
(iii) Interest capitalized (net of depreciation)		19.3	1,279.6	1,232.9
Dividend	[f]	11.0	730.0	—
Fair value losses on available-for-sale investments	[g]	(13.8)	(916.1)	(1,017.7)
Others (net)		7.3	481.5	805.5
Total IFRS adjustments to parent only financial statements		1.1	70.8	(832.5)
Shareholders' equity as per IFRS parent only financial statements		US\$ 3,377.1	Rs. 223,751.6	Rs. 147,793.4
Share of equity of subsidiaries and joint operations		8,103.8	536,923.6	390,099.8
Share of retained earnings and fair value adjustment of equity accounted investees		111.1	7,361.5	1,458.6
Shareholders' equity as per Consolidated IFRS balance sheet under IFRS		US\$ 11,592.0	Rs. 768,036.7	Rs. 539,351.8

I. Notes to reconciliation between Indian GAAP to IFRS

[a] Foreign currency convertible notes

Under IFRS, the conversion option embedded in foreign currency convertible notes (FCCNs) is accounted for separately as derivative instrument. At the inception, issue proceeds from the FCCNs are allocated to conversion option with residual allocated to the FCCNs to establish its initial carrying cost.

Subsequently the conversion option is measured at fair value through profit or loss with changes in fair value recognized in the income statement and the FCCNs are carried at amortized cost.

Under Indian GAAP the conversion option is not separately accounted for and full proceeds are allocated to the FCCNs. Furthermore, the entire redemption premium and debt issue expenses associated with the FCCNs are charged directly to additional paid-in capital. This results into following differences between IFRS and Indian GAAP in addition to fair value movements of conversion option recorded in the income statement under IFRS:

- (i) Higher interest costs under IFRS; and
- (ii) Higher interest capitalization as described below (refer to note [d]).

[b] Gain on fair value of below market interest loan

Under IFRS, if the Company has received below market interest rate loan, it is required to be recorded in the books at the fair value by discounting with borrowing rate as on date of obtaining the loan. Accordingly, a gain has been recorded in the income statement. The gain recorded will reverse through income statement going forward till maturity of the loan as interest expense through the effective interest rate method.

Under Indian GAAP, the loan is recorded same as the amount received.

[c] Reversal of exchange gain/(loss) accumulated in foreign currency monetary item translation difference account

Under IFRS, all exchange differences are accounted for in the income statement in the period in which they arise.

Under Indian GAAP, exchange differences relating to long term foreign currency monetary assets/liabilities are accounted for in the following manner:

- (i) Differences relating to borrowings attributable to the acquisition of the depreciable capital asset are added to/deducted from the cost of such capital assets;
- (ii) Other differences are accumulated in foreign currency monetary item translation difference account, to be amortized over the period, beginning April 1, 2011 or date of inception of such item, as applicable, and ending on March 31, 2020 or the date of its maturity, whichever is earlier.

[d] Property, plant and equipment and intangible assets

Under IFRS, all foreign exchange transaction gains and losses are included in net income except to the extent these are treated as an adjustment to interest cost and considered for capitalization.

Under Indian GAAP, foreign exchange gains and losses arising on foreign currency denominated borrowings that are incurred to acquire property, plant and equipment and intangible assets are included in the cost of the asset and depreciated over their remaining useful life.

Further under Indian GAAP, the cost of property, plant and equipment and intangible assets also includes indirectly attributable expenses that are incurred before a property, plant and equipment and intangible assets is ready for its intended use.

Under IFRS, such costs are expensed as incurred. Under IFRS, interest costs are higher than under Indian GAAP resulting into higher interest capitalization (refer to note [a] above and [e] below).

Consequently, depreciation relating to the above differences in the cost of property, plant and equipment under IFRS and Indian GAAP has also been adjusted.

[e] Interest including debt issue expenses

Under IFRS, redemption premium and debt issue expenses are recognized as interest cost over the life of the debt instrument/borrowing using the effective interest method.

Under Indian GAAP, the entire redemption premium associated with the debt instruments is charged directly to additional paid-in capital and issue expenses are either charged directly to the additional paid-in capital and/or are deferred and amortized over the life of the debt instruments.

[f] Dividends

Under IFRS, dividends payable are recorded as a liability in the year in which these are declared and approved.

Under Indian GAAP, dividends payable are recorded as a liability in the year to which they relate.

[g] Investments

Under IFRS, available-for-sale investments consisting of debt securities and equity securities are measured at fair value at each reporting date, except for investment in equity instruments which do not have quoted market price in an active market and whose fair value cannot be reliably measured. Unrealized gains or losses (net of tax) are recognized directly in statement of other comprehensive income. Impairment losses are reclassified to income statement.

Under Indian GAAP, investments are classified into current and long-term investments. Current investments are carried at a lower of cost or market value, while long-term investments are carried at cost less any impairment that is other than temporary.

Notes to Schedule 1

Schedule 1 has been provided pursuant to the requirements of Rule 12-04 (a) of Regulation S-X, which requires condensed financial information as to financial position, cash flows and results of operations of the Parent Company as of the same dates and for the same periods for which audited consolidated financial statements have been presented because restricted net assets of the consolidated subsidiaries exceed 25% of the consolidated net assets as at March 31, 2016.

As at March 31, 2016 and 2015, Rs.432,888.7 million and Rs.344,346.3 million respectively, of restricted net assets were not available for distribution.

Basis of preparation:

The separate condensed financial information of Tata Motors Limited on a standalone basis (parent only) has been presented in accordance with generally accepted accounting principles in India “Indian GAAP” and includes a reconciliation of shareholders’ equity, net income and total comprehensive income to the consolidated financial statements prepared under IFRS.

There are no material differences between Indian GAAP and IFRS as it relates to the separate cash flow statement of Tata Motors Limited on a standalone basis.

Tata Motors Limited maintains its accounting records under Indian GAAP and does not provide separate financial information using IFRS on a standalone basis for any other purpose.

During the years ended March 31, 2016, 2015 and 2014, cash dividends amounting to Rs.10,298.8 million, Rs.16,538.2 million and Rs.15,884.0 million were paid to the Parent Company by its subsidiaries, joint operations and equity accounted investees, respectively.

COMPUTATION OF NET DEBT TO SHAREHOLDERS' EQUITY RATIO

Computation of net debt to equity ratio

The computation of net debt to equity ratio as at March 31, 2016 and 2015 is as follows:

	As at March 31,	
	2016	2015
	(Rs. in million)	
Long-term debt	504,511.3	544,862.5
Short-term debt (including current portion)	187,856.5	180,465.4
Total debt (A)	692,367.8	725,327.9
Cash and cash equivalents	171,536.1	197,430.9
Mutual fund (current portion)	192,329.9	140,685.7
Total investible surplus (B)	363,866.0	338,116.6
Net Debt (A-B)	328,501.8	387,211.3
Equity (including minority interest)	768,036.7	539,351.8
Net debt/equity	0.43	0.72

EXHIBIT 8.1

We have the following subsidiaries as at March 31, 2016:

Sr No.	Name of the Subsidiary Company	Country of incorporation	% of Equity Shareholding
1.	Concorde Motors (India) Ltd.	India	100.00
2.	Sheba Properties Ltd.	India	100.00
3.	TAL Manufacturing Solutions Ltd.	India	100.00
4.	Tata Motors European Technical Centre Plc.	UK	100.00
5.	Tata Motors Insurance Broking and Advisory Services Ltd.	India	100.00
6.	Tata Motors Finance Ltd.	India	100.00
7.	TML Holdings Pte. Ltd.	Singapore	100.00
8.	Tata Daewoo Commercial Vehicle Co. Ltd.	South Korea	100.00
9.	Tata Daewoo Commercial Vehicle Sales and Distribution Co. Ltd.	South Korea	100.00
10.	Tata Motors (Thailand) Ltd.	Thailand	95.28
11.	Tata Motors (SA) (Proprietary) Ltd.	South Africa	60.00
12.	TML Distribution Company Ltd.	India	100.00
13.	Tata Hispano Motors Carrocera S.A.	Spain	100.00
14.	Tata Hispano Motors Carroceries Maghreb SA	Morocco	100.00
15.	TML Drivelines Ltd.	India	100.00
16.	PT Tata Motors Indonesia	Indonesia	100.00
17.	PT Tata Motors Distribusi Indonesia	Indonesia	100.00
18.	Trilix S.r.l.	Italy	80.00
19.	Tata Precision Industries Pte. Ltd.	Singapore	78.39
20.	Tata Marcopolo Motors Ltd.	India	51.00
21.	Tata Technologies Ltd.	India	72.32
22.	Tata Technologies (Thailand) Ltd.	Thailand	72.32
23.	Tata Technologies Pte. Ltd.	Singapore	72.32
24.	INCAT International Plc.	UK	72.32
25.	Tata Technologies Europe Ltd	UK	72.32
26.	INCAT GmbH	Germany	72.32
27.	Tata Technologies Inc.	USA	72.37
28.	Tata Technologies de Mexico, S.A. de C.V.	Mexico	72.37
29.	Tata Technologies (Canada) Inc.	Canada	72.37
30.	Tata Technologies SRL	Romania	72.32
31.	Cambric Limited	Bahamas	72.32
32.	Cambric GmbH	Germany	72.32
33.	Cambric UK Limited	UK	72.32
34.	Midwest Managed Services Inc	USA	72.32
35.	Cambric Manufacturing Technologies (Shanghai) Co. Limited	China	72.32
36.	Jaguar Land Rover Automotive plc	UK	100.00
37.	Jaguar Land Rover Ltd.	UK	100.00
38.	Jaguar Land Rover Austria GmbH	Austria	100.00
39.	Jaguar Land Rover Belux NV	Belgium	100.00
40.	Jaguar Land Rover Japan Ltd.	Japan	100.00
41.	Jaguar Cars South Africa (Pty) Ltd.	South Africa	100.00
42.	Jaguar Land Rover Italia Spa	Italy	100.00
43.	JLR Nominee Company Limited	UK	100.00
44.	The Daimler Motor Company Ltd.	UK	100.00
45.	The Jaguar Collection Ltd.	UK	100.00
46.	Daimler Transport Vehicles Ltd.	UK	100.00
47.	S.S. Cars Ltd.	UK	100.00
48.	The Lanchester Motor Company Ltd.	UK	100.00
49.	Jaguar Land Rover Espana SL	Spain	100.00

<u>Sr No.</u>	<u>Name of the Subsidiary Company</u>	<u>Country of incorporation</u>	<u>% of Equity Shareholding</u>
50.	Jaguar Land Rover Deutschland GmbH	Germany	100.00
51.	Land Rover Ireland Ltd.	UK	100.00
52.	Jaguar Land Rover North America LLC	USA	100.00
53.	Jaguar Land Rover Nederland BV	Netherlands	100.00
54.	Jaguar Land Rover Portugal - Veiculos e Pecas, LDA	Portugal	100.00
55.	Jaguar Land Rover Australia Pty Ltd	Australia	100.00
56.	Jaguar Land Rover Korea Co. Ltd	South Korea	100.00
57.	Jaguar Land Rover Automotive Trading (Shanghai) Co. Ltd.	China	100.00
58.	Jaguar Land Rover Canada ULC	Canada	100.00
59.	Jaguar Land Rover France, SAS	France	100.00
60.	Jaguar Land Rover (South Africa) (Pty) Ltd	South Africa	100.00
61.	Jaguar e Land Rover Brasil Importacao e Comercia de Veiculos Ltda	Brazil	100.00
62.	Limited Liability Company “Jaguar Land Rover” (Russia)	Russia	100.00
63.	Silkplan Ltd.	UK	100.00
64.	Jaguar Land Rover (South Africa) Holdings Ltd.	UK	100.00
65.	Jaguar Land Rover Holdings Limited	UK	100.00
66.	Jaguar Land Rover India Ltd	India	100.00
67.	Jaguar Cars Limited	UK	100.00
68.	Land Rover Exports Limited	UK	100.00
69.	Shanghai Jaguar Land Rover Automotive Services Company Limited	China	100.00
70.	Jaguar Land Rover Pension Trustees Limited	UK	100.00
71.	JDHT Limited	UK	100.00
72.	Tata Motors Finance Solutions Limited	India	100.00
73.	Jaguar Land Rover Slovakia s.r.o.	Slovakia	100.00
74.	Jaguar Land Rover Singapore Pte Ltd	Singapore	100.00
75.	Jaguar Racing Ltd	UK	100.00
76.	InMotion Ventures Limited	UK	100.00
77.	TMNL Motor Services Nigeria Ltd	Nigeria	100.00

**TATA CODE OF CONDUCT
2015**

LEADERSHIP THAT INSPIRES

For over 100 years, the Tata group has been led by visionaries who have stayed true to the vision of the founder, Jamsetji Tata.

A vision that placed the greater good of society at par with business growth.

A vision that put into practice pioneering social initiatives that changed the way responsible business was run.

And a vision that brought into the group a strong social conscience.

‘We do not claim to be more unselfish, more generous or more philanthropic than other people. But we think we started on sound and straightforward business principles, considering the interests of the shareholders our own, and the health and welfare of the employees, the sure foundation of our success.’

Jamsetji Tata
Founder of the Tata group
Chairman (1868 – 1904)

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FOREWORD

The Tata Code of Conduct represents the values and core principles that guide the conduct of every Tata business. The Code lays down the ethical standards that Tata colleagues need to observe in their professional lives. First crafted in 1998 under the visionary leadership of Mr. Ratan Tata, it defines a value system which has endured since the group was founded in 1868.

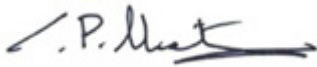
The Code is a living document. While it has remained unaltered in its essence, it has been amended over the years to stay aligned with changing cultural and regulatory norms across the multiple jurisdictions in which we conduct our business.

In keeping with global best practices and regulatory changes in key markets in which we operate, the Code has undergone a significant refresh this year. It explicitly references our group's values, and linked with our group's mission to improve the quality of life of the communities we serve globally through long-term stakeholder value creation, it clarifies the duties and responsibilities of Tata companies and colleagues in relation to these stakeholder groups.

The Code is intended to be a contemporary and relevant guide for our times. It cannot, however, provide an answer to all possible questions or ethical dilemmas that may arise at the workplace. Tata colleagues who feel uncertain about the appropriate professional conduct in any situation must seek guidance from the designated persons in their company, including the company's ethics counsellors, and utilise appropriate channels or platforms identified in the Code.

Our success and the enormous equity enjoyed by the Tata brand owe in large measure to the integrity and professional commitment of our colleagues and our companies. Consequently, we must not only comply with the laws and regulations that govern our business, but strive to go beyond and set an example of business conduct that meets the highest ethical standards.

Each Tata colleague has the ability to make a vital difference to the quality of life of the communities we serve. This Code represents our individual and mutual commitment to discharge our responsibilities through the most sustainable and ethical means, and our shared determination to reinforce the Tata reputation of Leadership with Trust.



Cyrus P. Mistry
29th July, 2015

A. OUR VALUES

TATA has always been values-driven. The five core values that underpin the way we conduct our business activities are:

UNITY

We must work cohesively with our colleagues across the group, and with our customers and partners around the world, building strong relationships based on tolerance, understanding and mutual cooperation.

INTEGRITY

We must conduct our business fairly, with honesty and transparency. Everything we do must stand the test of public scrutiny.

RESPONSIBILITY

We must continue to be responsible and sensitive to the countries, communities and environments in which we work, always ensuring that what comes from the people goes back to the people many times over.

UNDERSTANDING

We must be caring, show respect, compassion and humanity for our colleagues and customers around the world, and always work for the benefit of the communities we serve.

EXCELLENCE

We must constantly strive to achieve the highest possible standards in our day-to-day work and in the quality of the goods and services we provide.

These universal values serve as the foundation for the Tata Code of Conduct. They find expression within the value system of every Tata company.

B. SCOPE AND PURPOSE OF THIS CODE

1. This Code sets out how we behave with:
 - our employees, or those who work with us;
 - our customers;
 - the communities and the environment in which we operate;
 - our value-chain partners, including suppliers and service providers, distributors, sales representatives, contractors, channel partners, consultants, intermediaries and agents;
 - our joint-venture partners or other business associates;
 - our financial stakeholders;
 - the governments of the countries in which we operate; and
 - our group companies.
2. In this Code, “we or us” means our company, our executive directors, officers, employees and those who work with us, as the context may require.
3. The term “our group companies” in this Code typically means companies Tata Sons intends for this Code to apply to, and / or to whom Tata Sons has issued this Code.
4. This Code sets out our expectations of all those who work with us. We also expect those who deal with us to be aware that this Code underpins everything we do, and in order to work with us they need to act in a manner consistent with it.

REMEMBER...

It is our commitment to protect our reputation and our brand equity by adhering to the values and principles set out in this Code. By doing so, we strengthen our unique culture and identity.

OUR CORE PRINCIPLES

‘The Tata philosophy of management has always been, and is today more than ever, that corporate enterprises must be managed not merely in the interests of their owners, but equally in those of their employees, of the consumers of their products, of the local community and finally of the country as a whole.’

J.R.D. Tata
Chairman, Tata Sons (1938 – 1991)

C. OUR CORE PRINCIPLES

1. We are committed to operating our businesses conforming to the highest moral and ethical standards. We do not tolerate bribery or corruption in any form. This commitment underpins everything that we do.
2. We are committed to good corporate citizenship. We treat social development activities which benefit the communities in which we operate as an integral part of our business plan.
3. We seek to contribute to the economic development of the communities of the countries and regions we operate in, while respecting their culture, norms and heritage. We seek to avoid any project or activity that is detrimental to the wider interests of the communities in which we operate.
4. We shall not compromise safety in the pursuit of commercial advantage. We shall strive to provide a safe, healthy and clean working environment for our employees and all those who work with us.
5. When representing our company, we shall act with professionalism, honesty and integrity, and conform to the highest moral and ethical standards. In the countries we operate in, we shall exhibit culturally appropriate behaviour. Our conduct shall be fair and transparent and be perceived as fair and transparent by third parties.
6. We shall respect the human rights and dignity of all our stakeholders.
7. We shall strive to balance the interests of our stakeholders, treating each of them fairly and avoiding unfair discrimination of any kind.
8. The statements that we make to our stakeholders shall be truthful and made in good faith.
9. We shall not engage in any restrictive or unfair trade practices.
10. We shall provide avenues for our stakeholders to raise concerns or queries in good faith, or report instances of actual or perceived violations of our Code.
11. We shall strive to create an environment free from fear of retribution to deal with concerns that are raised or cases reported in good faith. No one shall be punished or made to suffer for raising concerns or making disclosures in good faith or in the public interest.
12. We expect the leaders of our businesses to demonstrate their commitment to the ethical standards set out in this Code through their own behaviour and by establishing appropriate processes within their companies.
13. We shall comply with the laws of the countries in which we operate and any other laws which apply to us. With regard to those provisions of the Code that are explicitly dealt with under an applicable law or employment terms, the law and those terms shall take precedence. In the event that the standards prescribed under any applicable law are lower than that of the Code, we shall conduct ourselves as per the provisions of the Code.

REMEMBER...

“Good faith” means having a reasonable belief that the information you have provided is truthful. It does not mean having ‘all the evidence’ about the potential violation or case reported.

OUR EMPLOYEES

‘Once you got the best people, the people who shared our values and ideals, we left them free to act on their own. We do not fetter them. We encourage them and give them opportunities for leadership.’

J.R.D. Tata
Chairman, Tata Sons (1938 – 1991)

D. OUR EMPLOYEES

Equal opportunity employer

1. We provide equal opportunities to all our employees and to all eligible applicants for employment in our company. We do not unfairly discriminate on any ground, including race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin, disability or any other category protected by applicable law.
2. When recruiting, developing and promoting our employees, our decisions will be based solely on performance, merit, competence and potential.
3. We shall have fair, transparent and clear employee policies which promote diversity and equality, in accordance with applicable law and other provisions of this Code. These policies shall provide for clear terms of employment, training, development and performance management.

Q&A

A job requirement entails extensive travel. One of the candidates has excellent relevant experience and qualifications. However, this candidate is a single parent. As a result, I feel such a situation would significantly hinder this candidate's ability to cope with the job requirement. What should I do?

In accordance with the Code, the decision to recruit an employee should be based upon merit. We cannot make a presumption that the candidate would not be able to meet the travel requirements of the job. All eligible candidates should be provided with equal opportunity to demonstrate or justify that they can cope with the travel requirements of the job. Being a single parent cannot be a ground to be discriminated against at any stage of recruitment or ongoing employment in our company.

REMEMBER...

We do not tolerate harassment in any form and therefore we expect every employee to discourage such misdemeanours in the workplace.

Dignity and respect

4. Our leaders shall be responsible for creating a conducive work environment built on tolerance, understanding, mutual cooperation and respect for individual privacy.
5. Everyone in our work environment must be treated with dignity and respect. We do not tolerate any form of harassment, whether sexual, physical, verbal or psychological.
6. We have clear and fair disciplinary procedures, which necessarily include an employee's right to be heard.
7. We respect our employees' right to privacy. We have no concern with their conduct outside our work environment, unless such conduct impairs their work performance, creates conflicts of interest or adversely affects our reputation or business interests.

Human rights

8. We do not employ children at our workplaces.
9. We do not use forced labour in any form. We do not confiscate personal documents of our employees, or force them to make any payment to us or to anyone else in order to secure employment with us, or to work with us.

Bribery and corruption

10. Our employees and those representing us, including agents and intermediaries, shall not, directly or indirectly, offer or receive any illegal or improper payments or comparable benefits that are intended or perceived to obtain undue favours for the conduct of our business.

REMEMBER...

Violation by even a single employee of any law relating to anti-bribery, anti-corruption, anti-competition, data privacy, etc. could result in severe financial penalties and cause irreparable reputational damage to the company.

Gifts and hospitality

11. Business gifts and hospitality are sometimes used in the normal course of business activity. However, if offers of gifts or hospitality (including entertainment or travel) are frequent or of substantial value, they may create the perception of, or an actual conflict of interest or an 'illicit payment'. Therefore, gifts and hospitality given or received should be modest in value and appropriate, and in compliance with our company's gifts and hospitality policy.

Freedom of association

12. We recognise that employees may be interested in joining associations or involving themselves in civic or public affairs in their personal capacities, provided such activities do not create an actual or potential conflict with the interests of our company. Our employees must notify and seek prior approval for any such activity as per the 'Conflicts of Interest' clause of this Code and in accordance with applicable company policies and law.

REMEMBER...

As a general rule, we may accept gifts or hospitality from a business associate, only if such a gift:

- has modest value and does not create a perception (or an implied obligation) that the giver is entitled to preferential treatment of any kind;
- would not influence, or appear to influence, our ability to act in the best interest of our company;
- would not embarrass our company or the giver if disclosed publicly.

The following gifts are never appropriate and should never be given or accepted:

- gifts of cash or gold or other precious metals, gems or stones;
- gifts that are prohibited under applicable law;
- gifts in the nature of a bribe, payoff, kickback or facilitation payment*;
- gifts that are prohibited by the gift giver's or recipient's organisation; and
- gifts in the form of services or other non-cash benefits (e.g. a promise of employment).

(*'Facilitation' payment is a payment made to secure or speed up routine legal government actions, such as issuing permits or releasing goods held in customs.)

Working outside employment with us

13. Taking employment, accepting a position of responsibility or running a business outside employment with our company, in your own time, with or without remuneration, could interfere with your ability to work effectively at our company or create conflicts of interest. Any such activity must not be with any customer, supplier, distributor or competitor of our company. Our employees must notify and seek prior approval for any such activity as per the 'Conflicts of Interest' clause of this Code and in accordance with applicable company policies and law.

Integrity of information and assets

14. Our employees shall not make any wilful omissions or material misrepresentation that would compromise the integrity of our records, internal or external communications and reports, including the financial statements.
15. Our employees and directors shall seek proper authorisation prior to disclosing company or business-related information, and such disclosures shall be made in

accordance with our company's media and communication policy. This includes disclosures through any forum or media, including through social media.

16. Our employees shall ensure the integrity of personal data or information provided by them to our company. We shall safeguard the privacy of all such data or information given to us in accordance with applicable company policies or law.
17. Our employees shall respect and protect all confidential information and intellectual property of our company.
18. Our employees shall safeguard the confidentiality of all third party intellectual property and data. Our employees shall not misuse such intellectual property and data that comes into their possession and shall not share it with anyone, except in accordance with applicable company policies or law.
19. Our employees shall promptly report the loss, theft or destruction of any confidential information or intellectual property and data of our company or that of any third party.

Q&A

I am an accountant in the finance department of my company. Due to my artistic skills, I received an offer to pen cartoons for a children's publication for which I would receive compensation. I plan to undertake this activity during week-ends. What should I do before accepting this offer?

Before accepting the offer, you should ascertain whether the company policies and rules require you to make a disclosure to your supervisor so that the company may determine whether your undertaking this activity adversely affects our company's interests. On confirmation from the company that it does not do so, you would be free to take up the activity. It is also your duty to bring to the attention of the company whenever there is any change in the situation you have disclosed.

20. Our employees shall use all company assets, tangible and intangible, including computer and communication equipment, for the purpose for which they are provided and in order to conduct our business. Such assets shall not be misused. We shall establish processes to minimise the risk of fraud, and misappropriation or misuse of our assets.
21. We shall comply with all applicable anti-money laundering, anti-fraud and anti-corruption laws and we shall establish processes to check for and prevent any breaches of such laws.

Insider trading

22. Our employees must not indulge in any form of insider trading nor assist others, including immediate family, friends or business associates, to derive any benefit from access to and possession of price sensitive information that is not in the public domain. Such information would include information about our company, our group companies, our clients and our suppliers.

Q&A

Our company has recently announced the launch of a new business initiative. In connection with this, your friend who is a journalist with a leading business newspaper has asked you to provide some information that he could cover in his forthcoming article. He has promised not to quote you, or reveal your identity. Should you be giving him this information?

No. You should not be sharing information of this nature with the media, even if it is assured that the source would remain anonymous. Only authorised personnel in the company are permitted to speak to the media and provide information of this nature.

Our company has a “Use of Social Media” policy that lays down the “dos and don’ts” for use of social media even if you may access such media on your own time. Why is there such a policy?

External communication is a serious matter. It must be carefully managed because information put out with reference to our company or its businesses needs to be clear, truthful and not violate any undertakings we have given to other parties. In each business there are managers nominated to authorise and make different types of statements to the outside world. These managers should be consulted about any request for information you may receive or information you think we should give out.

In using social media, in particular blogs or social networking sites, you should exercise great caution while talking about our company or the business we do. It may feel like you are chatting with friends or expressing a personal opinion but even while doing so you cannot share any confidential information of our company.

REMEMBER...

We must respect the property rights of others by never misusing their assets, intellectual property or trade secrets, including the copying or downloading of unauthorised software, trademarks, copyrighted material or logos. We should never make unauthorised copies of computer software programs or use unlicensed personal software on company computers.

Prohibited drugs and substances

23. Use of prohibited drugs and substances creates genuine safety and other risks at our workplaces. We do not tolerate prohibited drugs and substances from being possessed, consumed or distributed at our workplaces, or in the course of company duties.

Conflicts of interest

24. Our employees and executive directors shall always act in the interest of our company and ensure that any business or personal association *including close personal relationships* which they may have, does not create a conflict of interest with their roles and duties in our company or the operations of our company. Further, our employees and executive directors shall not engage in any business, relationship or activity, which might conflict with the interest of our company or our group companies.

25. Should any actual or potential conflicts of interest arise, the concerned person must immediately report such conflicts and seek approvals as required by applicable law and company policy. The competent authority shall revert to the employee within a reasonable time as defined in our company's policy, so as to enable the concerned employee to take necessary action as advised to resolve or avoid the conflict in an expeditious manner.
26. In the case of all employees other than executive directors, the Chief Executive Officer / Managing Director shall be the competent authority, who in turn shall report such cases to the Board of Directors on a quarterly basis. In case of the Chief Executive Officer / Managing Director and executive directors, the Board of Directors of our company shall be the competent authority.

Q&A

You are responsible for maintaining our company's customer database. One of your friends is starting a business venture and requests you to share a few particulars from this database for marketing purposes of his business. He assures you that he would keep the data as well as his source confidential. Should you do so?

No. You should respect the confidentiality of customer information and not share any part of the database with any person without due authorisation.

You have access to revenue numbers of different business units of our company. While having a conversation with you over evening drinks, your friend enquires about the financial performance of our company. You do not share detailed information with your friend, but share approximate revenue figures. Is this conduct of yours correct?

No, it is not. You are not permitted to share financial information of our company with others who do not need to know this information. Financial information should always be safeguarded and disclosed only on a need-to-know basis after obtaining requisite approvals. Sharing of any price sensitive information that is not generally available with the public could also lead to violation of applicable insider trading laws.

27. Notwithstanding such or any other instance of conflict of interest that exists due to historical reasons, adequate and full disclosure by interested employees shall be made to our company's management. At the time of appointment in our company, our employees and executive directors shall make full disclosure to the competent authority, of any interest leading to an

actual or potential conflict that such persons or their immediate family (including parents, siblings, spouse, partner, children) or persons with whom they enjoy close personal relationships, may have in a family business or a company or firm that is a competitor, supplier, customer or distributor of, or has other business dealings with, our company.

REMEMBER...

A conflict of interest could be any known activity, transaction, relationship or service engaged in by an employee, his/her immediate family (including parents, siblings, spouse, partner, and children), relatives or a close personal relationship, which may cause concern (based upon an objective determination) that the employee could not or might not be able to fairly perform his/her duties to our company.

Examples of Potential Conflicts of Interest

A conflict of interest, actual or potential, arises where, directly or indirectly, an employee or executive director:

- (a) engages in a business, activity or relationship with anyone who is party to a transaction with our company;
- (b) is in a position to derive an improper benefit, personally or for any family member or for any person in a close personal relationship, by making or influencing decisions relating to any transaction;
- (c) conducts business on behalf of our company or is in a position to influence a decision with regard to our company's business with a supplier or customer where a relative of, or a person in close personal relationship with, an employee or executive director is a principal officer or representative, resulting in a personal benefit or a benefit to the relative;
- (d) is in a position to influence decisions with regard to award of benefits such as increase in salary or other remuneration, posting, promotion or recruitment of a relative or a person in close personal relationship employed in our company or any of our group companies;
- (e) undertakes an activity by which the interest of our company or our group companies can be compromised or defeated; or
- (f) does anything by which an independent judgement of our company's or our group companies' best interest cannot be exercised.

28. If there is a failure to make the required disclosure and our management becomes aware of an instance of conflict of interest that ought to have been disclosed by an employee or executive director, our management shall take a serious view of the

matter and consider suitable disciplinary action as per the terms of employment. In all such matters, we shall follow clear and fair disciplinary procedures, respecting the employee's right to be heard.

Examples of activities normally approved (post-disclosure) as per applicable company policy

Acceptance of a position of responsibility (whether for remuneration or otherwise) in the following cases would typically be permitted, provided the time commitments these demand do not disturb or distract from the employee's primary duties and responsibilities in our company, and are promptly disclosed to the relevant competent authority:

- (a) Directorships on the Boards of any of our group companies, joint ventures or associate companies.
- (b) Memberships/positions of responsibility in educational/professional bodies, where such association will promote the interests of our company.
- (c) Memberships or participation in government committees/bodies or organisations.

Q&A

You are in a relationship with a colleague who has been recently moved into your team and would now be reporting to you. What should you do?

Romantic or close personal relationships with another employee where a reporting relationship exists and one is responsible for evaluating the other's performance, is likely to create a conflict of interest. In such a situation, you would need to report the potential conflict to your supervisor.

Your company is submitting a proposal to a company in which you were previously employed. You have confidential information pertaining to your previous employer, which you believe will help your present employer in winning the contract. Should you share this information?

No. You should not share this information with your company since it relates to confidential information of a third party. Your company respects its employees' duty to protect confidential information that they may have relating to their previous employers.

You are the purchasing manager in the procurement department of your company. You receive an invitation from a supplier to attend a premier sporting event as her guest. This particular supplier is one of the vendors who has submitted a proposal for an open tender issued by your company. Should you accept the invitation?

No. You should not accept the invitation in this instance. Since you are in a key decision-making role for the tender, any unusual benefit that you receive could be perceived as an inducement that could compromise your objectivity.

OUR CUSTOMERS

‘We have continued to enjoy prosperity, even with adverse times to fight against. Our relations with all concerned are the most friendly. We have maintained the same character for straight-forward dealing with our constituents and customers. Our productions have continued to be of the same high quality, and therefore command the best reputation and realise the highest prices. ... I mention these facts only to point out that with honest and straight-forward business principles, close and careful attention to details, and the ability to take advantage of favourable opportunities and circumstances, there is a scope for success.’

Jamsetji Tata
Founder of the Tata group
Chairman, Tata Sons (1868 – 1904)

E. OUR CUSTOMERS

Products and services

1. We are committed to supplying products and services of world-class quality that meet all applicable standards.
2. The products and services we offer shall comply with applicable laws, including product packaging, labelling and after-sales service obligations.
3. We shall market our products and services on their own merits and not make unfair or misleading statements about the products and services of our competitors.

Export controls and trade sanctions

4. We shall comply with all relevant export controls or trade sanctions in the course of our business.

Fair competition

5. We support the development and operation of competitive open markets and the liberalisation of trade and investment in each country and market in which we operate.
6. We shall not enter into any activity constituting anti-competitive behaviour such as abuse of market dominance, collusion, participation in cartels or inappropriate exchange of information with competitors.
7. We collect competitive information only in the normal course of business and obtain the same through legally permitted sources and means.

Dealings with customers

8. Our dealings with our customers shall be professional, fair and transparent.
9. We respect our customers' right to privacy in relation to their personal data. We shall safeguard our customers' personal data, in accordance with applicable law.

Q&A

You are the Regional Sales Manager of our company. You have become a member of an “informal group”, on an instant messaging service, whose members are the regional sales heads of our company’s competitors. The administrator of the group has requested an in-person meeting to informally discuss market conditions and brainstorm on “pricing strategy” from an industry perspective. What should you do?

Any meeting with competitors, especially to discuss “pricing strategy”, could be an attempt to promote an anti-competitive practice or manipulate prices. You should respond by declining this invitation and exiting the “informal group”. You should also report this incident to your supervisor and your Legal department.

You are attending a customer meeting with a colleague, and your colleague makes an untruthful statement about the company’s services. What should you do?

You should assist your colleague in correcting the inaccuracy during the meeting if possible. If this is not possible, raise the issue with your colleague after the meeting to enable him/her or the company to correct any misrepresentation made to the customer.

While working on a customer project, you receive a call from your colleague. He used to manage that customer account before you took over his role. He recalls that he had worked with the customer on developing a new ordering system which he thinks would be beneficial for another customer and requests you to send him the project details. What should you do?

You must not share this information without specific approval of the customer; you are not permitted to use a customer’s assets, including software, for another customer or for any personal use.

REMEMBER...

Striving for excellence in the standards of our work and in the quality of our goods and services is a core Tata value. It is the unwavering practice of this value that builds and sustains customer trust in our brand.

**OUR COMMUNITIES
AND THE ENVIRONMENT**

‘In a free enterprise, the community is not just another shareholder in business but is in fact the very purpose of its existence.’

Jamsetji Tata
Founder of the Tata group
Chairman, Tata Sons (1868 – 1904)

F. OUR COMMUNITIES AND THE ENVIRONMENT

Communities

1. We are committed to good corporate citizenship, and shall actively assist in the improvement of the quality of life of the people in the communities in which we operate.
2. We engage with the community and other stakeholders to minimise any adverse impact that our business operations may have on the local community and the environment.
3. We encourage our workforce to volunteer on projects that benefit the communities in which we operate, provided the principles of this Code, where applicable, and in particular the 'Conflicts of Interest' clause are followed.

The environment

4. In the production and sale of our products and services, we strive for environmental sustainability and comply with all applicable laws and regulations.
5. We seek to prevent the wasteful use of natural resources and are committed to improving the environment, particularly with regard to the emission of greenhouse gases, consumption of water and energy, and the management of waste and hazardous materials. We shall endeavour to offset the effect of climate change in our activities.

**OUR VALUE-CHAIN
PARTNERS**

‘If we had done some of the things that some other groups have done, we would have been twice as big as we are today. But we didn’t, and I would not have it any other way.’

J.R.D. Tata
Chairman, Tata Sons (1938 – 1991)

(on the pace of expansion of the Tata group in the 1960s and 70s)

G. OUR VALUE-CHAIN PARTNERS

1. We shall select our suppliers and service providers fairly and transparently.
2. We seek to work with suppliers and service providers who can demonstrate that they share similar values. We expect them to adopt ethical standards comparable to our own.
3. Our suppliers and service providers shall represent our company only with duly authorised written permission from our company. They are expected to abide by
- the Code in their interactions with, and on behalf of us, including respecting the confidentiality of information shared with them.
4. We shall ensure that any gifts or hospitality received from, or given to, our suppliers or service providers comply with our company's gifts and hospitality policy.
5. We respect our obligations on the use of third party intellectual property and data.

Q&A

You head the procurement function in our company. You have tight budgetary constraints for a project that you are working on. In order to complete the project within the targeted costs, you intend to request your supplier to provide you an exceptional discount on this project order on the understanding that you would “make it up to him” in future orders. Would you be violating the Code?

Yes, you would. Inducement in any form, including future benefits to the supplier, could compromise your ability to act objectively and in the best interests of the company and therefore must be avoided.

REMEMBER...

Our value-chain partners would include our suppliers and service providers, distributors, sales representatives, contractors, channel partners, consultants, intermediaries and agents; joint-venture partners and other business associates.

OUR FINANCIAL STAKEHOLDERS

‘Ethical behaviour in business – in every sphere and with all constituents – has been the bedrock on which the Tata group has built, and operates, its enterprises. This has been an article of faith for the group ever since its inception, a fundamental element of our cherished heritage and the essence of our way of life.’

Ratan Tata
Chairman, Tata Sons (1991 – 2012)

H. OUR FINANCIAL STAKEHOLDERS

1. We are committed to enhancing shareholder value and complying with laws and regulations that govern shareholder rights.
2. We shall inform our financial stakeholders about relevant aspects of our business in a fair, accurate and timely manner and shall disclose such information in accordance with applicable law and agreements.
3. We shall keep accurate records of our activities and shall adhere to disclosure standards in accordance with applicable law and industry standards.

GOVERNMENTS

‘Business, as I have seen it, places one great demand on you; it needs you to impose a framework of ethics, values, fairness and objectivity on yourself at all times. It is not easy to do this; you cannot impose it on yourself forcibly because it has to become an integral part of you.’

Ratan Tata
Chairman, Tata Sons (1991 – 2012)

I. GOVERNMENTS

Political non-alignment

1. We shall act in accordance with the constitution and governance systems of the countries in which we operate. We do not seek to influence the outcome of public elections, nor to undermine or alter any system of government. We do not support any specific political party or candidate for political office. Our conduct must preclude any activity that could be interpreted as mutual dependence/favour with any political body or person, and we do not offer or give any company funds or property or other resources as donations to any specific political party, candidate or campaign.

Any financial contributions considered by our Board of Directors in order to strengthen democratic forces through a clean electoral process shall be extended only through the Progressive Electoral Trust in India, or by a similar transparent, duly-authorised, non-discriminatory and non-discretionary vehicle outside India.

Government engagement

2. We engage with the government and regulators in a constructive manner in order to promote good governance. We conduct our interactions with them in a manner consistent with our Code.
3. We do not impede, obstruct or improperly influence the conclusions of, or affect the integrity or availability of data or documents for any government review or investigation.

OUR GROUP COMPANIES

‘I do not think anyone was on par with Jamsetji as an industrial visionary. But that is not the sole reason why I have been an admirer of Jamsetji. The major reason was his sense of values, sterling values, which he imparted to this group. If someone were to ask me, what holds the Tata companies together, more than anything else, I would say it is our shared ideals and values which we have inherited from Jamsetji Tata.’

J.R.D. Tata
Chairman, Tata Sons (1938 – 1991)

J. OUR GROUP COMPANIES

1. We seek to cooperate with our group companies, including joint ventures, by sharing knowledge, physical resources, human and management resources and adopting leading governance policies and practices in accordance with applicable law including adherence to competition law, where relevant.
2. We shall strive to achieve amicable resolution of any dispute between us and any of our group companies, through an appropriate dispute resolution mechanism so that it does not adversely affect our business interests and stakeholder value.
3. We shall have processes in place to ensure that no third party or joint venture uses the TATA name/brand to further its interests without proper authorisation.
4. Our Board of Directors shall consider for adoption policies and guidelines periodically formulated by Tata Sons and circulated to group companies.

Q&A

You are in the process of selecting potential vendors for an IT project in our company. In the final shortlist of two companies, one is a new start-up with limited references and a lower price-quotation, while the other is a Tata company with thirty years of implementation experience and good references, but a marginally higher quote for the same job. With all other parameters of choice being nearly equal, which company should you select for the job?

While price is undoubtedly an important criterion for decision making, it is clearly not the only one to be evaluated. You may also need to consider good customer references, proven track record and shared value systems in order to decide on your IT partner.

You are in the process of selecting potential vendors for a project. One of the three finalists is a group company. In reviewing the final proposals, you rank the group company second out of the three proposals based on pricing and total cost of ownership, and select the first-ranked vendor. Is this the right decision?

Yes. You should select the vendor that, on its own merits, is the vendor that is most appropriate for your company's requirements. You should not select a group company only because of its affiliation.

RAISING CONCERNS

We encourage our employees, customers, suppliers and other stakeholders to raise concerns or make disclosures when they become aware of any actual or potential violation of our Code, policies or law. We also encourage reporting of any event (actual or potential) of misconduct that is not reflective of our values and principles.

Avenues available for raising concerns or queries or reporting cases could include:

- immediate line manager or the Human Resources department of our company
- designated ethics officials of our company
- the ‘confidential reporting’ third party ethics helpline (if available)
- any other reporting channel set out in our company’s ‘Whistleblower’ policy.

We do not tolerate any form of retaliation against anyone reporting legitimate concerns. Anyone involved in targeting such a person will be subject to disciplinary action.

If you suspect that you or someone you know has been subjected to retaliation for raising a concern or for reporting a case, we encourage you to promptly contact your line manager, the company’s Ethics Counsellor, the Human Resources department, the MD/CEO or the office of the group’s Chief Ethics Officer.

Q&A

My supervisor has asked me to do something which I believe may be illegal. I am afraid if I do not do what I am told, I could lose my job. Should I do it?

No. Breaking the law is never an option. Discuss the situation with your supervisor to be certain that you both understand the facts. If your concerns are not resolved, contact a higher level supervisor, the Ethics Counsellor, the Legal department or report them via the company’s confidential reporting system, if available.

I feel that my supervisor is treating me unfairly for reporting a concern to the Ethics Counsellor. What should I do?

Retaliation against anyone who raises a concern is a violation of the Code. You should therefore promptly report this action of your supervisor to the Ethics Counsellor or the MD/CEO of your company or via the company’s confidential reporting system, if available.

ACCOUNTABILITY

This Code is more than a set of prescriptive guidelines issued solely for the purpose of formal compliance. It represents our collective commitment to our value system and to our core principles.

Every person employed by us, directly or indirectly, should expect to be held accountable for his/her behaviour. Should such behaviour violate this Code,

they may be subject to action according to their employment terms and relevant company policies.

When followed in letter and in spirit, this Code is *'lived'* by our employees as well as those who work with us. It represents our shared responsibility to all our stakeholders, and our mutual commitment to each other.

SPEAK UP...

If you are unsure whether a particular action you are about to take is consistent with the principles set forth in the Code, ask yourself:

- Could it directly or indirectly endanger someone or cause them injury?
- Is it illegal/unlawful or out of line with our policies and procedures?
- Does my conscience reject it? Does it conflict with my personal values?
- Would I feel uncomfortable if the story appeared in the media? Would it shame my company, spouse, partner, parent or child?
- Does it 'feel' wrong?

If the answer to any of these questions is "Yes", please stop and consult your reporting manager, the Ethics Counsellor, the Human Resource department, the Legal department or any member of the senior management team, to assist you in making the decision.

When faced with a dilemma: Stop, Think, Act Responsibly

NOTE

The Code does not provide a comprehensive and complete explanation of all expectations from a company standpoint or obligations from a stakeholder standpoint.

Our employees have a continuing obligation to familiarise themselves with all applicable law, group-level advisories and policies, company-level policies, procedures and work rules as relevant. For any guidance on interpretation of the Code, we may seek support from our company's Ethics Counsellor or from the group's Chief Ethics Officer, as appropriate.

All joint ventures are encouraged to adopt the Tata Code of Conduct (TCOC) or a code of conduct that incorporates all elements of the TCOC.

This version of the Tata Code of Conduct supersedes all earlier versions and associated documents and stands effective from 29th July, 2015.

For any query or clarification on the Code, please contact the office of the group's Chief Ethics Officer via email at: ethicsoffice@tata.com.

TATA CODE OF CONDUCT – 2015

I acknowledge that I have received the Tata Code of Conduct.

I have read the Tata Code of Conduct and I acknowledge that as a Tata employee, I am required to comply with the guidelines described therein and failure to do so may subject me to action as per my employment terms and relevant company policies.

If I have a concern about a violation, or a potential violation of the Tata Code of Conduct, I understand that there are channels available to me in my company to report such concerns. By making use of these channels when necessary, I will play my part in maintaining the high ethical standards to which we hold ourselves.

Signature: _____

Date: _____

Name: _____

Department: _____

Address: _____

(Please submit this declaration to your Ethics Counsellor or the Human Resource department of your company.)

For further information on the Code please contact:
The Ethics Office,
Tata Sons Ltd.,
Bombay House,
24, Homi Mody Street,
Mumbai – 400001, India.
Email: ethicsoffice@tata.com

CERTIFICATION

I, Guenter Butschek, certify that:

1. I have reviewed this annual report on Form 20-F of Tata Motors Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

July 28, 2016

/s/ Guenter Butschek

Guenter Butschek
CEO and Managing Director

CERTIFICATION

I, C. Ramakrishnan, certify that:

1. I have reviewed this annual report on Form 20-F of Tata Motors Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

July 28, 2016

/s/ C. Ramakrishnan

C. Ramakrishnan

Tata Motors' Group Chief Financial Officer

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350, each of the undersigned officers of Tata Motors Limited (the “Company”) hereby certifies, to such officer’s knowledge, that:

- i. the Company’s annual report on Form 20-F for the year ended March 31, 2016 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
- ii. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 28, 2016

/s/ Guenter Butschek

Guenter Butschek
CEO and Managing Director

/s/ C. Ramakrishnan

C. Ramakrishnan
Tata Motors’ Group Chief Financial Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-203096 on Form F-3 of our reports dated July 28, 2016, relating to the consolidated financial statements and financial statement schedule of Tata Motors Limited and its subsidiaries (the “Company” or “Tata Motors”) (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the convenience translation of the Indian rupee into U.S. dollar amounts), and the effectiveness of Tata Motors’ internal control over financial reporting appearing in the Annual Report on Form 20-F of Tata Motors for the fiscal year ended March 31, 2016.

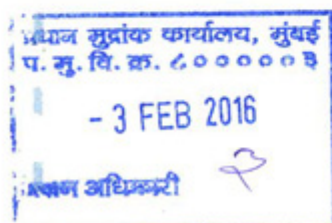
/s/ Deloitte Haskins & Sells LLP
Mumbai, India
July 28, 2016



महाराष्ट्र MAHARASHTRA

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श्री. स. कु. पोटेले

THIS AGREEMENT (hereinafter the "Agreement") made on the 30th day of March, 2016.

Between

Tata Motors Limited, a Company incorporated under the Indian Companies Act, 1913 and having its Registered Office at Bombay House, 24, Homi Mody Street, Mumbai 400 001 (hereinafter called "the Company", which expression shall unless repugnant to the context include its successors and assigns) of the One Part

And

Mr Guenter Butschek, aged 55 yrs., son of Mr Josef Butschek, citizen of Germany, holding valid Passport No.C4JG45942 and valid Director Identification Number 07427375 having permanent residence at Biberweg 41, 70806 Kornwestheim, Germany of the Other Part.

WHEREAS the Board of Directors of the Company (hereinafter called the “Board”) has at its meeting held on January 18, 2016 appointed Mr Guenter Butschek as the Chief Executive Officer and Managing Director of the Company (hereinafter called “Mr Butschek” or the “CEO & MD” as the case may be) for a period of 5 years (“Term”) with effect from February 15, 2016 or such other date as may be agreed to by the Chairman of the Company and Mr Butschek (“Date of Appointment”) and Mr Butschek has agreed to serve the Company upon the terms and conditions contained in the resolution passed by the Board on that date and in the agreement to be executed between the Company and the CEO & MD subject to the approval of the shareholders of the Company and the Central Government. Any modifications and/or conditions stipulated by the shareholders/the Central Government in granting its approval to the appointment and terms of remuneration of Mr Butschek shall be recorded by way of a Supplementary Agreement which will form part of this Agreement.

AND WHEREAS the Parties hereto are desirous of entering into an agreement, being these presents, to record the terms and conditions aforesaid.

NOW THESE PRESENTS WITNESSETH AND IT IS HEREBY AGREED as follows:

1. Definitions and interpretation

1.1 Definitions

- 1.1.1 **‘Act’** means the Companies Act, 2013, as amended, modified or re-enacted from time to time.
- 1.1.2 **‘Confidential Information’** includes information relating to the business, products, affairs and finances of the Company or any of its associated companies or subsidiaries for the time being confidential to it or to them and trade secrets (including without limitation technical data and know-how) relating to the business of the Company, its subsidiaries or of any of its associated companies or of any of its or their suppliers, clients or customers.
- 1.1.3 **‘Intellectual Property’** includes patents, trademarks whether registered or unregistered, registered or unregistered designs, utility models, copyrights including design copyrights, applications for any of the foregoing and the right to apply for them in any part of the world, discoveries, creations, inventions or improvements upon or additions to an invention, Confidential Information, know-how and any research effort relating to any of the above mentioned business, names whether registrable or not, moral rights and any similar rights in any country of the Company or any of its associated companies or subsidiaries.
- 1.1.4 **‘Parties’** means collectively the Company and the CEO & MD and “Party” means individually each of the Parties.

1.2 Interpretation

In this Agreement, unless the context otherwise requires:

- 1.2.1 Any reference herein to any clause is to such Clause. The Recitals and Clauses to this Agreement including this Interpretation Clause shall be deemed to form part of this Agreement;
- 1.2.2 The headings are inserted for convenience only and shall not affect the construction of this Agreement;
- 1.2.3 Words importing the singular include the plural and vice versa, and words importing a gender include each of the masculine, feminine and neuter gender;

2. **Term and Termination**

- 2.1 Subject as hereinafter provided, this Agreement shall remain in force for a period of five years from the Date of Appointment unless terminated earlier.
- 2.2 This Agreement may be terminated earlier, without any cause, by either Party by giving to the other Party six months' notice of such termination or the Company paying six months' remuneration which shall be limited to provision of Basic Salary, Benefits, Perquisites and Allowances(including Living Allowance) and any pro-rated Incentive Remuneration, in lieu of such notice. Additionally, in case termination of this Agreement is initiated by the Company before the end of the Term for reasons other than breach of the Tata Code of Conduct, referred to in clause 11 below, Mr Butschek shall be entitled to Severance Pay for a period of 12 months or the balance term of the Agreement, whichever is less, ("Severance") and which shall be limited to provision of Basic Salary, Living Allowance and any pro-rated Incentive Remuneration.

3. **Duties & Powers**

- 3.1 The CEO & MD shall devote his whole time and attention to the business of the Company and perform such duties as may be entrusted to him by the Board from time to time and separately communicated to him. Subject to the superintendence, control and direction of the Board, the CEO & MD is entrusted with substantial powers of management which are in connection with and in the best interests of the business of the Company and the business of one or more of its associated companies and / or subsidiaries, including performing duties as assigned to him from time to time by serving on the boards of such associated companies and / or subsidiaries or any other executive body or any committee of such a company.

- 3.2 The CEO & MD shall not exceed the powers so delegated by the Board pursuant to clause 3.1 above.
- 3.3 The CEO & MD undertakes to employ the best of his skill and ability and to make his utmost endeavours to promote the interests and welfare of the Company and to conform to and comply with the policies and regulations of the Company and all such orders and directions as may be given to him from time to time by the Board.
- 3.4 Mr Butschek shall undertake his duties from the Company's office located at Mumbai or at any other location in India as may be directed by the Board.

4. Remuneration

- 4.1 So long as the CEO & MD performs his duties and conforms to the terms and conditions contained in this Agreement, he shall, subject to such approvals as may be required, be entitled to the following remuneration:-
 - 4.1.1 **Basic Salary:** €27,500 per month;
 - 4.1.2 **Benefits, Perquisites and Allowances:** In addition to the Basic Salary referred to in clause 4.1.1 above, the CEO & MD shall be entitled to:-
 - 4.1.2.1 Living allowance of €110,000 per month intended to support the transition for Mr Butschek (who is a German citizen) to India. A one-time cost for his relocation from Toulouse, France will be borne by the Company. For upto 3 months after the Date of Appointment, the Company will provide temporary accommodation support to Mr Butschek and his family to facilitate the process of finalizing an appropriate accommodation in Mumbai.
 - 4.1.2.2 Rent-free residential accommodation (furnished or otherwise) with the Company bearing the cost of repairs, maintenance, society charges and utilities (e.g. gas, electricity and water charges) for the said accommodation.
 - 4.1.2.3 Reimbursement of hospitalization and major medical expenses incurred as per Rules of the Company.

- 4.1.2.4 Two Company maintained cars with drivers as per Company policy.
- 4.1.2.5 Telecommunication facility as per Rules of the Company.
- 4.1.2.6 Other perquisites and allowances given below:-
- a. Medical Insurance Plan with global cover for self and spouse.
 - b. Business Class travel, four times a year for self and spouse to Austria.
 - c. Personal Accident Insurance policy premium.
 - d. Premium towards policy for compensating loss of life.
 - e. Annual club membership fees.
- 4.1.2.7 **One time Joining Bonus:** €250,000 payable in the first month of joining.
- 4.1.2.8 Statutory Contributions: The Company shall be responsible for making all statutory contributions (including Provident Fund and Gratuity Fund only as per the Rules). For avoidance of doubt, it is clarified that notwithstanding anything contained in the Rules, the Company will not be required to make any contributions towards Superannuation Fund or Annuity Fund or any other retirement benefits.
- 4.1.2.9 Reimbursement towards pension and retirement schemes: Additional payment of €204,000 per annum in lieu of loss of pension in home country. This payment will be made after adjusting for contributions made towards elements of pension in India, listed in clause 4.1.2.8 above.
- 4.1.3 **Incentive Remuneration** in the form of:-
- 4.1.3.1 Performance Linked Bonus: The target performance linked bonus will be €550,000 per annum upto a maximum of €825,000 per annum. This performance linked bonus would be payable subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board which will be payable after the Annual Accounts have been approved. An indicative list of factors that may be considered for determining the extent of performance linked bonus by the Board (recommended by the Nomination and Remuneration Committee) are:
- a. Company performance on certain defined qualitative and quantitative parameters as may be decided by the Board from time to time.
 - b. Industry benchmarks of remuneration.
 - c. Performance of the individual.
- 4.1.3.2 Long Term Incentive: With the objective of achieving long term value creation through retention and continuity of the leadership, it is intended that a long term incentive plan would be made available. The value of the long term incentive plan is intended to be a target of €550,000 per annum but not exceeding €825,000 per annum. This incentive would be payable subject to the achievement of certain performance criteria and such other parameters as may be considered appropriate from time to time by the Board. No amount would be payable if termination of the agreement is initiated by the CEO & MD prior to completion of the Term.

- 4.1.3.3 For the period from date of joining upto March 31, 2017, the amount for Performance Linked Bonus and Long Term Incentive will be the target annual performance amount of €550,000 for each of the said Performance Linked Bonus and the Long Term Incentive, prorated for the actual period worked.
- 4.2 **Foreign Exchange Conversion:** The above remuneration would be paid in Rupee equivalent according to the prevalent Euro/INR rate at the time of each payment and would be subject to deduction of all applicable taxes at source.
- 4.3 **Minimum Remuneration:** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the Term of the CEO & MD, the Company has no profits or its profits are inadequate, the Company will pay to the CEO & MD remuneration by way of Basic Salary, Benefits, Perquisites and Allowances (including living allowance), Incentive Remuneration and retirement benefits as specified above.
- 4.4 **Insurance:** The Company shall keep and maintain the following Insurance Policies as per Company's Rules and Policies which is currently as follows:-
- i. Directors and Officers Liability Insurance Policy.
 - ii. Personal Accident Insurance Policy (as also referred to in clause 4.1.2.6c above)
 - iii. Policy for compensating loss of life (as also referred to in clause 4.1.2.6d above).
- 4.5 **Leave:** Leave entitlement of 30 days of privilege leave, 10 days of sick leave and 8 days of casual leave will be available. Whilst unavailed casual leave would lapse if not availed during the calendar year, unavailed privilege and sick leave would lapse if not availed during the Term.

5. Taxes and Deductions:

5.1 Taxes

If, and to the extent that, Mr Butschek has received any amounts or benefits (including employee benefits), perquisites or similar items provided or to be provided under this Agreement that is determined by the applicable taxing authorities to constitute taxable compensation, then Mr Butschek shall be solely responsible for the payment of any and all taxes imposed in respect thereof and shall not be entitled to reimbursement therefore from the Company or to any increase in the remuneration and benefits hereunder by reason thereof. Further, Mr Butschek shall be solely responsible for payment of any and all taxes imposed in respect of any personal income received by Mr Butschek outside of this Agreement. Mr Butschek agrees and undertakes to discharge any such tax liability promptly in accordance with Applicable Law and to indemnify the Company against any losses, liability or costs that the Company may incur due to the non-discharge of the same by Mr Butschek.

Notwithstanding anything contained in the above paragraph, the perquisites pertaining to housing, car and travel expenses to home country mentioned in clauses 4.1.2.2, 4.1.2.4 and 4.1.2.6b above, respectively, would be borne by the Company.

5.2 Deductions

In respect of any remuneration to be provided by the Company to Mr. Butschek pursuant to this Agreement, such remuneration by the Company shall be subject to any deductions and withholdings required under Applicable Law. The Company shall be solely responsible for any such deductions and withholdings required of it under Applicable Law.

5.3

Subject to clauses 5.1 and 5.2 above, the Company shall at its cost arrange for such professional assistance in India as may be required by Mr Butschek for the determination and discharge of Mr Butschek's tax obligations. Mr Butschek agrees that he shall be solely responsible for filing the applicable tax returns within the time periods prescribed under Applicable Law and shall also be responsible for any consequences for delays thereof.

6. Variation

The terms and conditions of the appointment of the CEO & MD and / or this Agreement may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule V to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the CEO & MD, subject to such approvals as may be required.

7. Intellectual Property

7.1

The Parties acknowledge that the CEO & MD may make, discover or create Intellectual Property (IP) in the course of his employment and agree that in this respect the CEO & MD has a special obligation to protect such IP and use it to further the interests of the Company, or any of its associated companies or subsidiaries.

- 7.2 Subject to the provisions of the laws relating to intellectual property for the time being in force in India, if at any time during his employment, the CEO & MD makes or discovers or participates in the making or discovery of any IP relating to or capable of being used in the business for the time being carried on by the Company or any of its subsidiaries or associated companies, full details of the Intellectual Property shall immediately be communicated by him to the Company and such IP shall be the absolute property of the Company. At the request and expense of the Company, the CEO & MD shall give and supply all such information, data, drawings and assistance as may be required to enable the Company to exploit the IP to its best advantage and the CEO & MD shall execute all documents and do all things which may be necessary or desirable for obtaining patent or other protection for the Intellectual Property in such parts of the world as may be specified by the Company and for vesting the same in the Company or as it may direct.
- 7.3 The CEO & MD hereby irrevocably appoints the Company as his attorney in his name and on his behalf to sign or execute any such instrument or do any such thing and generally to use his name for the purpose of giving to the Company or its nominee the full advantage of the provisions of this clause 7 and if in favour of any third Party, a certificate in writing signed by any director or the secretary of the Company that any instrument or act falls within the authority conferred by this clause shall be conclusive evidence that such is the case.
- 7.4 If the IP is not the property of the Company, the Company shall, subject to the provisions of the applicable laws for the time being in force, have the right to acquire for itself or its nominee, the CEO & MD's rights in the IP within 3 months after disclosure pursuant to clause 7.2 above on fair and reasonable terms.
- 7.5 The rights and obligations under this clause shall continue in force after termination of the Agreement in respect of IP relating to the period of the CEO & MD's employment under the Agreement and shall be binding upon his heirs and legal representatives.

8. Confidentiality

- 8.1 The CEO & MD is aware that in the course of his employment he will have access to and be entrusted with information in respect of the business and finances of the Company including intellectual property, processes and product specifications, etc. and relating to its dealings, transactions and affairs and likewise in relation to its subsidiaries, associated companies, customers or clients all of which information is or may be of a confidential nature.

- 8.2 The CEO & MD shall not except in the proper course of performance of his duties during or at any time after the period of his employment or as may be required by law divulge to any person whatever or otherwise make use of and shall use his best endeavours to prevent the publication or disclosure of any Confidential Information of the Company or any of its subsidiaries or associated companies or any of its or their suppliers, agents, distributors or customers.
- 8.3 All notes, memoranda, documents and Confidential Information concerning the business of the Company and its subsidiaries or associated companies or any of its or their suppliers, agents, distributors or customers which shall be acquired, received or made by the CEO & MD during the course of his employment shall be the property of the Company and shall be surrendered by the CEO & MD to the Company upon the termination of his employment or at the request of the Board at any time during the course of his employment.

9. Non-competition

The CEO & MD covenants with the Company that he will not, during the continuance of his employment with the Company, without the prior written consent of the Board, carry on or be engaged, directly or indirectly, either on his own behalf or on behalf of any person, or as manager, agent, consultant or employee of any person, firm or company, in any activity or business, in India or overseas, which shall directly or indirectly be in competition with the business of the Company or its holding company or its subsidiaries or associated companies. The application of this clause needs to be read in conjunction with the relevant clauses in the Tata Code of Conduct, referred to in clause 11 below.

10. Selling Agency

The CEO & MD, so long as he functions as such, undertakes not to become interested or otherwise concerned, directly or through his spouse and / or children, in any selling agency of the Company.

11. Tata Code of Conduct

The provisions of the Tata Code of Conduct shall be deemed to have been incorporated into this Agreement by reference. The CEO & MD shall during his term, abide by the provisions of the Tata Code of Conduct in spirit and in letter and commit to assure its implementation.

12. Personnel Policies

All Personnel Policies of the Company and the related Rules which are applicable to other employees of the Company shall also be applicable to the CEO & MD, unless specifically provided otherwise.

13. Summary termination of employment

The employment of the CEO & MD may not be terminated by the Company without notice or payment in lieu of notice except for reasons of breach of the Tata Code of Conduct, referred to in clause 11 above. In case of breach of the Tata Code of Conduct, Mr Butschek shall also not be entitled to Severance (as defined in clause 2.2).

14. Termination due to physical / mental incapacity

In the event the CEO & MD is not in a position to discharge his official duties due to any physical or mental incapacity, he shall be entitled to receive notice pay and Severance as specified in clause 2.2 in this contract and this contract shall stand terminated.

15. Resignation from directorships

Upon the termination by whatever means of his employment under the Agreement:

- a. the CEO & MD shall immediately cease to hold offices held by him in any holding company, subsidiaries or associate companies without claim for compensation for loss of office by virtue of Section 167 (1)(h) of the Act and shall resign as trustee of any trusts connected with the Company.
- b. the CEO & MD shall not without the consent of the Board at any time thereafter represent himself as connected with the Company or any of its subsidiaries and associated companies.

16. Agreement co-terminus with employment / directorship

If and when this Agreement expires or is terminated for any reason whatsoever, Mr Butschek will cease to be the CEO & MD and also cease to be a Director of the Company. If at any time, the CEO & MD ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the CEO & MD and this Agreement shall forthwith terminate. If at any time, the CEO & MD ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director and CEO & MD of the Company.

17. Other Directorships

The CEO & MD covenants with the Company that he will not during the continuance of his employment with the Company accept any other directorships in any company or body corporate without the prior written consent of the Board.

18. Non-Solicitation

The CEO & MD covenants with the Company that he will not for a period of 2 years immediately following the termination of his employment under this Agreement, without the prior written consent of the Board endeavor or entice away from the Company or any subsidiaries or associated companies any employee who has at any time during the two years immediately preceding such termination been employed or engaged by the Company or any subsidiaries or associated companies and with whom the CEO & MD has worked at any time during the two years immediately preceding termination.

19. Notices

Notices may be given by either Party by letter addressed to the other Party at, in the case of the Company, its registered office for the time being and in the case of the CEO & MD his last known address and any notice given by letter shall be deemed to have been given at the time at which the letter would be delivered in the ordinary course of post or if delivered by hand upon delivery and in proving service by post it shall be sufficient to prove that the notice was properly addressed and posted by hand or by electronic mail.

20. Miscellaneous

20.1 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of India.

20.2 Jurisdiction

The Parties have agreed to the exclusive jurisdiction of the Indian courts.

20.3 Entire Agreement

This Agreement contains the entire understanding between the Parties and supersedes all previous written or oral agreements, arrangements, representations, and understandings (if any) relating to the subject matter hereof. The Parties confirm that they have not entered into this Agreement upon the basis of any representations that are not expressly incorporated into this Agreement. Neither oral explanation nor oral information given by any Party shall alter or affect the interpretation of this Agreement.

20.4 Waiver

A waiver by either Party of a breach of the provision(s) of this Agreement shall not constitute a general waiver, or prejudice the other Party's right otherwise to demand strict compliance with that provision or any other provisions in this Agreement.

20.5 Severability

Each term, condition, covenant or provision of this Agreement shall be viewed as separate and distinct, and in the event that any such term, covenant or provision shall be held by a court of competent jurisdiction to be invalid, the remaining provisions shall continue to operate.

20.6 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute the same agreement.

IN WITNESS WHEREOF these presents have been executed by the Parties hereto on the day and year first above written.

The Common Seal of TATA MOTORS LIMITED was
hereunto affixed pursuant to the Resolution passed by the
Board of Directors on January 18, 2016 in the presence of
Mr Cyrus P Mistry, Chairman of the Company
and
Mr Nusli N. Wadia
Director of the Company

Witnesses: SHAILESH CHANDRA

SIGNED, SEALED AND DELIVERED
by the said Mr Guenter Butschek

in the presence of:

Hoshang K. Sethna

Witnesses: