TATA MOTORS LTD/FI
Form 20-F
July 28, 2017
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As filed with the Securities and Exchange Commission on July 28, 2017

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, 2017

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)

	Bombay House
	24, Homi Mody Street
Republic of India	**Mumbai 400 001, India**
(Jurisdiction of incorporation or organization)	**(Address of principal executive offices)**

H.K. Sethna

Tel.: +91 22 6665 7219

Facsimile: +91 22 6665 7260

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	Name of Each Exchange On Which Registered
Ordinary Shares, par value Rs.2 per share*	**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. 2,887,348,428 Ordinary Shares and 508,502,291 A Ordinary Shares, including 530,496,280 Ordinary Shares represented by 106,095,104 American Depositary Shares, or ADSs, outstanding as at March 31, 2017. Each ADS represents five (5) Ordinary Shares as at March 31, 2017.

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, a non-accelerated filer, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[1] provided pursuant to Section 13(a) of the Exchange Act. N/A

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.

[1] The term new or revised financial accounting standard refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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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; references to IFRS are to International Financial Reporting Standards and its interpretations as issued by International Accounting Standards Board; and references to IndAS are to Indian Accounting Standards;

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 2017 , 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;

Companies Act refers to the Indian Companies Act, 2013, unless stated otherwise; and

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

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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 , 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.

Non-IFRS Measures

We use the following non-IFRS performance indicators to monitor financial performance.

Earnings before other income, interest and tax

Earnings before other income, interest and tax is measured as net income add income tax expense, interest expense (net) and foreign exchange loss and less other income and interest income. It is monitored by management for the purposes of performance of income earned by our operations. Earnings before other income, interest and tax is presented because management believes this gives earnings earned by the business of the Company. Reconciliation of our consolidated earnings before other income, interest and tax to our consolidated net income is provided in Item 5.A Operating Results Overview .

Free Cash Flow

Free cash flow is measured as cash flow from operating activities, less payments for property, plant and equipment and intangible assets. It is monitored by management for the purposes of quantifying ongoing needs for investments in plant and machinery, products and technologies. Free cash flow is presented because management believes this provides investors with a relevant measure of cash available to address our debts, pay dividends and fund capital expenditures and other strategic initiatives. Reconciliation of our free cash flow to cash flow from operating activites is provided in Item 5.A Operating Results Overview .

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Ratio of Net Debt to Shareholders Equity

Ratio of net debt to shareholders equity is measured as (Total debt less cash and cash equivalent and mutual funds) divided by equity (including minority interest). It is monitored by management because it helps assess our debt commitments. Ratio of net debt to shareholders equity is presented because management believes it is a relevant financial measure for investors to understand the leverage employed in our operations and of our ability to obtain financing. Reconciliation of our ratio of net debt to shareholders equity is provided in Item 5.A Operating Results Overview .

The non-IFRS measures used herein should not be considered in isolation and are not measures of our financial performance or liquidity under IFRS. They may not be indicative of our results of operations, and should not be construed as alternatives for any IFRS measures. Additionally, the non-IFRS measures 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, 2017, 2016, 2015, 2014 and 2013 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, 2017 and 2016 and for each of Fiscal 2017, 2016 and 2015 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, 2015, 2014 and 2013 and for Fiscal 2014 and 2013 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 financial data for Fiscal 2013 has been retrospectively adjusted. These retrospective adjustments resulted in decreases in net income by Rs.26.5 million for Fiscal 2013. The decrease in net income resulted in a corresponding decrease in other comprehensive income.

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

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Selected Financial Data Prepared in Accordance with IFRS

	2017 (In US$ millions, except share and per share amounts)	2017	2016	2015	2014	2013
		Year ended March 31, (in Rs. millions, except share and per share amounts)				
Revenues	40,588.6	2,632,176.8	2,682,793.8	2,626,297.8	2,325,150.8	1,865,737.5
Finance revenues	375.0	24,318.3	22,318.8	22,630.8	29,875.9	30,013.3
Total revenues	40,963.6	2,656,495.1	2,705,112.6	2,648,928.6	2,355,026.7	1,895,750.8
Change in inventories of finished goods and work-in-progress	(1,137.3)	(73,751.2)	(27,540.1)	(29,610.9)	(28,317.3)	(30,086.8)
Purchase of products for sale	2,147.2	139,245.3	128,494.6	130,803.8	109,691.6	92,889.5
Raw materials, components and consumables	24,576.8	1,593,803.1	1,536,255.1	1,515,835.7	1,366,066.9	1,146,210.6
Employee cost	4,372.9	283,588.0	288,117.4	250,401.2	213,903.0	167,169.5
Depreciation and amortization	2,812.7	182,405.4	168,074.9	134,495.8	110,462.6	75,767.9
Other expenses	9,382.6	608,461.6	585,321.4	545,909.5	498,777.7	384,423.3
Provision /(Reversal) for loss of inventory (net of insurance recoveries)	(205.1)	(13,301.0)	16,383.9			
Expenditure capitalized	(2,602.4)	(168,768.8)	(166,783.2)	(153,217.5)	(135,246.8)	(101,934.5)
Other (income) / loss (net)	(434.4)	(28,171.5)	(3,135.6)	(11,508.4)	(7,732.6)	(12,099.1)
Foreign exchange (gain)/loss (net)	204.9	13,284.8	20,588.0	20,371.3	(8,332.8)	10,619.4
Interest income	(87.0)	(5,640.7)	(7,186.6)	(6,763.9)	(6,656.7)	(6,928.0)
Interest expense (net)	653.3	42,365.7	47,912.6	52,231.6	53,094.7	40,792.0
Impairment in an equity accounted investee					8,033.7	
Share of (profit)/loss of equity accounted investees	(230.2)	(14,930.0)	(5,774.7)	1,748.3	1,877.6	131.5
Net income before tax	1,509.6	97,904.4	124,384.9	198,232.1	179,405.1	128,795.5
Income tax expense	(550.0)	(35,670.0)	(27,512.7)	(69,149.7)	(48,226.5)	(39,238.8)
Net income after tax	**959.6**	**62,234.4**	**96,872.2**	**129,082.4**	**131,178.6**	**89,556.7**

	2017 (In US$ millions, except share and per share amounts)	2017	2016	2015	2014	2013
		Year ended March 31, (in Rs. millions, except share and per share amounts)				
Net income/(loss) attributable to equity holders	943.8	61,210.5	95,883.4	128,291.2	130,717.1	88,670.5
Net income/(loss) attributable to non-controlling interest	15.8	1,023.9	988.8	791.2	461.5	886.2
Dividends per share Ordinary Shares	US$	Rs.0.2	Rs.	Rs. 2.0	Rs. 2.0	Rs. 4.0
Dividends per share A Ordinary Shares	US$	Rs.0.3	Rs.	Rs. 2.1	Rs. 2.1	Rs. 4.1
Weighted average Ordinary shares outstanding:						
Basic		2,887,218,310	2,873,188,838	2,765,339,619	2,760,961,457	2,734,354,019
Diluted		2,887,818,076	2,873,809,883	2,765,824,089	2,761,450,718	2,734,846,741
Weighted average A Ordinary shares outstanding:						

Basic			508,483,714	506,063,234	487,445,041	487,440,271	487,436,720
Diluted			508,736,110	506,320,979	487,684,611	487,684,558	487,684,518
Earnings per share:							
Basic	US$	0.3	Rs. 18.0	Rs. 28.4	Rs. 39.4	Rs. 40.2	Rs. 27.5
Diluted	US$	0.3	Rs. 18.0	Rs. 28.4	Rs. 39.4	Rs. 40.2	Rs. 27.5
Earnings per share of A Ordinary Shares:							
Basic	US$	0.3	Rs. 18.1	Rs. 28.5	Rs. 39.5	Rs. 40.3	Rs. 27.6
Diluted	US$	0.3	Rs. 18.1	Rs. 28.5	Rs. 39.5	Rs. 40.3	Rs. 27.6

As described in Note 2(u) of our audited IFRS consolidated financial statements included in this annual report on Form 20-F, during Fiscal 2017, we changed our presentation of foreign exchange gain/(loss) in the consolidated income statement, The change in presentation has been retrospectively applied to prior year comparatives. There has been no impact on net income for the years ended March 31, 2016, 2015, 2014 and 2013.

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 for Fiscal 2016, the earliest period presented in the consolidated financial statement for each of Fiscal 2015, 2014 and 2013, 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.

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	As at March 31,					
	2017	2017	2016	2015	2014	2013
	(in US$ millions, except number of shares)	(in Rs. millions, except number of shares)				
Balance Sheet Data						
Total Assets	41,120.4	2,666,646.0	2,619,981.3	2,345,643.4	2,184,775.9	1,687,166.5
Long term debt, net of current portion	9,339.2	605,644.5	504,511.3	544,862.5	454,138.6	330,718.1
Total shareholders equity	8,309.3	538,842.2	768,036.7	539,351.8	631,696.3	373,905.7
Number of Equity shares outstanding						
-Ordinary Shares		2,887,348,428	2,887,203,602	2,736,713,122	2,736,713,122	2,708,156,151
- A Ordinary Shares		508,502,291	508,476,704	481,966,945	481,966,945	481,959,620

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.64.85 = 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, 2017.

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 2017, 2016, 2015, 2014 and 2013.

Year ended March 31,	Period End	Period Average	High	Low
2017	64.85	67.08	68.78	64.85
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

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
January 2017	67.87	68.11	68.33	67.87
February 2017	66.69	67.04	67.48	66.69
March 2017	64.85	65.85	66.83	64.85
April 2017	64.25	64.50	65.02	64.11
May 2017	64.51	64.44	64.89	64.06
June 2017	64.58	64.45	64.62	64.21

As at July 2017 (through July 27, 2017), the value of the Indian rupee against the U.S. dollar was Rs.64.11 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.

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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 Indian automotive industry could be affected materially by the general economic conditions in India and around the world. The automotive industry, in general, is cyclical, and economic slowdowns in the recent past have affected the manufacturing sector in India, including the automotive and related industries. Further deterioration in key economic metrics, such as the growth rate, interest rates and inflation, as well as reduced availability of financing for vehicles at competitive rates, environment policies, tax policies, increase in freight rates and fuel prices could materially and adversely affect our automotive sales in India and results of operations.

In addition, investors reactions to economic developments or a loss of investor confidence in the financial systems of other countries may cause volatility in Indian financial markets and indirectly, in the Indian economy in general. Any worldwide financial instability, including increased protectionist measures and withdrawal from trade pacts by countries in which we operate, 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 overseas markets across the globe. The automotive market in China experienced strong growth in Fiscal 2017 with positive growth also in Europe, the UK and the US. Conditions remained challenging in emerging markets such as Brazil, Russia and South Africa where automotive sales deteriorated during Fiscal 2017. Jaguar Land Rover s growth plans may not quite 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 due to other factors, Jaguar Land Rover s operations and financial condition could be materially and adversely affected as a result. The Brexit vote, the June 8, 2017 UK election results and the ongoing negotiations between the United Kingdom and the European Union to finalize terms of the United Kingdom s exit from the European Union has created significant uncertainty with respect to the United Kingdom s future relationship with the European Union, the economic and political future of the United Kingdom and the legal structure applicable to companies doing business in the United Kingdom. This uncertainty, along with any real or perceived impact of Brexit, could have a material adverse effect on our business, results of operations and financial condition. Deterioration in key economic factors, such as GDP growth rates, interest rates and inflation, as well as the reduced availability of financing for vehicles at competitive rates in countries where Jaguar Land Rover has sales operations may result in a decrease in demand for automobiles. A decrease in demand would, in turn, cause automobile prices and manufacturing capacity utilization rates to fall. Such circumstances have in the past materially affected, and could in the future, materially affect, our business, results of operations and financial condition.

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 development time for introduction of new products, cost control, pricing, reliability, safety, fuel economy, environmental impact and perception thereof, customer service and financing terms. Some of our competitors based in the European Union may gain a competitive advantage that would enable them to benefit from their access to the European Union single market post-Brexit. There can be no assurance that 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.

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

If we are unable to effectively implement or manage our growth strategy, our operating results and financial condition could be materially and adversely affected.

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

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

Furthermore, 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 80% of our total revenues in Fiscal 2017. 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.

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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 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.

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

Private and commercial users of transportation increasingly use modes of transportation other than the automobile. The reasons for this include the rising costs of automotive transport, increasing traffic density in major cities and environmental awareness. Furthermore, the increased use of car-sharing concepts and other innovative mobility initiatives facilitates access to other methods of transport, thereby reducing dependency on the private automobile. Furthermore, non-traditional market participants may cut dependency on the private automobile altogether. 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 could have a negative impact on the profitability of the used car business in our dealer organization.

There can be no assurance that our new models will meet our sales expectations, in which case we may be unable to realize the intended economic benefits of our investments, which would in turn materially affect our business, results of operations and financial condition. In addition, there is a risk that our quality standards can be maintained only by incurring substantial costs for monitoring and quality assurance. For our customers, one of the determining factors in purchasing our vehicles is the high quality of the products. A decrease in the quality of our vehicles (or if the public were to have the impression that such a decrease in quality had occurred) could damage our image and reputation as a premium automobile manufacturer and in turn materially affect our business, results of operations and financial condition.

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

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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 considered the cost associated with the recall to be an adjusting post-balance sheet event and recognized an additional provision of GBP67.4 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.

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

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

Adverse economic conditions, a decline in automobile demand and lack of access to sufficient financing arrangements, among others, could have a negative financial impact on our suppliers, thereby impairing timely availability of components to us or causing increase in the costs of components. In addition, if one or more of the other global automotive manufacturers were to become insolvent, this would have an adverse effect on our supply chains and may have a material adverse effect on our results of operations.

We have also entered into supply agreements with Ford and certain other third parties for critical components and remain reliant upon Ford and the Ford-PSA joint venture for a portion of our engines. However, following the launch of the Engine Manufacturing Centre (EMC) in Wolverhampton, we now also manufacture our own in-house engines. We may not be able to manufacture certain types of engines or find a suitable replacement supplier in a timely manner in the event of any disruption in the supply of engines, or parts of engines, and other hardware or services provided to us by Ford or the Ford-PSA joint venture and such disruption could have a material adverse impact on our operations, business and/or financial condition.

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

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

In Fiscal 2017 and 2016, the consumption of raw materials, components and aggregates and purchase of products for sale (including changes in inventory) constituted approximately 62.5% and 60.5%, respectively, of our 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.

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

A significant reliance on key markets by both TML and Jaguar Land Rover increases the risk of negative impact of reduced customer demand in those countries.

TML and Jaguar Land Rover rely on the United Kingdom, Chinese, North American, continental European and Indian markets. Any decline in demand for our vehicles in these major markets may in the future significantly impair our business, financial position and results of operations. Further, decreased demand for our and Jaguar Land Rover s products may not be sufficiently mitigated by new product launches and expansion into growing markets, which could have a significant adverse impact on our financial performance.

We are exposed to liquidity risks.

Our main sources of liquidity are cash generated from operations, existing notes, external debt in the form of factoring discount facilities and other revolving credit facilities. However, adverse changes in the global economic and financial environment may result in lower consumer demand for vehicles, and prevailing conditions in credit markets may adversely affect both consumer demand and the cost and availability of finance for our business and operations. If the global economy goes back into recession and consumer demand for our vehicles drops, as a result of higher oil prices, excessive public debt or for any other reasons, and the supply of external financing becomes limited, we may again face significant liquidity risks. See Item 5. Operating and Financial Review and Prospects B. Liquidity and Capital Resources Loan Covenants.

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

Exchange rate and interest rate fluctuations could materially and adversely affect 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. 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, which may result in a decrease in profits to the extent non-GBP costs are not fully mitigated by non-GBP sales. The GBP declined significantly relative to the Indian rupee and U.S. dollar in 2017. As published by Bloomberg L.P., the exchange rate as at June 23, 2016 expressed in Indian rupees per GBP1.00, was Rs.100.2 compared to Rs. 79.88 as at March 14, 2017 and the rate expressed in US$ per GBP1.00, was US$149 as at June 23, 2016 compared to US$1.20 as at January 16, 2017.

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

We are exposed to changes in interest rates, as we have both interest-bearing assets (including cash balances) and interest-bearing liabilities, which bear interest at variable rates. 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. Please see note 35(d)(i) (b) to our consolidated financial statements included elsewhere in this annual report on Form 20-F for further detail on our exposure to fluctuations in interest rates.

Appropriate hedging lines for the type of risk exposures we are subject to may not be available at a reasonable cost, particularly during volatile rate movements, or at all. Moreover, there are risks associated with the use of such hedging instruments. While hedging instruments may mitigate our exposure to fluctuations in currency exchange rates to a certain extent, we potentially forego benefits that might result from market fluctuations in currency exposures. These hedging transactions can also result in substantial losses. Such losses could occur under various circumstances, including, without limitation, any circumstances in which a counterparty does not perform its obligations under the applicable hedging arrangement (despite having International Swaps and Derivatives Association (ISDA) agreements in place with each of our hedging counterparties), there are currency fluctuations, the arrangement is imperfect or ineffective, or our internal hedging policies and procedures are not followed or do not work as planned. In addition, because our potential obligations under the financial hedging instruments are marked to market, we may experience quarterly and annual volatility in our operating results and cash flows.

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

Demand for vehicles for personal use generally depends on consumers net purchasing power, their confidence in future economic developments and changes in fashion and trends, while demand for vehicles for commercial use by corporate customers (including fleet customers) primarily depends on the customers financial condition, their willingness to invest (motivated by expected future business prospects) and available financing. A decrease in potential customers disposable income or their financial flexibility or an increase in the cost of financing will generally have a negative impact on demand for our products. A weak macroeconomic environment, combined with restrictive lending and a low level of consumer sentiment generally, may reduce consumers net purchasing power and lead existing and potential customers to refrain from purchasing a new vehicle, to defer a purchase further or to purchase a smaller model with less equipment at a lower price. A deteriorating macroeconomic environment may disproportionately reduce demand for luxury vehicles. It also leads to reluctance by corporate customers to invest in vehicles for commercial use and/or to lease vehicles, resulting in a postponement of fleet renewal contracts.

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

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.

In India, 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.

Jaguar Land Rover is similarly subject to consumer financing risks. Any reduction in the supply of available automobile consumer financing or increase in the cost thereof would make it more difficult for some 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.

Underperformance of our distribution channels could have a material adverse effect on 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.

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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 or a deterioration in the financial condition of our dealers or distributors could materially and adversely affect our sales and results of operations.

If dealers or importers encounter financial difficulties and our products and services cannot be sold or can be sold only in limited numbers, this would have a direct effect on the sales of such dealers and importers. Additionally, if we cannot replace the affected dealers or importers with other franchises, the financial difficulties experienced by such dealers or importers could have an indirect effect on our vehicle deliveries. Consequently, we could be compelled to provide additional support for dealers and importers and, under certain circumstances, may even take over their obligations to customers, which would adversely affect our financial position and results of operations in the short term.

Deterioration in the performance of any of our subsidiaries, joint ventures and affiliates could materially and 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. Operating a business as a joint venture often requires additional organizational formalities and a requirement of information sharing. 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 or relationship with the co-owner may be deteriorated, and, which could, in turn, have a material adverse effect on our reputation, business, financial position or results of operations.

We may be adversely impacted by political instability, wars, terrorism, multinational conflicts, countries resorting to protectionism, 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. For example, we have manufacturing facilities and design and engineering centers in India, the United Kingdom, China, South Korea, Thailand, South Africa, Brazil and Indonesia. Consequently, our operations in markets abroad may be subject to political instability, wars, terrorism, regional or multinational conflicts, natural disasters and extreme weather, fuel shortages, epidemics and labor strikes. Any disruption of the operations of our manufacturing, design, engineering, sales, corporate and other facilities could materially and adversely affect our business, financial condition and results of operations. If any of these events were to occur, there can be no assurance that we would be able to shift our manufacturing, design, engineering, sales, corporate and other operations to alternate sites in a timely manner or at all. 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, applicability of retrospective taxes, sanctions programs, unclear regulatory and taxation systems and divergent commercial and employment practices and procedures. Any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability. 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.

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 and adverse social, economic or political events, including terrorist attacks and local civil disturbances, riots and armed conflict with neighboring countries. Events of this nature in the future could influence the Indian economy and could have a material adverse effect on our business, as well as the market for securities of Indian companies, including our Shares and ADSs. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have a material adverse effect on our business, results of operations and financial condition, and also the market price of our Shares and ADSs.

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We are vulnerable to supply chain disruptions resulting from natural disasters or man-made accidents. For example, on August 12, 2015, there was an explosion in the city port of Tianjin, one of three major ports in China through which we import our vehicles. Approximately 5,800 of our vehicles were stored at various locations in Tianjin at the time of the explosion, and, as a result, we recognized an exceptional charge of GBP245 million in the three months ended September 30, 2015. Subsequently, GBP274 million of net insurance proceeds and other recoveries have been received till March 31, 2017, including GBP35 million related to other costs associated with Tianjin including lost and discounted vehicle revenue. A significant delay or sustained interruption in the supply of key inputs sourced from areas affected by disasters or accidents could materially and adversely affect our ability to maintain our current and expected levels of production, and therefore negatively affect our revenues and increase our operating expenses.

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

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 cyclicality and seasonality of demand for these products. The automotive industry has been cyclical in the past, and we expect this cyclicality 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 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 Chinese 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 reporting period.

Restrictive covenants in our financing agreements could 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.

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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. During Fiscal 2017, we faced two standalone incidents of labor unrest in India, one at our Dharwad plant in Karnataka and the other at our Sanand plant in Gujarat. Although these particular issues were amicably resolved, there is no assurance that additional labor issues could not occur, or that any future labor issues will be 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.

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For Jaguar Land Rover, the arrangements with the trustees of the defined benefit pension schemes, an actuarial valuation of the assets and liabilities of the schemes is undertaken every three years. The most recent valuation, as at April 2015 and completed in 2016, indicated a shortfall in the assets of the schemes as at that date, versus the actuarially determined liabilities as at that date, of GBP789 million (compared to GBP702 million as at April 2012).

As part of the valuation process, we agreed to a schedule of contributions with the trustee of the schemes, which, together with the expected investment performance of the assets of the schemes, is expected to eliminate the deficit by 2025. As part of this schedule of contributions, we paid GBP69 million into the pension schemes in March 2016 as advance payments towards deficit contributions due during Fiscal 2017. As at March 31, 2017, our UK defined benefit pension deficit had increased to GBP1,461 million as compared to GBP567 million as at March 31, 2016. This increase has primarily been driven by a decline in AA- rated UK corporate bond yields in light of the events surrounding Brexit and even though the accounted deficit position does not affect cash contributions, movements in the associated balance sheet liability could have adverse impacts notably on our results of operations and financial condition.

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 or any failure in our protection measures 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.

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. 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 change 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 could 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 at the Company, influence elections of directors or acquire control over our business. Our success largely depends on the ability of our current management team to operate and manage effectively. 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.

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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. In particular, the United States and Europe have stringent regulations relating to vehicle emissions. The contemplated tightening of vehicle emissions regulations by the European Union will require significant costs for compliance. In China, further regulations are being introduced in the short to medium-term future relating to greenhouse gas emissions and other environmental concerns. While we are pursuing various technologies in order to meet the required standards in the various countries in which we sell our vehicles, these regulations are likely to become more stringent and the resulting higher compliance costs may be significant to our operations and may adversely impact our business, financial condition and results of operations. They may also limit the type of vehicles we sell and where we sell them, which could affect our revenues.

In order to comply with current and future safety and environmental norms, we may have to incur additional capital expenditure and R&D expenditure 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/CO_2/fuel economy legislation for additional detail on these standards. These penalties are calculated at US$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, 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.

The Motor Vehicles (Amendment) Bill, 2017 was passed in the Lok Sabha on April 10, 2017, and is currently being debated in the Rajya Sabha. This Bill addresses vehicle recalls, road safety, traffic management and accident insurance, among other matters. In its current draft, the Bill imposes civil and criminal liability on manufacturers selling vehicles in contravention of the standards specified in the Bill, or required by the government to recall their vehicles. The Bill also proposes the creation of the National Road Safety Board to provide advice to the central and state governments on all aspects of road safety and traffic management.

Commencing July 1, 2017, the Indian tax regime underwent a systemic change. The Government of India, in conjunction with the state governments, implemented a comprehensive national goods and services tax, or GST, regime to combine taxes and levies by the central and state governments into one unified rate structure. Based on the application of the tax, GST will be classified as either Central GST (CGST), in instances where the central government levies the tax; State/Union Territory GST (SGST/UTGST), in instances where the state or union territory governments levy the tax; and Integrated GST (IGST), in instances where the GST is levied on the inter-state supply of goods and services. While both the central and state governments have publicly announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information on incentives and refunds, we are unable to provide any assurance as to this or any other aspect of the tax regime, or guarantee that the implementation of GST will not materially or adversely affect our business or financial condition.

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

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Evaluating and estimating our provision and accruals for our taxes requires significant judgment. As we conduct our business, the final tax determination may be uncertain. We operate in multiple geographical markets and our operations in each market are susceptible to additional tax assessments and audits. Our collaborations with business partners are similarly susceptible to such tax assessments.

Authorities may engage in additional reviews, inquiries and audits that disrupt our operations or challenge our conclusions regarding tax matters. Any resulting tax assessment may be accompanied by a penalty or additional fee for failing to make the initial payment. Our tax rates may be affected by earnings estimation errors, losses in jurisdictions that do not grant a related tax benefit, changes in currency rates, acquisitions, investments, or changes in laws, regulations or practices. Additionally, government fiscal pressures may increase the likelihood of adverse or aggressive interpretations of tax laws or regulations or the imposition of arbitrary or onerous taxes, interest charges and penalties. Tax assessments may be levied even where we consider our practices to be in compliance with tax laws and regulations. Should we challenge such taxes or believe them to be without merit, we may nonetheless be required to pay them. These amounts may be materially different from our expected tax assessments and could additionally result in expropriation of assets, attachment of additional securities, liens, imposition of royalties or new taxes and requirements for local ownership or beneficiation.

Regulations in the areas of investments, taxes and levies may also have an impact on Indian securities, including 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 (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 our 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. As a result, our attempts to offset the potential decline in revenue and profits by increasing operational efficiencies and leveraging economies of scale (for example, through local production in China) may fail or not be as successful as expected. Furthermore, any regulatory action taken or penalties imposed by regulatory authorities may have significant adverse financial and reputational consequences on our business and have a material adverse effect on our results of operations and financial condition.

On March 29, 2017, the Supreme Court of India prohibited the sale and registration of Bharat Stage III vehicles from April 1, 2017. The Supreme Court s judgment overturned a government regulation, and was unexpected. The Government of India has applied to the Supreme Court for a grant of appropriate time for manufacturers to dispose Bharat Stage III vehicles in their inventory. This application is currently pending. Similarly a review petition filed by the Society of Indian Manufacturers, or SIAM, is also currently pending. The Supreme Court s decision resulted in a provision of Rs.1,479 million for the unsold inventory of BS III vehicles at the year end of March 31, 2017. We cannot guarantee a favorable outcome for either the Government of India s application or SIAM s review petition. Any future potential or real unexpected change in law could have could have a material adverse effect on our business prospects, results of operations and financial condition.

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.

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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.

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. Under applicable Indian laws, for example, remuneration packages may, in certain circumstances, require shareholders approval. New guidance and revisions may be provided by regulatory and governing bodies, which could result in continuing uncertainty and higher costs of compliance. We are committed to maintaining high standards of corporate governance and public disclosure. However, our efforts to comply with evolving regulations 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, such as in the provisions related to the issue of capital, disclosures in offering documents, corporate governance norms, accounting policies and audit matters, related party transactions, class action suits against companies by shareholders or depositors, prohibitions on loans to directors and insider trading, including restrictions on derivative transactions concerning a company s securities by directors and key managerial personnel. The Companies Act may subject us to higher compliance requirements, increase our compliance costs and divert management s attention. 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 Ind AS, toward corporate social responsibility activities. Furthermore, the Companies Act imposes greater monetary and other liability on us and our directors for any non-compliance. 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). SEBI 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 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, to conduct elaborate directors familiarization programs and comprehensive disclosures thereof, in accordance with the Listing Regulations. 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.

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

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

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.

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.

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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.

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

The Indian stock exchanges are vulnerable to fluctuations based on changes in monetary policy formulated by the 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 fiscal policy. Certain changes, including 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 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 BSE Limited, 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 the United Kingdom and 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.

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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 resolution 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.

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 of 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.

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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 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.

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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.

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, 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 2017. We estimate that over 8.5 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. In June 2016, Jaguar Land Rover opened a new manufacturing plant in Itatiaia, Brazil, with an annual production capacity of 24,000 units, where it will produce the Range Rover Evoque and Discovery Sport models.

We expanded our international operations through mergers and acquisitions, and in India 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), part of the Fiat Chrysler Automobiles Group (FCA). Together with the FCA, 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, Jeep, 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 branded 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 FCA, 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, 2017, 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.

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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 followed by the long wheel base Jaguar XFL in the first half of Fiscal 2017 which went on sale in September 2016. Total phase one investment in the joint venture was approximately RMB 10.9 billion, which 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. Investment to support phase two, which will add additional manufacturing capacity, will be supported by further capital injections from Jaguar Land Rover and Chery.

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 GBP1 billion and initial annual capacity of up to 150,000 units with potential further investment of GBP500 million to increase the capacity of the facility to 300,000 vehicles per annum.

In June 2017, we signed an agreement with Warburg Pincus to divest an approximately 30% stake in Tata Technologies Limited, or TTL, held by us along with our subsidiary Sheba Properties Limited. The completion of the transaction is subject to regulatory approvals. Following the completion of the transaction, TML will continue to retain approximately 42% in TTL. Warburg Pincus will own a 43% equity interest, with the remaining ownership held by TTL s management team and other shareholders.

On March 30, 2017, TML s Board approved a scheme of merger and arrangement between TML and TML Drivelines Limited, or TMLDL, a wholly-owned subsidiary of TML. The transaction is currently underway and is expected to be completed in Fiscal 2018. Because TMLDL is a wholly-owned subsidiary, this will not have any impact on the consolidated financial statements.

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. TTL 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. As at March 31, 2017, 72.32% of TTL was owned by the Tata Group, and it had 14 subsidiaries and one joint venture. As noted above, in June 2017 we signed an agreement with Warburg Pincus to divest an approximately 30% stake in TTL, held by us along with our subsidiary Sheba Property Limited. The completion of the transaction is subject to customary regulatory approvals. Following the completion of the transaction, TML will continue to retain approximately 42% in TTL. Warburg Pincus will own 43%, with the remaining ownership held by TTL s management team and other shareholders.

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 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 focuses on the used vehicle financing business. On March 31, 2016, TMFL acquired 100% shareholding in Sheba Properties Ltd, or Sheba, a wholly-owned subsidiary of TML and an NBFC-registered entity with the Reserve Bank of India, as a part of restructuring and consolidation of financial services companies under TMFL. Pursuant to restructuring arrangements, TMFL transferred its New Vehicle Finance (NVF) business to Sheba on January 31, 2017.

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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, 2017, our operations included 78 consolidated subsidiaries, 2 joint operations, 18 joint ventures and 23 equity method affiliates, in respect of which we exercise significant influence. As at March 31, 2017, we had approximately 79,558 permanent employees, including approximately 53,523 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, amongst others. 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 Vehicles: Our range of Tata-branded passenger cars include the Nano (micro), the Indica, the Bolt, the Tiago (compact) in the hatchback category, and the Indigo eCS, the Tigor 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 (including the long wheel base XFL), the XJ saloon, the XE sports saloon and Jaguar s luxury performance SUV the F-PACE.

Utility Vehicles: We manufacture a range of Tata brand utility vehicles, including the Hexa, 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 five car lines under the Land Rover brand, comprising the Range Rover, Range Rover Sport, Range Rover Evoque (including the Evoque convertible), the all new Land Rover Discovery (which went on sale in February 2017) and the Land Rover Discovery Sport. The new Range Rover Velar was revealed to the public in March 2017 and is the 4th Range Rover model, positioned between the Range Rover Evoque and the Range Rover Sport. The Velar is expected to go on sale during the summer of 2017.

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 launched the Xenon Yodha pickup truck and Magic Mantra passenger carrier in Fiscal 2017.

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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 signature product is the Prima and Prima LX range of trucks, which are sold in India and South Korea as well as exported to a number of countries in South Asia, Middle East and Africa. The SIGNA range of new M&HCV trucks launched in 2016 has been extended to several additional tractor and tipper variants. 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. In Fiscal 2017 we introduced a range of electric and hybrid passenger products, including the Starbus Electric 9m/12m and the Starbus Hybrid 12m.

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

Our Strategy

We intend to further strengthen our 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:

Xenon Yodha Pickup: The Xenon Yodha is a new Pick-up range, which offers high performance at low costs.

SIGNA range of M&HCVs: Compared to prior models, the SIGNA range offers improved cab experience, connected vehicle-related functionalities and an improved driveline. This range is being extended across the heavy product line.

Magic Mantra: The Magic Mantra is a small passenger vehicle in the SCV segment, which offers performance combined with fuel efficiency and a low cost of ownership.

Electric and Hybrid Bus range: Tata Motors launched two variants of its emission-free, ultra-quiet and efficient STARBUS ELECTRIC buses and the STARBUS HYBRID diesel-electric hybrid bus. The STARBUS HYBRID is the most advanced bus in India

Jaguar XE: The all new Jaguar XE went on retail sale in the United States in May 2016.

Jaguar XFL: The all new long wheel base Jaguar XFL, specifically designed for the China market, is produced by or China joint venture and went on sale in September 2016.

Jaguar F-PACE: The Jaguar F-PACE luxury performance SUV went on sale in April 2016.

Range Rover Evoque: The new Range Rover Evoque convertible went on sale in June 2016.

Land Rover Discovery: The all new Land Rover Discovery went on sale in February 2017.

The new Range Rover Velar was revealed to the public in March 2017 and is the 4th Range Rover model positioned between the Range Rover Evoque and the Range Rover Sport. The Velar is due to go on sale during the summer of 2017.

The new Jaguar XF Sportbrake was revealed to the public on June 14 by Andy Murray ahead of Wimbledon 2017 for which Jaguar is the official car partner. The new XF Sportbrake is due to go on sale during the summer of 2017.

Jaguar I-PACE concept: Jaguar Land Rover s first battery electric vehicle was revealed to the public in November 2016 and is expected to go on sale in 2018

Jaguar E-PACE: Jaguar s new compact performance SUV was announced on June 21, 2017 and is expected to be revealed to the public on July 13, 2017.

Hexa: Our contemporary SUV was launched in January 2017.

Tigor: Our subcompact sedan was launched in March 2017

Nexon: Our subcompact SUV is expected to go on sale in Fiscal 2018.

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Production of Jaguar Land Rover s in-house 4 cylinder Ingenium gasoline engine commenced at the Engine Manufacturing Centre in Wolverhampton in the UK in September 2016 and is now available in the Jaguar XE, XF, F-PACE and in the Land Rover Discovery Sport and the Range Rover Evoque. The Ingenium gasoline engine will also be available in the new Range Rover Velar from launch.

Further, during Fiscal 2017, we increased our global presence by launching the Super Ace in Vietnam, the Xenon pickup in Bolivia, the Prima truck in Bhutan and the Kingdom of Saudi Arabia and the Ultra truck in Kenya. Tata Motors also signed orders to supply 562 buses to the Government of Côte d Ivoire, 67 Winger ambulances to the Government of Sri Lanka and 553 Xenon pickups to Pos Malaysia Berhad, the country s postal company.

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.

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.311,627 million, Rs.306,233 million and Rs.335,771 million during Fiscal 2017, 2016 and 2015, respectively, and we currently plan to invest approximately Rs.400 billion in Fiscal 2018 in capacity, new products and technologies.

Jaguar Land Rover continues to invest 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. Jaguar Land Rover also 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 though 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, Tigor, Sumo, Sumo Grande, Safari, Safari Storme, Hexa, 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.

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Jaguar Land Rover invests substantially in the development of new products for new and existing segments by introducing new powertrains and technologies, including CO_2 reduction and electrification that satisfy both customer preferences and regulatory requirements. Jaguar Land Rover also invests in expanding manufacturing capacity in the United Kingdom and internationally to meet customer demand. Jaguar Land Rover expects investment spending of over GBP4 billion (approximately Rs.324 billion) in Fiscal 2018, reflecting its growth plans. Around half of that investment is expected to be spent on R&D with the other half expected to be spent on tangible fixed assets such as facilities, tools and equipment as well as other investments.

In October 2014, Jaguar Land Rover opened its Engine Manufacturing Centre at Wolverhampton, in the West Midlands. The plant currently manufactures Jaguar Land Rover s own in-house 2.0-liter diesel and gasoline engines which are now available across the majority of models. Jaguar Land Rover s in-house engines have been engineered to ensure maximum manufacturing efficiency, flexibility to increase the number of engine variants and consistently high quality.

In 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. Jaguar Land Rover has also announced that the Jaguar I-PACE, their first battery electric vehicle, will be produced under contract manufacture with Magna Steyr in Graz. In December 2015, Jaguar Land Rover announced initial investment of GBP1 billion to build a manufacturing facility in Slovakia (Europe) with annual capacity of 150,000 units and production scheduled to commence from Fiscal 2018. The new Land Rover Discovery will be the first vehicle to be produced at the Slovakia plant. Subject to feasibility studies, Jaguar Land Rover has the option to invest a further GBP500 million to expand capacity to 300,000 units annually. In June 2016, Jaguar Land Rover opened its first wholly-owned international manufacturing plant in Brazil, which manufactures the Evoque and Discovery Sport for the local market.

Continuing focus on high quality and enhancing customer satisfaction

One of 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. We ranked second in the J.D. Power Asia Pacific 2016 India Customer Service Index (CSI) Study score, moving up from the third spot last year.

In our passenger vehicle segment, we launched the Tiago, Hexa and Tigor in Fiscal 2017. The Tiago received a strong response and accolades with 18 awards during the year.

S.No	Media	Award Show	Category
1	Overdrive	CNBC-TV18 OVERDRIVE Awards 2017	Compact car of the year
2	NDTV	Car and Bike Awards 2017	Entry hatchback of the year 2017
3			Car of the year Award
4	Motor VIkatan	Motors Vikatan Awards	Hatchback of the Year award
5			Value for Money Award
6	Team BHP	Team BHP Awards	Car of the Year 2016
7	Autocar India	2017 Autocar Awards	Best Value for Money Car of the Year Tata Tiago
8			Compact Car of the Year Tata Tiago
9	BTVi	The Auto Show Car & Bike India Awards 2017	Compact Hatchback Of The Year
10	BBC Topgear India	BBC Topgear awards 2017	Compact Car of the Year Tata Tiago
11	T3	Innovation, Technology and Imaging Awards 2017	MAKE IN INDIA Award
12	Flywheel	Flywheel Auto Awards 2017	Flywheel Mid-Size Hatchback of the Year Tata Tiago
13	Vicky.in	2016 People s Choice Car and Bike Awards	Car of the year
14	MotorBeam	MotorBeam Awards 2016	Readers choice MotorBeam car of the year
15	Autoportal	Autoportal Best Car Awards 2017	Best Hatchback of the year

16	Evo India	Times Auto Awards 2016 with evo India & Fast Bikes India	Hatchback of the Year
17	Automotive India	Automotive India Awards	Viewers choice car of the year 2016
18	Motoring World	Motoring World Awards 2017	Compact Car of the Year: Tata Tiago

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We also won several awards at the Apollo CV Awards in February 2017, with the Tata Armored Personnel Carrier winning special CV Application of the Year; Prima 2528.K winning MCV Tipper of the Year; Signa 4923.S tractor winning HCV Tractor Cargo Carrier of the Year and the Tata Double Deck tractor trailer winning CV application builder of the Year. One of our dealerships, Cargo Motors, won the Dealership of the Year award.

As a key stakeholder in the Indian trucking industry Tata Motors launched the Use Dipper at Night campaign in 2016 to help promote safe sexual health among Indian truck drivers. This was a highly successful campaign winning numerous global and regional awards, including:

Cannes 2016:

- Silver for Public Health Service (Media Category)
- Bronze for Education Service (Health & Wellness Category)

Spikes Asia 2016:

- Silver at Spikes Asia 2016 under Education & Awareness (including Fundraising and Advocacy) category.
- Bronze in the Promotional Item Design category.
- Bronze in the Health & Wellness Education and Service category.

Effies 2016:

- Silver in the category Effie for Good.

Jaguar and Land Rover has received approximately 213 awards from leading international motoring writers, magazines and opinion leaders during Fiscal 2017, reflecting the strength of its model line-up, design and engineering capabilities. A selection of recent awards is listed below.

Award	**Model**	**Awarding Institution**	**Date**
Best Saloon Car (Mid-Full size)	Jaguar XF	Golden Steering Wheel Awards	November 2016
Sport Auto Award	Jaguar F-TYPE	Auto Motor Sport	October 2016
Compact SUV of the Year 2016	Jaguar F-PACE	Auto Express Awards	July 2016
SUV of the Year	Range Rover Evoque	Off Road Award Off Road	June 2016
Most Popular SUV	Discovery Sport	Honest John	
Best vehicle in Sports car/ Coupe/ Roadster/ Convertible category	Jaguar F-TYPE	Top 5 AUTO Ceremony	May 2016
Autocar Star Award	Range Rover Sport	Autocar	May 2016

Environmental performance

Jaguar Land Rover s strategy is to invest in products and technologies that are ahead of expected stricter environmental regulations and ensure that it benefits from a shift in consumer awareness of the environmental impact of their vehicles. Jaguar Land Rover s environmental vehicle strategy focuses on developing new propulsion technology, overall vehicle weight reduction and reducing parasitic losses through the driveline. It has developed diesel hybrid versions of the Range Rover and Range Rover Sport, without compromising the vehicles off-road capability or load space.

Jaguar Land Rover uses aluminum and other lightweight materials to reduce overall vehicle weight and improve fuel and CO_2 efficiency. For example, the Jaguar XE is the only vehicle in its class to use an aluminum-intensive monocoque. Jaguar Land Rover plan to continue to build on this expertise and extend the application of aluminum construction as they develop 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. The all-new Land Rover Discovery uses the same lightweight architecture as the Range Rover and Range Rover Sport.

Jaguar Land Rover is also developing more efficient powertrains and other related technologies. This includes smaller and more efficient 2.0-liter diesel and gasoline engines (now available across the majority of our model range), stop-start, mild and plug-in hybrids as well as battery electric propulsion technologies. Jaguar Land Rover s smaller and more efficient family of Ingenium diesel and gasoline engines as well the lightweight Range Rover and Range Rover Sport Diesel Hybrids, powered by downsized and more efficient engines and alternative powertrains have all contributed to the improvement of Jaguar Land Rover s carbon footprint.

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Jaguar Land Rover s current product line-up is the most efficient it has ever been and the environmental performance of its vehicles has been further improved through the launch of new models. The new Land Rover Discovery uses lightweight aluminum construction which weighs 480 kg less compared to the old model, thus delivering enhanced fuel-efficiency and reduced CO_2 emissions. 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 GBP0 per annum tax rate for customers. The aluminum-intensive XF delivers improved fuel consumption and CO_2 emission performance. The 2.0-liter Ingenium diesel and gasoline engines, now used extensively in the product line-up, provide significant CO_2 reductions as compared to the outgoing powertrains.

Jaguar Land Rover is also taking measures to reduce emissions, waste and the use of natural resources in all of its operations.

Mitigating cyclicality

The automobile industry is impacted by cyclicality. To mitigate the impact of cyclicality, 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 cyclicality 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 Tanzania, Saudi Arabia, and United Arab Emirates, 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 recent years we entered Indonesia, Malaysia, Vietnam and the Philippines. We entered Tunisia two years ago, and are already a major player in the pickup truck market.

We have also expanded our international presence through acquisitions and joint ventures. Our acquisition of Jaguar Land Rover significantly expanded our overseas markets. 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. The production of the Range Rover Evoque commenced at the China Joint Venture in October 2014 and went on general retail sale in China in February 2015. Production of the Discovery Sport was also added as the second vehicle to be manufactured at the China joint venture in Fiscal 2016, which went on general retail sale in November 2015 and in September 2016, sales of the long wheelbase Jaguar XFL from our China joint venture began. The Company will aim to continue to build upon the internationally recognized brands of Jaguar Land Rover. Jaguar Land Rover also has ambitious plans to continue to develop the product range, for example by introducing the new Range Rover Velar, which commences sale in the summer of 2017. Jaguar Land Rover intends to expand its global footprint by increasing marketing and its global dealer network as well as expanding its manufacturing base in the United Kingdom and internationally, including the new manufacturing facility in Brazil, which opened in June 2016, and at the new manufacturing plant in Slovakia where production of the Land Rover Discovery is scheduled to commence in Fiscal 2018.

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 South African and Mozambique markets and, in Fiscal 2017, sold 703 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.

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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, 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, as explained above, our Jaguar Land Rover business continues to increase its use of its new modular aluminum architecture across vehicle platforms.

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 Baldridge 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 consumer aspirations in India, we intend to expand our vehicle financing activities to enhance our sales. In addition to improving our competitiveness in customer attraction and retention, we believe that expanding the financing business may also contribute toward moderating the impact on our financial results from the cyclical nature of vehicle sales. As part of our efforts, we have teamed up with various public sector, cooperative and Grameen banks to introduce new financing schemes. TMFL has increased its reach by opening a number of limited services branches in tier 2 and 3 towns. During Fiscal 2017, 49 spoke branches were introduced. These branches are attached to hub branches, which increase customer touchpoint and expedite loan processing times. 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. To facilitate increased sales, we are also working on arranging financing tie-ups in our international markets.

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 investments in new technologies to develop products that meet the challenges and opportunities of the premium market, including developing sustainable technologies, like electric propulsion, to improve fuel economy and reduce CO_2 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.

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Maintaining financial strength

Our cash flow from operating activities in Fiscal 2017 and 2016 was Rs.303,107 million and Rs.374,713 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 SIGNA range of M&HCVs, and the Tiago, the Hexa and the Tigor to further enhance our brand equity.

In Fiscal 2017, we introduced a new sub-brand, TAMO, to leverage new business models and technologies. It is a fast-paced vertical working in an incubator environment for providing innovative mobility solutions. TAMO as a new, separated vertical will operate in the first step on a low volume, low investment model to provide fast tracked proofs of technologies and concepts. TAMO will act as an open platform to network with global startups and leading tech companies, to get access to trends, innovations and solutions, for the design of exciting future products and services. For the rapidly changing automotive environment, TAMO is expected to transform the experience of interfacing and interacting with customers and the wider community. TAMO provides a digital eco-system, which will be leveraged by Tata Motors to support the mainstream business in the future.

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. Project Neev currently completed its fifth wave of expansion, and we anticipate that it will operate in all major states across India 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 five Truck World events in Fiscal 2017 at Chandigarh, Hyderabad, Guntur, Kanpur and Delhi. 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.

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 retailed over 9000 vehicles in Fiscal 2017.

We offer a variety of support products and services for our 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 our 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 as of Fiscal 2017, we have covered the entire Prima and tractor-trailer range.

In Fiscal 2017, we introduced Tata Kavach, which, after an accident, delivers a vehicle in 15 days following approval by the insurance company or pays 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 on-demand annual maintenance contracts or AMCs, which provides maintenance solutions to all customers for a wide range of vehicles, including large fleet owners.

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We offer triple benefit insurance products for some of our commercial vehicles, which provide coverage with 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 our entire range of heavy trucks with 16 tons and higher GVW.

As of March 2017, the Humare Bus Ki Baat Hain a campaign started in 2013 to cultivate safe practices of school bus drivers, promote our brand and build connections with riders and other stakeholders, has conducted 1,792 sessions, covering 2,313 schools in 299 cities/towns and engaged with over 96,586 school staff. In January 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. In June 2016, 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, and also showcased Tata Skoolman. During Fiscal 2017, we also organized Season 4 of the T1 Prima Truck Racing Championship, which drew in over 30,000 spectators. The highlights this year were the inclusion of FIA s European Truck Racing Championship (ETRC) drivers in addition to the current crop of racers from the British Truck Racing Association (BTRA), the first female truck driver and an expansion of the Indian truck driver racing training program called the T1 Racer Program . The T1 Racer Program (TRP) is a program started in 2016 to identify regular Indian truck drivers and train them to become racers. Fiscal 2017 also saw the unveiling of a 1,000 bhp truck, which will feature as the racing platform for future editions.

Overview of Automotive Operations

We sold 1,157,808, 1,064,596 and 997,550 units in Fiscal 2017, 2016 and 2015, respectively, consisting of 557,002 units of Tata and other brand vehicles and 600,806 units (including retail sales from the China Joint Venture) of Jaguar Land Rover vehicles in Fiscal 2017. In terms of units sold, our largest market is India where we sold 480,915 and 452,260 units during Fiscal 2017 and 2016 (constituting 41.5% and 42.5% of total sales in Fiscal 2017 and Fiscal 2016, respectively), followed by Europe, where we sold 142,601 units and 130,241 units in Fiscal 2017 and 2016, respectively (constituting 12.3% and 12.2% of total sales in Fiscal 2017 and 2016, 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 2017, 2016 and 2015 are set forth in the table below:

Category	**Year ended March 31**					
	2017		**2016**		**2015**	
	Units	**%**	**Units**	**%**	**Units**	**%**
Passenger cars	319,638	27.6%	212,152	19.9%	199,824	20.0%
Utility vehicles	442,073	38.2%	461,491	43.4%	420,533	42.2%
Light Commercial Vehicles	216,222	18.7%	205,531	19.3%	222,006	22.3%
Medium and Heavy Commercial Vehicles	179,875	15.5%	185,422	17.4%	155,187	15.5%
Total	**1,157,808**	**100.0%**	**1,064,596**	**100.0%**	**997,550**	**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**					
	2017		**2016**		**2015**	
	Units	**%**	**Units**	**%**	**Units**	**%**
Passenger cars	140,887	25.3%	110,046	21.1%	121,741	23.2%
Utility vehicles	20,018	3.6%	19,512	3.8%	25,588	4.9%
Light Commercial Vehicles	216,222	38.8%	205,531	39.5%	222,006	42.3%
Medium and Heavy Commercial Vehicles	179,875	32.3%	185,422	35.6%	155,187	29.6%
Total	**557,002**	**100.0%**	**520,511**	**100.0%**	**524,522**	**100.0%**

Our overall vehicle sales for Tata and other brand vehicles increased by 7.0% to 557,002 units in Fiscal 2017 from 520,511 units in Fiscal 2016. The revenue attributable to Tata and other brand vehicles (before inter-segment elimination) increased by 5.7% to Rs.518,431 million in Fiscal 2017, compared to Rs.490,344 million in Fiscal 2016. Fiscal 2017 was marked by politically and economically significant events, including circumstances surrounding Brexit, demonetization in India and Mr. Trump s victory in the 2016 U.S. presidential elections. Although demonetization contributed to a 2.3% decline in the industry sale of Passenger Vehicles and Commercial Vehicles in December 2016, it has been less disruptive than anticipated. The impact of Brexit and changes in U.S. policy remain to be seen.

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According to data released by the Society of Indian Automobile Manufacturers (SIAM), in Fiscal 2017, Indian automotive industry (PV & CV) recorded 8.2% growth in domestic sales as compared to 8.0% growth in Fiscal 2016. The passenger vehicle (PV) grew 9.2% in Fiscal 2017 (as compared to 7.2% in Fiscal 2016). Stable crude oil prices, lower inflation and lower interest rates in Fiscal 2017 contributed to an improvement in consumer sentiment, which in turn contributed to an increase in passenger vehicle sales. On the other hand, commercial vehicle industry registered 4.2% growth in Fiscal 2017 as compared to 11.5% growth in previous fiscal. Despite expectations of higher capital expenditures and revivals in the mining, quarrying and manufacturing sectors, commercial vehicle industry witnessed lower growth mainly due to a slowdown in economic activity led by demonetization and weak industrial growth.

We sold 557,002, 520,511 and 524,522 units of Tata and other brand vehicles in Fiscal 2017, 2016 and 2015, respectively. Of the 557,002 units sold overall in Fiscal 2017, we sold 480,915 units of Tata and other brand vehicles in India, while 76,087 units were sold outside of India, compared to 452,260 units and 68,251 units, respectively, in Fiscal 2016. Our share of the Indian four wheeler automotive vehicle market, which consists of automobile vehicles other than two- and three-wheeler categories, decreased from 13.1% in Fiscal 2016 to 12.8% in Fiscal 2017. 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 medium and heavy commercial vehicles, is the weak replacement - led demand, impact on cash availability due to demonetization and lower than expected pre-buying (ahead of the implementation of BSIV norms.)

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

Category	**Year ended March 31**		
	2017	**2016**	**2015**
Passenger cars[1]	6.5%	5.3%	5.9%
Utility vehicles[2]	2.1%	2.7%	3.7%
Light commercial vehicles[3]	41.1%	42.2%	47.0%
Medium and heavy commercial vehicles	49.2%	51.9%	54.4%
Total Four-Wheel Vehicles	**12.8%**	**13.1%**	**14.1%**

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 9.6% in Fiscal 2017, compared to 7.6% in Fiscal 2016. 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 growth with new launches. The utility vehicle category has also shown significant growth, mainly with strong performances in softroad SUVs and multi-purpose vehicles.

Reflecting growth in the Indian passenger vehicle sector, our passenger vehicle sales in India increased by 24.9% to 156,731 units in Fiscal 2017 from 125,477 units in Fiscal 2016, due to new-product offerings by us, compared to our competitors.

Passenger Cars

During Fiscal 2017, in the passenger car category, our sales increased by 29.4% to 138,152 units from 106,733 units in Fiscal 2016 and our overall market share of passenger cars in India was higher at 6.5% in Fiscal 2017, as compared to 5.3% during Fiscal 2016**.** In April 2017, we launched the Tiago and sold 59,814 units in Fiscal 2017. Tata Tigor was launched in last week of March 2017. These new product offerings have helped us increase the market share and vehicle volumes of our passenger cars.

Utility vehicles

Our sales in the utility vehicles category decreased marginally by 0.9% in Fiscal 2017 to 18,579 units from 18,744 units in Fiscal 2016. Our share in the overall utility vehicles category has declined mainly due to a lack of presence in the growing compact SUV and softroader categories, resulting in our overall market share of utility vehicles in India decreasing to 2.1% in Fiscal 2017 from 2.7% during Fiscal 2016. In January 2017, we launched the Hexa, a crossover.

Commercial vehicles in India

Sales of commercial vehicles in India increased by 3.2% in Fiscal 2017, compared to 9.6% in Fiscal 2016. However, in Fiscal 2017, we recorded commercial vehicle sales of 324,184 units, as compared to 326,783 units in Fiscal 2016, registering a decrease of 0.8%, as compared to an increase of 2.8%.

M&HCVs

Industry-wide sales in the M&HCV category increased marginally by 0.04% in Fiscal 2017, as compared to 30.3% in Fiscal 2016. Weak replacement-led demand, subdued freight demand from industrial segments which was further hit by demonetization and lower than expected pre-buying ahead of Bharat Stage IV conversion resulted in a 7.7% decrease in our M&HCV truck sales as compared to Fiscal 2016. However, our sales of M&HCV buses grew by 16.5% in Fiscal 2017.

In Fiscal 2017, our sales in the M&HCV category decreased by 5.3% to 148,776 units in Fiscal 2017 from 157,120 units in Fiscal 2016. Apart from weak replacement-led demand and subdued freight demand, our sales were also affected by the government s demonetization program, which led to a cash shortage and consumers, apprehensive of the uncertainty surrounding demonetization, choosing to defer their purchases following the cessation of the program. Sales were also affected by the Supreme Court judgement prohibiting the sale of all Bharat Stage III vehicles from April 1, 2017. This lead to an increased focus at the dealer level to reduce the levels of unsold stock. The M&HCV buses, however, grew by 16.5% outperforming the industry due to strong demand from State Transport Undertakings (STUs).

Our overall market share of M&HCV sales in India decreased to 49.2% in Fiscal 2017 from 51.9% in Fiscal 2016, primarily due to increased competition.

LCVs

The overall flat growth in sales in the M&HCV category was marginally offset by an increase of sales in the LCV category by 5.6% to 427,384 units in Fiscal 2017 from 401,908 units in Fiscal 2016. Though the LCV truck industry started recovering in January, the process has been slower than anticipated, primarily due to the negative effects of demonetization and GST uncertainty.

Our sales in the LCV category grew by 3.4% to 175,408 units in Fiscal 2017 from 169,663 units in Fiscal 2016 due to the increase in the LCV market industry wide. Our overall market share of LCV sales in India increased to 41.1% in Fiscal 2017 from 42.2% during Fiscal 2016. Our LCV truck segment saw a growth of 7.1% year-on-year against the industry growth of 7.9%.

Tata and other brand vehicles Exports

International business has consistently expanded since its inception in 1961. We have a global presence in more than 46 countries, including all South Asian Association for Regional Cooperation countries, 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 our entry into the ASEAN region, including Indonesia, Malaysia, Philippines, Vietnam as well as with the introduction of our new range of world-class products, the Prima and the Ultra, in various markets during Fiscal 2017, which we anticipate offering in additional markets in Fiscal 2018.

Our overall sales in international markets increased by 11.5% to 76,087 units in Fiscal 2017 from 68,251 units in Fiscal 2016. Our exports of vehicles manufactured in India increased by 12.8% in Fiscal 2017 to 62,830 units from 55,698 units in Fiscal 2016. 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 an increase in the overall sales by 13.8% to 10,317 commercial vehicles in Fiscal 2017 from 9,067 commercial vehicles in Fiscal 2016. In the South Korean market, TDCV s sales increased by 25.0% from 7,036 commercial vehicles in Fiscal 2016 to 8,795 commercial vehicles in Fiscal 2017, primarily due to strong demand from construction sector and replacement demand inducing factors such as low interest rates and diesel prices. The export market scenario was very challenging in Fiscal 2017. Factors like persistently low oil prices, local currency depreciation against the U.S. dollar, continuing statutory regulations to reduce imports, the slowdown in Chinese economy impacting commodity exporting countries, and increased dealer inventory adversely impacted TDCV s exports in major markets, such as GCC, Russia, Algeria, Vietnam and South Africa. The export sales were 1,522 commercial vehicles, 25.1% lower compared to 2,031 commercial vehicles in Fiscal 2016.

Tata and other brand vehicles Sales and Distribution

Our sales and distribution network in India as at March 2017 comprised approximately 3,887 contact points for sales and service for our passenger and commercial vehicle business. Our subsidiary 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 side assistance, 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 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.

We market our commercial and passenger vehicles in several countries in Africa, the Middle East, South East Asia, South Asia, Latin America, 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 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 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.92,976 million and Rs.89,850 million in vehicle financing in India during Fiscal 2017 and 2016, respectively. During Fiscal 2017 and 2016, approximately 22% and 23%, respectively, of our vehicle sales in India were made by the dealers supported by TMFL. As at March 31, 2017 and March 31, 2016, total vehicle finance receivables outstanding amounted to Rs.175,633 million and Rs.163,370 million, respectively, and the customer finance receivable portfolio comprised 552,991 and 584,101 contracts, respectively. Our gross finance receivables amounted to Rs.211,608 million and Rs.207,502 million as at March 31, 2017 and 2016, respectively. We follow specified internal procedures, including quantitative guidelines, for selection of our finance customers. We originate all contracts through our authorized dealers and direct marketing agents with whom we have agreements. All of 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, 12.69% of the gross receivables as cash collateral, for securitizations done through Fiscal 2017, 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 2017, Jaguar Land Rover s wholesale volumes were 600,806 units (including unconsolidated sales from the China joint venture), up 10% compared to Fiscal 2016, primarily reflecting the introduction of the Jaguar F-PACE and continued strong demand for the Land Rover Discovery Sport; however this was partially offset by supply constraints of the Land Rover Defender and Discovery ahead of the start of sales of the all new Discovery in the fourth quarter of Fiscal 2017. Wholesale volumes were up in China (30%), North America (21%), Europe (9%), and the United Kingdom (4%) but down 12% in other Overseas markets, which includes Russia, Brazil and South Africa. In Fiscal 2017, Jaguar wholesale volumes were 178,751 units, up 75% compared to Fiscal 2016, reflecting the introduction of the Jaguar F-PACE and the launch of the XE in the United States in May 2016. Land Rover wholesale volumes were 422,055 units, down 5% compared to the prior fiscal year as continuing strong demand for the Land Rover Discovery Sport, solid sales of the Range Rover Evoque and the start of sales of the all new Discovery were offset by the supply constraints of the Defender and the previous Discovery model.

Total wholesales of Jaguar Land Rover vehicles (including Chery Jaguar Land Rover) with a breakdown between Jaguar and Land Rover brand vehicles, in Fiscal 2017, 2016 and 2015 are set forth in the table below:

	Fiscal 2017		Fiscal 2016		Fiscal 2015	
	Units	%	Units	%	Units	%
Jaguar	178,751	29.8%	102,106	18.8%	78,083	16.5%
Land Rover	422,055	70.2%	441,979	81.2%	394,945	83.5%
Total	**600,806**	**100.0%**	**544,085**	**100.0%**	**473,028**	**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, 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 2017 increased by 16% to 604,009 units from 521,571 units in Fiscal 2016, reflecting the introduction of the Jaguar F-PACE, the launch of XE in the US and continued strong demand for the Land Rover

Discovery Sport which offset the supply constraints of Defender and Discovery with retail sales of the all new Discovery only starting in February 2017. Jaguar XF retail volumes increased in Fiscal 2017 relative to Fiscal 2016 as a result of the launch of the long wheel base XFL from its joint venture in China.

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United Kingdom

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

North America

Economic performance in North America was generally favorable in Fiscal 2017 as the labor market approached full employment and the Federal Reserve increased interest rates by another 0.25% in March. Passenger car sales were broadly in-line with the prior year but Jaguar Land Rover retail volumes increased by 24% in Fiscal 2017 to 123,527 units from 99,606 units in Fiscal 2016. Jaguar retail sales were up over 150% in North America with the introduction of the F-PACE and XE at the beginning of the year. Land Rover retailed 81,949 in Fiscal 2017, down slightly 1.4%, as continued strong demand for the Land Rover Discovery Sport and solid sales of the Range Rover Sport were offset by softer sales of the Range Rover and the Evoque as well as the production constraints of the Discovery.

Europe

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

China

Passenger car sales in China increased by 14.5% in Fiscal 2017 supported by GDP growth in line with the government s target and a stronger economic performance in the later part of Fiscal 2017. Jaguar Land Rover retail volumes (including sales from the China Joint Venture) increased by 32% to 125,207 units in Fiscal 2017 from 95,167 units in Fiscal 2016. Jaguar retail sales in Fiscal 2017 were 29,351 units, up 93% compared to the 15,230 units sold in Fiscal 2016 led by the introduction of the F-PACE and the start of sales of the long wheelbase Jaguar XFL from our China joint venture in September 2016 as well as positive sales growth of other Jaguar models. Land Rover retail sales were 95,856 units in Fiscal 2017, up 20% compared to the 79,937 units sold in Fiscal 2016 led by strong sales of the Discovery Sport from our joint venture in China, and solid sales growth of Range Rover and Range Rover Sport.

Other Overseas markets

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

We sold 2,393 units of Jaguar Land Rover vehicles in India through our exclusive dealerships in Fiscal 2017, down 16.0% compared to the 2,844 units sold in Fiscal 2016. Currently, the Jaguar XE, XF, XJ, Range Rover Evoque and Land Rover Discovery Sport models are assembled in Pune, India and are not subject to certain import duties. We expect that 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, 2017, Jaguar Land Rover distributes its vehicles in approximately 124 markets for Jaguar and approximately 136 markets for Land Rover globally. Sales locations for vehicles are operated as independent franchises. Jaguar Land Rover is represented in its key markets through its National Sales Companies, or 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.

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

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As at March 31, 2017, Jaguar Land Rover global sales and distribution network comprised 20 NSCs, 78 importers, 15 export partners and 1,585 franchise sales dealers, of which 1,097 are joint Jaguar and Land Rover dealers.

Jaguar Land Rover Competition

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

Jaguar Land Rover Seasonality

Jaguar Land Rover volumes are impacted by the bi-annual 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 and the Golden Week holidays 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.31,154 million, Rs.29,116 million and Rs.27,152 million in Fiscal 2017, 2016 and 2015, respectively, representing nearly 1.2%, 1.1% and 1.0% of our total revenues before inter-segment elimination in the corresponding Fiscal periods.

Information Technology Services

As at March 31, 2017, we owned a 72.30% 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. As at March 31, 2017, TTL has 13 functional subsidiary companies and one joint venture, as well as offshore development centers in India, Thailand and Romania.

The consolidated revenues of TTL increased by 3.8% in Fiscal 2017 to Rs.27,880 million (including sales to Tata Motors Limited and its consolidated subsidiaries) from Rs.26,871 million in Fiscal 2016, due to operations in the automotive and aerospace markets. TTL recorded profit after tax of Rs.3,534 million in Fiscal 2017, reflecting a decrease of 6.8% over Rs.3,791 million in Fiscal 2016.

Research and Development

Over the years, we have devoted significant resources toward our research and development activities. Our research and product development costs, charged to our income statement, in Fiscal 2017, 2016 and 2015 were Rs.34,136 million, Rs.34,688 million and Rs.28,515 million, respectively. Our research and development activities focus on product development, environmental technologies and vehicle safety. In India, our Engineering Research Centre, or 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.

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In Fiscal 2017, the focus was on strengthening our product portfolio to address key gaps in existing market, identify white space opportunity in line with changing trends and introduce value-added technologies to improve the attractiveness of our products. This is in alignment with Tata Motors efforts to make itself FutuReady by embracing new technologies, fostering higher platform efficiency and offering solutions that connect with the aspirations of our customers. For passenger vehicles, the focus is on great design, great driving experience and features. Therefore, the research and development portfolio is aligned towards developing technologies, core competencies and skill sets in these specific domains to ensure impactful and timely delivery of the envisaged future products with class leading product attributes. For commercial vehicles, in addition to design, the main focus areas are occupant comfort, reducing the total cost of ownership, to be a market leader in fuel efficiency and delivering high performance and reliable products.

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

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

In commercial vehicles, following developments are encouraging:

- Electric driveline for various categories of commercial vehicles ranging from last mile passenger transport, mini, midi and large buses to support initiative of green and eco-friendly transport solution and reduce dependency on carbon based fuels.

- Series Hybrid Bus with new generation 5L engine with advanced features for eco-friendly operation as well as best in class features for comfort and convenience for commuter especially elderly and physically challenged people.

- Advanced automated manual transmission for buses and trucks for optimum fuel economy and ease of driving and fatigue reduction.

- Advanced safety features such as collision mitigation, lane departure warning to improve the road safety.

- Buses and trucks to run on LNG as alternate fuel for increasing the fuel efficiency as well as spreading the use of alternate fuels.

During Fiscal 2017, the Company filed 80 patent applications and 52 design applications. In respect of applications filed in earlier years, 22 patents were granted and 26 designs were registered. Both filing and grant details include national and international jurisdictions.

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

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. To deliver projects which meets customer target and to do the things right the first time, we are working on one of the critical project known as Requirements Management Design Verification and Validation (RMDV^2). This project will bring system engineering approach towards our product development process, which will bring all engineering design rules and standards on one platform to meet the design requirement. In terms of physical assets used for product validation and testing, we have 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.

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Jaguar Land Rover s research and development operations are built around state-of-the-art engineering facilities, test tracks, testing centers, design hubs and a virtual innovation center. Our ERC in India and Jaguar Land Rover s engineering and development operations in the United Kingdom work to enhance the product development process and achieve economies of scale.

Jaguar Land Rover s two design and development centers are equipped with computer-aided design and 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. Jaguar Land Rover currently offers hybrid technology on some of its models such as the Range Rover and Range Rover Sport and is also developing more efficient powertrains and other alternative propulsion technologies. This includes smaller and more efficient 2.0-liter diesel and gasoline engines (now available across the majority of our model range), stop-start, mild and plug-in hybrids as well as battery electric vehicles, to satisfy growing customer demand and to further improve the environmental performance of its vehicles.

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 (P&SQ), and supply chain management (SCM). Purchasing oversees the commercial aspects of products sourcing. They also oversee the allocation of share of business. The supplier quality division is responsible for APQP and managing ongoing supplier relationships. SCM oversees the supply and delivery of parts from our suppliers. Our purchasing back office, known as GDC, supports the Purchasing division in managing all transactional work in SAP ERP system. In Fiscal 2016, we launched STAR++, an IT system for RFQ management and supplier selection process.

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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. We started an e-sourcing initiative in India 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 continue to explore saving opportunities through our supplier base using various mechanisms such as our Value Addition and Value Engineering (VAVE) initiative and competitive sourcing.

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 Jaguar Land Rover vehicles are steel and aluminum, in sheet (for in-house stamping) or externally in pre-stamped form, aluminum castings and extrusions, iron/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 components such as seats, cockpits and doors, plastic finishers and plastic functional parts, glass and consumables (paints, oils, thinner, welding consumables, chemicals, adhesives and 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 (ZF Friedrichshafen AG) and engines (Ford and Ford-PSA) The components and raw materials in Jaguar Land Rover cars include steel, aluminum, copper, platinum, palladium and a number of other commodities. Jaguar Land Rover has established contracts with certain commodity suppliers (e.g. Novelis) to cover its own and its suppliers requirements to mitigate the effect of price volatility and supply disruption. Special initiatives are also undertaken to reduce material consumption through value engineering and value analysis techniques.

Jaguar Land Rover works closely with its suppliers to meet its requirements for parts and components. Jaguar Land Rover has established quality control programs to ensure that externally purchased raw materials and components are monitored and meet its quality standards. Jaguar Land Rover also outsources many of the manufacturing processes and activities to various suppliers. Where this is the case, Jaguar Land Rover provides training to outside suppliers. Jaguar Land Rover also continues to work with its suppliers to optimize procurement.

Although Jaguar Land Rover has commenced the production of its own in-house four cylinder diesel and gasoline engines, it currently continues to source a significant proportion of its engines from Ford and the joint venture between Ford and PSA on an arm s-length basis. Supply agreements have been entered into with Ford as further set out below:

Suppliers

We have an extensive supply chain for procuring various components. We also outsource many manufacturing processes and activities to various suppliers. Where this is the case, we provide training to the external suppliers.

Our associate company, Tata AutoComp Systems Ltd., or TACO, manufactures automotive components and collaborates with international manufacturers 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.

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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 also started working on Auto Data Exchange (autoDX), a collaborative initiative between the Society of Indian Automobile Manufacturers (SIAM) and the Automotive Components Manufacturers Association (ACMA). Developed by IBM, autoDX is delivered on a business-to-business cloud-based platform that has the power to transform the automotive industry by accelerating the movement of data & reducing transaction cost.

In 2016, we introduced Manufacturing site assessment (MSA), a comprehensive supplier assessment process. The framework is broadly based on lead measures and lag measures to assess the suppliers capability to service our requirements. To facilitate financial oversight, MSA also integrates financial risk assessment.

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 some products based on competitive pricing, capacity and lead time where domestic suppliers are not able to meet our requirements.

We have entered into long-term agreements with Ford for technology sharing, joint development and for providing technical support across a range of technologies focused mainly around powertrain engineering such that we may continue to operate according to our existing business plan. This includes the EuCD platform, a shared platform consisting of shared technologies, common parts and systems and owned by Ford, which is shared among Land Rover, Ford and Volvo Cars.

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

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. We also take efforts to assess supplier financial risk.

Capital and Product Development Expenditures

Our capital expenditure totaled Rs.311,627 million, Rs.306,233 million and Rs.335,771 million during Fiscal 2017, 2016 and 2015, 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.

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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. This two stage migration is going to be a huge challenge from developmental and capex investment perspectives.

FAME Scheme

The Government of India announced the Faster Adoption and Manufacturing of Hybrid & Electric Vehicles, or FAME, in February. This scheme, in furtherance of the National Mission on Electric Mobility 2020 (NEMMP), is intended to support plug-in vehicle, or xEV, market development and its manufacturing network to achieve self-sustenance by focusing on four areas: (1) technology development, (2) demand creation, (3) pilot projects, and (4) public charging infrastructure. FAME envisions collaboration between the government, industry and academia to develop and promote the xEV market in India.

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.

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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

The Government of India, starting April 2017, mandated Bharat Stage IV norms, which are equivalent to Euro IV norms, for all vehicles across India. All categories of our vehicles currently manufactured are compliant with Bharat Stage IV norms. Bharat Stage VI norms will be applicable across the country starting April 1, 2020.

CAFE norms for M1 category vehicles

The Corporate Average Fuel Economy (CAFE) norms are applicable to M1 category vehicles from April 1, 2017. As a result, we are required to demonstrate CAFE compliance for our PV and CV M1 models. Through the use of the CAFE Calculator, we will monitor production volumes and process to ensure that organizational level CAFE compliance (which will require us to produce enough fuel efficient models to compensate for those models having higher CO2 emissions in g/km) is established at all times during the year. Any non-compliance could lead to penalties, product recalls and/or other punitive measures. To support our compliance obligations, our overall product portfolio needs to be enhanced with the incorporation of electric and hybrid vehicles as well as the inclusion of environmental-friendly technological features in existing and forthcoming models.

Crash and other safety requirements for Motor Vehicles

India has a well-established regulatory framework administered by the Ministry of Road Transport and Highways. Recently, the Government of India has embarked on a wide ranging program to institute standardized safety features for a variety of motor vehicles. Crash safety requirements, such as full frontal, offset frontal and lateral impact, will be mandatory for all new models starting October 1, 2017 and from October 1, 2019 for all existing models, as specified in the individual standards. A pedestrian compliance program will be instituted for all new models from October 1, 2018 and for all existing models from October 1, 2020. Passenger vehicles will require safety features such as safety belt reminders, speed alert system, manual override for central locking system and air bags. Anti-lock braking system (ABS) will be required for all M1 and M2 category passenger vehicles starting April 1, 2018 and April 1, 2019, for new models and old models respectively. All categories of vehicles will require reverse gear sensors. To facilitate informed consumer decision-making, the government is formulating the Bharat New Vehicle Safety Assessment Programme (BNVSAP), a star-rating based system of safety assessment for passenger vehicles. Additionally, starting April 1, 2018, the government will require all public service vehicles to be outfitted with a vehicle location tracking device and an emergency button.

TML is working toward meeting all applicable regulations which we believe are likely to come into effect in various markets in the near future. We believe our vehicles also comply with the various safety regulations in effect in the other international markets where we operate.

India is a signatory to the 1998 UNECE Agreement on Global Technical Regulations and has voted in favor of all eleven Global Technical Regulations. TML works closely with the Government of India to participate in WP 29 World Forum Harmonization activities.

The Motor Vehicles (Amendment) Bill, 2017 was passed in the Lok Sabha on April 10, 2017, and is currently being debated in the Rajya Sabha. This Bill addresses vehicle recalls, road safety, traffic management and accident insurance, among other matters. In its current draft, the Bill imposes civil and criminal liability on manufacturers selling vehicles in contravention of the standards specified in the Bill, or required by the government to recall their vehicles. The Bill also proposes the creation of the National Road Safety Board to provide advice to the central and state governments on all aspects of road safety and traffic management.

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. In the past year, the Ministry of Environment, Forests & Climate Change, Government of India has re-vamped several National level legislations governing waste management. Specifically the Plastic Waste Management Rules 2016, the Bio-Medical Waste (BMW) Management Rules 2016, e-waste Management Rules-2016, and the Construction and Demolition (C&D) Waste Management Rules 2016. All our plants have analyzed these new regulations for its applicability and aligned their compliance practices accordingly.

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 US$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%.

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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.

	Excise Duty (per vehicle or chassis)						
Change of Tax Rate	**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**
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 gasoline, 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.

The excise duty was subsumed by the GST scheme following its introduction on July 1, 2017.

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 2017.

VAT is subsumed by the GST scheme following its introduction on July 1, 2017.

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Goods and Services Tax

Commencing July 1, 2017, the Indian tax regime underwent a systemic change. The Government of India, in conjunction with the state governments, implemented the GST to combine taxes and levies by the central and state governments into one unified rate structure. Based on the application of the tax, GST will be classified as either CGST, in instances where the central government levies the tax; SGST/UTGST, in instances where the state or union territory governments levy the tax; and IGST, in instances where the GST is levied on the inter-state supply of goods and services. The GST Compensation Cess will be levied for a period of five years, or for such period as may be decided by the Government of India, to compensate states for the loss of revenue on account of the GST. The GST rates together with the GST Compensation Cess rates applicable to vehicles are listed below:

Commodity	GST Rate	GST Comp. Cess Rate
Small Cars (Diesel)	28%	3%
Small Cars (Gasoline)	28%	1%
Cars other than small cars	28%	15%
Motor vehicles for more than 13 persons	28%	
Chassis fitted with engine for more than 13 persons	28%	
Chassis fitted with engine for trucks	28%	
Safari, SUVs and UVs	28%	15%

The area based excise duty exemptions for manufacturing facilities in the state of Uttarakhand ceased to apply with effect from April 16, 2017. In other states of India where we have manufacturing operations, we have benefitted and continue to benefit from incentives such as subsidies or loans. 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.

Economic Stimulus Package and Incentives

Following the passage of the Fiscal 2014 budget, in February 2014, the Government of India further amended the central value added tax, or Cenvat, rates. Till December 31, 2014, the Cenvat on small cars, trucks and buses was reduced to 8% and Cenvat on cars other than small cars was reduced to 20% or 24% from 24% or 27%, respectively. 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 reduced to 9%.

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.

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Environmental, fiscal and other governmental regulations around the world

Our Jaguar Land Rover business has significant operations in the United Kingdom, North America, Europe, China and other markets which have stringent and ever evolving regulations relating to vehicular emissions. Compliance with the proposed tightening of vehicle emissions regulations by the European Union may entail significant costs. Although Jaguar Land Rover is pursuing various technologies to meet the different environmental standards, the costs of compliance can be significant to its operations and may adversely and materially impact its business, financial condition and results of operations.

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Despite Brexit, the United Kingdom experienced economic growth, in part supported by strong consumer spending and a buoyant labor market. However, recent indications show some softening in demand with increasing inflation driven primarily by the weaker pound. Article 50 was triggered on March 29, 2017 to start the process for the United Kingdom to leave the European Union. The general election on June 8, 2017, concluded in a hung parliament and resulted in the Conservatives forming a coalition government with the Democratic Unionist Party of Northern Ireland. The formation of a coalition government adds to the uncertainty emanating from the circumstances surrounding Brexit.

Economic growth in the Eurozone is improving. Low levels of unemployment and inflation will likely result in loose monetary policy. The outcome of the French elections strengthened support for the European Union with elections in Germany expected to conclude in September.

The United States economy continues to grow, albeit at a slower rate. With near full employment conditions the U.S. Federal Reserve raised interest rates by a further 0.25% in March 2017. The outlook for economic growth in the U.S. remains broadly positive and further interest rate increases are expected. However, uncertainty over future domestic policy, including tax reform and import taxes as well as international policy, including foreign and trade policies (under the Trump Administration) could mean future volatility.

China s economy continues to perform broadly in line with targets set by the government and is anticipated to continue doing so. However, market volatility is likely to remain as China s export-led economy continues to transition to a consumption-led economy. The economic environment in emerging markets is likely to remain challenging, in the short-term at least.

Greenhouse gas / CO_2 / fuel economy legislation

Current legislation in Europe limits passenger car fleet average greenhouse gas emissions to 130 grams of CO_2 per kilometer for 100% of new cars from 2015. Different targets apply to each manufacturer based on their respective fleets of vehicles and average weight. Jaguar Land Rover has received a permitted derogation from the weight-based target requirement available to small volume and niche manufacturers. As a result, Jaguar Land Rover is permitted to reduce emissions by 25% from 2007 levels rather than meeting a specific CO_2 emissions target. Jaguar Land Rover had an overall 2015 target of an average of 178.0 grams of CO_2 per kilometer for its 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 number is 179.8 g/km). Our fleet delivered 164 grams of CO_2 per kilometer, well below the mandated target.

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 CO_2 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 Jaguar Land Rover to have an overall target of 132 grams of CO_2 per kilometer. With the rapid growth of Jaguar Land Rover sales, there is a risk that Jaguar Land Rover may exceed the 300,000-unit niche manufacturers derogation volume threshold before 2020. All cycle plans are now structured to achieve the non-derogated CO_2 target.

The European Union has also adopted an average emissions limit of 175 grams of CO_2 per kilometer for light commercial vehicles to be phased in between 2014 and 2017. Implementation of light commercial vehicle CO_2 standards affected the Land Rover Defender (which has now ceased production) and affects a small number of Land Rover Discovery vehicles. Jaguar Land Rover have been granted a small volume derogation by the European Commission for alternative specific emission targets for Jaguar Land Rover s Light Commercial Vehicle (LCV) fleet 2014-2016 inclusive, which protected the Defender through to end of manufacturing. In 2015 the average CO_2 emissions per kilometer for the fleet, including the allowed phase-in of 75%, were 259 grams of CO_2 per kilometer, while the specific target was 276.9 grams of CO_2 per kilometer. A further average emissions limit of 147 grams of CO_2 per kilometer for light commercial vehicles 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 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 US gallon for 2016 model year vehicles. Meanwhile, the United States Environmental Protection Agency, or 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 2012-16 to 250 grams of CO_2 per mile, approximately 6.63L/100km or 35.5 miles per US gallon if the requirements were met only through fuel economy standards. 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 CO_2 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 define similar greenhouse gas emissions standards, including Brazil, Canada, China, the European Free Trade Association, India, Japan, Mexico, Saudi Arabia, South Korea and Switzerland.

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Although California is empowered to implement more stringent greenhouse gas emissions standards, it has, so far, 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 were in compliance with the EPA greenhouse gas emissions regulations to also be in compliance with California s greenhouse gas emission regulations. In November 2012, the California Air Resources Board accepted the federal standard for vehicles with model years 2017-25 for compliance with the state s own greenhouse gas emission regulations.

However, California is moving forward with other stringent emission regulations for vehicles, including the Zero Emission Vehicle regulation, or ZEV, which requires manufacturers to increase their sales of zero emissions vehicles year on year, up to an industry average of 22% of vehicles sold in the state 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 are available under ZEV, such as banking and trading of credits generated through the sale of eligible vehicles.

Jaguar Land Rover is fully committed to meeting these standards. 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 overall lighter vehicles, thereby improving fuel efficiency, reducing parasitic losses through the driveline and improvements in aerodynamics. The plans also include the development and installation of smaller and more efficient engines in existing Jaguar Land Rover vehicles and other drivetrain efficiency improvements, including the use of eight-speed or nine-speed transmissions in some of Jaguar Land Rover s vehicles. Jaguar Land Rover continues to introduce smaller vehicles such as the Jaguar XE, its most fuel-efficient Jaguar yet and to continue lightening new models as demonstrated with the aluminum construction of the all-new Discovery. The technology deployment plans also include the research, development and deployment of hybrid-electric vehicles. These technology deployment plans require significant investment. Local excise tax initiatives are a key consideration in ensuring Jaguar Land Rover products meet customer needs for environmental footprint and cost of ownership concerns as well as continued access to major city centers (such as London and Paris Ultra Low Emission Zones and similar low emissions areas being contemplated in other major urban centers).

Non-greenhouse gas emissions legislation

The European Union has adopted Euro 6, the latest in a series of more stringent standards for emissions of other air pollutants from passenger and light commercial vehicles, such as nitrogen oxide, carbon monoxide, hydrocarbons and particulates. Euro 6d incorporates the introduction of Real Driving Emissions, or RDE, as a complement to laboratory testing to measure compliance. As a first step, manufacturers will be required to reduce the discrepancy between laboratory compliance values and RDE procedure values to a conformity factor of a maximum of 2.1 (110%) for new models by September 2017 for passenger cars and by September 2018 for light commercial vehicles. Following that, manufacturers will be required to reduce this discrepancy to a conformity factor of a maximum of 1.5 (50%) by January 2020 for new models of passenger cars and by January 2021 for new models of light commercial vehicles.

In September 2017 and 2018 there will be a move to the new Worldwide harmonized Light vehicles Test Procedure, or WLTP, in Europe to address global concerns on more customer-correlated fuel economy certified levels as well as air quality concerns. It is expected that other countries will follow suit and introduce similar requirements. All programs are being fully engineered to enable the adoption of these new requirements. Jaguar Land Rover is also accelerating some of these initiatives to improve RDE ahead of the mandated timing.

In California, the Low-Emission Vehicle regulations, recently adopted LEV3 regulations as well as the ZEV regulations place ever-stricter limits on emissions of particulates, nitrogen oxides, hydrocarbons, organics and greenhouse gases from passenger cars and light trucks. These regulations require ever-increasing levels of technology in engine control systems, on-board diagnostics and after treatment systems affecting the base costs of our powertrains. California s LEV3 and ZEV regulations cover model years 2015 to 2025. Additional stringency of evaporative emissions also requires more-advanced materials and joints solutions to eliminate fuel evaporative losses, all for much 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 EPA were finalized. With Tier 3, the EPA has established more stringent vehicle emissions standards broadly aligned to the CARB LEV3 standards for 2017 to 2025 model year vehicles. The EPA made minor amendments to these Tier 3 standards in January 2015.

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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 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 late 2017.

To comply with the current and future environmental norms, we may have to incur substantial capital and R&D expenditure to upgrade products and manufacturing facilities, which would have a material and adverse 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 ten-year period from the introduction of the first phase.

Vehicle safety legislation

Jaguar Land Rover s products are certified in all markets in which they are sold and compliance is achieved through vehicle certification in respective countries. Many countries use, and in many instances adopted into their own regulatory frameworks, the regulations and technical requirements provided through the United Nations Economic Commission for Europe (UN-ECE) series of vehicle regulations.

Vehicles sold in Europe are subject to vehicle safety regulations established by both the European Union and by individual member states, if any. 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. Following the incorporation of the United Nations standards commenced in 2012, the European Commission requires new model cars to have electronic stability control systems and has introduced regulations relating to low-rolling resistance tires, tire pressure monitoring systems and requirements for heavy vehicles to have advanced emergency braking systems and lane departure warning systems. The new safety requirements came into force from November 2014 for all new vehicles sold in the EU 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 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. Jaguar Land Rover is required to test new vehicles and equipment and assure their compliance with these standards before selling them in the United States. It is 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, as well as data from 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, requires NHTSA to enact regulations related to rearward visibility and brake-to-shift interlock, and to consider regulating the automatic reversal functions on power windows. The costs to meet these proposed regulatory requirements may be significant.

As at July 28, 2017, Jaguar Land Rover has no investigations relating to alleged safety defects or potential compliance issues pending before NHTSA.

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While vehicle safety regulations in Canada are similar to those in the United States, many other countries have requirements different 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 the European Union legislation. 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.

In accordance with treasury policy, Jaguar Land Rover has maintained insurance coverage that is reasonably adequate to cover normal risks associated with the operation of its business, such as coverage for people, property and assets, including construction, general, auto and product liability. 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 GBP245 million in the second quarter of Fiscal 2016. By the end of Fiscal 2016, GBP88 million had been recovered through the receipt of insurance proceeds and other recoveries. During Fiscal 2017, total recoveries associated with the GBP157 million exceptional charge recognized in Fiscal 2016 amounted to GBP186 million. These included amounts received for insurance, tax recoveries, foreign exchange gains and the sales of vehicles that were at the port at the time of the explosion. 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 materially and adversely 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 57 licenses (excluding redeemed licenses) which require us to export our products of a value of approximately Rs.43.41 billion between the years 2014 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, 2017, we have remaining obligations to export products worth approximately Rs.3.94 billion by October 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.

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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.

We had initially set up our Nano project in Singur, West Bengal under a lease agreement with the West Bengal Industrial Development Corporation, or WBIDC. In October 2008, we moved our Nano project to Sanand in Gujarat. In January 2011, the newly elected Government of West Bengal enacted a law canceling 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. In August 2016, the Supreme Court of India ordered the State Government to return the land to the farmers from whom WBIDC acquired the land. Following this decision, we decided to pursue the indemnities provided by WBIDC as lessor. WBIDC did not respond positively, and pursuant to our lease agreement, we are currently taking steps to commence the arbitration.

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 they 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 167 million Brazilian Real (GBP43 million at March 31, 2017 exchange rates) in relation to additional indirect taxes (PIS and COFINS) claimed as being due on local vehicle and parts sales made in 2010. The count case was heard on July 27, 2017, and the subsidiary is successful.

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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 2017. 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, collectively called 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 changed its name to 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 other 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 defense 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.

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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 avail themselves of various services including legal, human resources, economics and statistics, corporate communications and public affairs services organized by 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 2014, 2015 and 2017, 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 or 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, 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 shareholdings of those companies.

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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, 2017 are set forth in the chart below:

(1) Holding company of Tata Motors Finance Solutions Limited and Sheba Properties Limited. Transferred its New Vehicle Financing Business to its subsidiary - Sheba Properties Limited, vide a Scheme of Arrangement approved by the National Company Law Tribunal, effective from May 9, 2017 with an appointed date of January 31, 2017.

(2) Will be merged into Tata Motors Limited vide a Scheme of Arrangement submitted before the National Company Law Tribunal with an appointed date of April 1, 2017.

(3) These subsidiaries are based in many countries outside India.

(4) Holding Company of Jaguar Land Rover Automotive Plc, Tata Daewoo Commercial Vehicle Co. Limited, Tata Motors (Thailand) Limited, Tata Motors (SA) (Proprietary) Limited, PT Tata Motors Indonesia and TMNL Motor Services Nigeria Limited.

(5) Holding in its subsidiary, Tata Daewoo Commercial Vehicle Sales and Distribution Co. Ltd. is 100%.

(6) Holding 99.997% in PT Tata Motors Distribusi Indonesia, a subsidiary, along with TML Holdings Pte. Ltd. holding 0.003%.

(7) The holdings in these 13 subsidiaries range between 72.30% and 72.36%. Note that in June 2017, we divested an approximately 30% stake in TTL to Warburg Pincus. Following the completion of the transaction, we will continue to retain approximately 42%.

(8) Incorporated with effect from January 31, 2017.

(9) With one wholly owned subsidiary in Spain that has declared voluntary winding-up effective from February 21, 2017 and one affiliate in China with effective holding of 22.48%, held through the Spanish subsidiary until its disposal on February 15, 2017.

(10) Out of the 15 subsidiaries with holdings ranging from 13% to 26%, 2 are presently under the process of liquidation and 7 joint ventures with holding of 13% to 13.5%.

(11) Chery Jaguar Land Rover Auto Sales Company Limited a wholly owned subsidiary of Chery Jaguar Land Rover Automotive Co. Limited.

(12) The holding company for 14 wholly owned subsidiary companies situated in various countries outside India.

(13) An affiliate of Tata Technologies Limited.

(14) Incorporated as a joint venture with effect from July 13, 2016, in association with Jayem Automotives Pvt. Limited.

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

Name	Country of Incorporation	Ownership Interest / Voting Power
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 an 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 the FCA, 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. In December 2015, Jaguar Land Rover announced an initial investment of GBP1 billion to build a manufacturing facility in Slovakia (owned as a freehold estate), with production scheduled to commence in Fiscal 2018. Jaguar Land Rover also owns 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.

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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 such, we have invested in wind and solar power to develop our renewable energy generation capacity. We have also signed power purchase agreements with renewable energy producers. These measures have resulted in an increase in the share of renewable energy as part of the total electricity consumption to 17% in Fiscal 2017 from 9% in Fiscal 2016. 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 has an Environmental Management System in place and has 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.

Pursuant to our commitment to climate change mitigation, we are a signatory to the RE100, a global collaborative initiative of influential businesses committed to 100% renewable electricity.

Jaguar Land Rover

Jaguar Land Rover s 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, storage, treatment, transportation and disposal of wastes and hazardous materials, investigation and clean-up of contamination, process safety and maintenance of safe conditions in the workplace. Many of Jaguar Land Rover s operations require permits and controls to monitor or reduce pollution. Jaguar Land Rover has incurred, and will continue to incur, substantial on-going 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, production delays or limitations, or the closure of Jaguar Land Rover plants. Other environmental, health and safety laws and regulations could impose restrictions or onerous conditions on the availability or the use of raw materials that Jaguar Land Rover needs for its manufacturing process. Violations of these laws and regulations may occur, among other ways, from errors in monitoring emissions of hazardous or toxic substances from Jaguar Land Rover vehicles or production sites into the environment, such as their 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.

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Jaguar Land Rover s business and manufacturing processes result in the emission of greenhouse gases such as CO_2. Jaguar Land Rover expects requirements to reduce greenhouse gasses to become increasingly more stringent and costly to address over time. For example, the EU Emissions Trading Scheme, or EUETS, an EU-wide system in which allowances to emit greenhouse gases are issued and traded, is now in Phase 3 (2013 to 2020) and applies to Jaguar Land Rover s four manufacturing facilities. Jaguar Land Rover has managed its EUETS allowances during previous phases of the EUETS scheme and uses remaining allowances from these earlier phases to meet its compliance requirements. The automotive sector was recognized as being at risk of carbon leakage in accordance with the EUETS rules. This means that Jaguar Land Rover will receive an increase in free allowances from 2015 and 2019. As a consequence of these actions, Jaguar Land Rover currently projects that it will reach the end of Phase 3 without the need to purchase EUETS carbon allowances. In Phase 4 of the scheme (2020 to 2027), free allowances will diminish to zero by 2027. Jaguar Land Rover therefore projects a need to purchase EUETS allowances in Phase 4, potentially at a substantial cost. This forecast is subject to further evaluation circumstances surrounding Brexit and its impact on the regulated carbon schemes.

Jaguar Land Rover has a Climate Change Agreement, or CCA, in the United Kingdom, which covers its manufacturing energy use. This requires Jaguar Land Rover to deliver a 15% reduction in energy use per vehicle by 2020 compared to the 2008 baseline. Jaguar Land Rover s projections show that it is on track to achieve this target and consequently will not need to purchase carbon allowances under this scheme.

Jaguar Land Rover are also registered as a participant in the Carbon Reduction Commitment Energy Efficiency Scheme, or the CRC Scheme, which regulates emissions from electricity and gas use primarily in its non-manufacturing activities in the United Kingdom. Jaguar Land Rover purchased carbon allowances under this scheme for the first time in 2015 for emissions in Fiscal 2014.

The Department of Energy and Climate Change has recently issued a consultation on potential changes to the energy taxation regime in the United Kingdom. Her Majesty s Treasury 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 scheme. These changes may result in an increased cost of compliance to the Jaguar Land Rover business. Jaguar Land Rover has worked with the Society of Motor Manufacturers and Traders, or SMMT, to compile and submit a response to the consultation.

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

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Production Capacity

The following table shows our production capacity as at March 31, 2017 and production levels by plant and product type in Fiscal 2017 and 2016:

	As at March 31, 2017 Production Capacity	Year ended March 31, 2017	2016
		Production (Units)	
Tata Motors Plants in India[1]			
Medium and heavy commercial vehicles, light commercial vehicles, utility vehicles and passenger cars	1,607,064	529,927	466,622
Jaguar Land Rover[2, 5]			
Utility vehicles, passenger cars	772,368	620,287	559,880
Other subsidiary companies plants (excluding Jaguar Land Rover[3])			
Medium and heavy commercial vehicles, buses, bus bodies and pickup trucks	52,000	21,858	20,237
Joint operations[4] (Passenger Vehicles)	100,000	12,234	29,931

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. Includes assembly plant in Brazil.
3. The plants are located in South Korea, Morocco, South Africa and Thailand. Production capacity of plants at Morocco is 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.

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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, 2017. The remaining facilities are on leased premises.

Location	Facility or Subsidiary / Joint Operations Name	Principal Products or Functions
India		
In the State of Maharashtra		
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
In the State of Jharkhand		
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
In the State of Uttar Pradesh		
Lucknow[1]	Tata Motors Limited	Automotive vehicles, parts and research and development
	Tata Marcopolo Motors Ltd.	Bus bodies
In the State of Karnataka		
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
In the State of Uttarakhand		
Pantnagar[1]	Tata Motors Limited	Automotive vehicles and components
In the State of Gujarat		
Sanand	Tata Motors Limited	Automotive vehicles and components
Rest of India		
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)
Outside India		
Singapore	Tata Technologies Pte Ltd.	Software consultancy and services
Republic of South Korea	Tata Daewoo Commercial Vehicles Co. Ltd	Automotive vehicles, components and research and development
Thailand	Tata Motors (Thailand) Ltd.	Pick-up trucks
	Tata Technologies (Thailand) Ltd.	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

Location	Facility or Subsidiary / Joint Operations Name	Principal Products or Functions
United Kingdom		
Solihull	Jaguar Land Rover 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 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
Brazil	Jaguar Land Rover Limited	Automotive vehicles and components
Italy	Trilix Srl.	Automotive design and engineering
Others (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.

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Overview

In Fiscal 2017, our total revenue (net of excise duties), including finance revenues, decreased by 1.8% to Rs.2,656,495 million from Rs.2,705,113 million in Fiscal 2016. We recorded net income (excluding the share attributable to non-controlling interests) of Rs.61,211 million in Fiscal 2017 representing a decrease by 36.2% or Rs.34,672 million over net income in Fiscal 2016 of Rs.95,883 million.

As discussed in our introductory remarks, we use earnings before other income, interest and tax to assess our operating performance; a reconciliation of our consolidated earnings before other income, interest and tax to our consolidated net income for the years ended March 31, 2017, 2016 and 2015 is set forth below.

	For the year ended March 31,		
	2017	2016	2015
		Rs. in million	
Earnings before other income, interest and tax	100,125	175,640	253,790
Add/(Less):			
Share of profit/(loss) of equity accounted investees (net)	14,930	5,775	(1,748)
Other income/(loss) (net)	30,405	3,136	11,508
Foreign exchange gain/(loss) (net)	(10,830)	(19,439)	(19,850)
Interest income	5,641	7,187	6,764
Interest expense (net)	(42,366)	(47,913)	(52,232)
Income tax expense	(35,670)	(27,513)	(69,150)
Net Income	62,235	96,872	129,082

As also discussed in our introductory remarks, we use free cash flow to measure ongoing needs for investments in plant and machinery, products and technologies; a reconciliation of our free cash flow for the years ended March 31, 2017, 2016 and 2015 is set forth below.

	Year ended March 31,		
	2017	2016	2015
		Rs. in million	
Cash flow from operating activities	303,107	374,713	365,401
Less:			
Payments for property, plant and equipment	(162,799)	(159,538)	(171,362)
Proceeds from sale of property, plant and equipment	534	588	704
Payment for intangible assets	(143,799)	(152,065)	(130,241)
	(306,064)	(311,015)	(300,899)
Free cash flow	(2,957)	63,698	64,502

As also discussed in our introductory remarks, we use ratio of net debt to shareholders equity to measure our debt commitments; a reconciliation of our ratio of net debt to shareholders equity as at March 31, 2017 and 2016 are set forth in Exhibit 7.1 to this annual report on Form 20-F.

Economy

India

On a macro level, the Indian economy in Fiscal 2017 remained fairly robust and stable, characterized by low inflation, low current account deficit, low fiscal deficit and low interest rates. India was one of the faster growing large economies in the world, with the Rupee performing better than most other emerging markets currencies. Following a year of deflation, there was a significant upturn in commodity prices. Two years of drought resulted in subdued consumer spending during the early part of the year. While private investment is continued to remain weak, higher capital expenditure by the government is expected to crowd in private investment. We also anticipate the rural market growth to continue due to improved agricultural output and higher rural expenditure.

In Fiscal 2017, India s GDP increased by 7.1%, as compared to an increase of 8% in Fiscal 2016 (based on the provisional estimate of Fiscal 2017 annual national income data from the Ministry of Statistics and Programme Implementation), in part as a result of a temporary consumption shock induced by cash shortages and payment disruptions emanating from demonetization. Nominal GDP growth recovered to respectable levels, reversing the sharp and worrisome dip that had occurred. Agriculture sector registered a 4.9% growth in Fiscal 2017 as compared to 0.7% in Fiscal 2016. Industry sector (mining & quarrying, manufacturing and construction) registered a 5.5% growth in Fiscal 2017 as compared to 9.0% growth in Fiscal 2016. Services sector registered 7.7% growth in Fiscal 2017 as compared to 9.5% in Fiscal 2016. According to the new base year (2011-12), the Index of Industrial Production (IIP) recorded 4.9% growth in Fiscal 2017, as compared to 3.4% in Fiscal 2016. Significant factors influencing IIP growth in Fiscal 2017 included a 4.8% increase in the manufacturing sector, compared to 3.0% in Fiscal 2016, which was due to a better performance of sectors like motor vehicles and other transport equipment. The IIP of the mining & quarrying sector increased by 5.4%, compared to 4.3% in Fiscal 2016, and electricity services recorded moderate increase of 5.8% in Fiscal 2017, as compared to 5.7% in Fiscal 2016. The IIP of consumer durables grew by 5% in Fiscal 2017, as compared to 4.3% in Fiscal 2016. The IIP of Infrastructure/ Construction goods recorded 3.9% growth in Fiscal 2017, as compared to 2.8% in Fiscal 2016. The Consumer Price Index (CPI)- New Series inflation, displayed a downward trend since July 2016. The rising international oil prices resulted in reversal of Wholesale Price Index. Core inflation, however, was more stable as compared to Fiscal 2016. The current account deficit declined in the first half of Fiscal 2017. The trade deficit declined for majority of period. The first half of Fiscal 2017 saw a contraction in imports, which was steeper than the fall in exports. The latter half of Fiscal 2017 saw both imports and exports recovering.

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World

Global economic performance in Fiscal 2017 remained weak. While a recovery in commodity prices has provided some relief to commodity exporters and helped in reducing the deflationary pressures, structural problems such as low productivity growth and high-income inequality persisted and are likely to continue. While activity rebounded strongly in the United States in second half of 2016 after a weak first half, output remained below potential in a number of other advanced economies, most notably in the Euro area. The picture for emerging market and developing economies remained much more diverse. The growth rate in China was a bit stronger than expected, supported by continued policy stimulus. However, activity was weaker than expected in some Latin American countries such as Brazil. Activity in Russia was slightly better than expected, in part reflecting firmer oil prices.

The United Kingdom secured its seventh consecutive year of growth since the recession, and has been the fastest growing of the group of seven leading industrial economies in calendar year 2016. The Sterling suffered two sharp devaluations this year immediately after the Brexit vote in June 2016 and as a result of statements made at the Conservative Party conference in October 2016 which stoked fears of a hard Brexit . The Eurozone had marginal GDP growth in calendar year 2016; however, rising inflation poses a risk to growth and can negatively affect consumer spending. France and Spain experienced GDP growth, while Germany and Italy showed no change, with GDP growth rates same as last year.

Automotive operations

Automotive operations is our most significant operating segment, accounting for 99.3%, 99.5% and 99.5% of our total revenues in each of Fiscal 2017, 2016, and 2015, respectively. In Fiscal 2017, revenue from automotive operations before inter-segment eliminations was Rs.2,639,061 million, as compared to Rs.2,691,018 million in Fiscal 2016 and Rs.2,635,966 million in Fiscal 2015.

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 2017, Jaguar Land Rover contributed 80.4% of our total automotive revenue compared to 81.8% in Fiscal 2016 and 83.0% in Fiscal 2015 (before intra-segment elimination) and the remaining 19.6% was contributed by Tata and other brand vehicles in Fiscal 2017 compared to 18.2% in Fiscal 2016 and 17.0% in Fiscal 2015. Jaguar Land Rover revenue includes a translation loss from GBP to Indian rupees. For further detail see Item 5.A Operating Results Fiscal 2017 Compared to Fiscal 2016 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.31,154 million in Fiscal 2017, an increase of 7.0% from Rs.29,116 million in Fiscal 2016. Revenues from other operations represented 1.2%, 1.1% and 1.0% of our total revenues, before inter-segment eliminations, in Fiscal 2017, 2016 and 2015, respectively. Earnings before other income, interest and tax before inter-segment eliminations (segment earnings), were Rs.3,798 million in Fiscal 2017 and Rs.4,212 million and Rs.3,448 million in Fiscal 2016 and 2015, 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 2017. 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, Jaguar 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 84.1% in Fiscal 2017 from 84.8% in Fiscal 2016, 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.

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

	Year ended March 31,					
	2017		2016		2015	
Revenue	**Rs. in million**	**Percentage**	**Rs. in million**	**Percentage**	**Rs. in million**	**Percentage**
India	422,499	15.9%	411,399	15.2%	361,206	13.6%
China	410,722	15.5%	485,384	17.9%	755,916	28.5%
United Kingdom	486,091	18.3%	448,389	16.6%	351,527	13.3%
United States of America	413,470	15.6%	431,592	16.0%	328,798	12.4%
Rest of Europe	469,927	17.7%	415,022	15.3%	317,303	12.0%
Rest of the World	453,786	17.0%	513,327	19.0%	534,179	20.2%
Total	**2,656,495**	**100%**	**2,705,113**	**100%**	**2,648,929**	**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 .

Cyclicality and seasonality. Our results of operations are also dependent on the cyclicality 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.

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***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.

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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	
	2017	2016	2015	2016 to 2017	2015 to 2016
Total revenues	100%	100%	100%	-1.8%	2.1%
Raw materials, components and purchase of product for sale (including change in inventories of finished goods & work-in-progress)	62.5	60.5	61.0	1.3	1.2
Employee cost	10.7	10.7	9.5	-1.6	15.1
Other expenses	22.9	21.6	20.6	4.0	7.2
Provision for loss of inventory (net of insurance recoveries)	-0.5	0.6		-181.2	100.0
Depreciation and amortization	6.9	6.2	5.1	8.5	25.0
Expenditure capitalized	-6.4	-6.2	-5.8	1.2	8.9
Other (income)/ loss (net)	-1.1	-0.1	-0.4	798.4	-72.8
Interest income	-0.2	-0.3	-0.3	-21.5	6.2
Interest expense (net)	1.6	1.8	2.0	-11.6	-8.3
Foreign exchange (gain) / loss (net)	0.5	0.8	0.8	-35.5	1.1
Share of (profit) / loss of equity accounted investees	-0.6	-0.2	0.1	158.5	-430.3
Net income before tax	3.7	4.6	7.4	-21.3	-37.3
Income tax expense	-1.3	-1.0	-2.6	29.6	-60.2
Net income	2.4	3.6	4.8	-35.8	-25.0
Net income attributable to shareholders of Tata Motors Limited	2.4	3.6	4.8	-36.2	-25.3
Net income attributable to non-controlling interests	*	*	*	3.5	25.0

* 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	
	2017	2016	2015	2016 to 2017	2015 to 2016
Total Revenues (Rs. million)	2,639,061	2,691,018	2,635,966	-1.9	2.1
Earnings before other income, interest and tax (Rs. million)	102,958	173,315	252,241	-40.6	-31.3
Earnings before other income, interest and tax (% to total revenue)	3.9%	6.4%	9.6%		

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	
	2017	2016	2015	2016 to 2017	2015 to 2016
Total Revenues (Rs. million)	31,154	29,116	27,152	7.0	7.2
Earnings before other income, interest and tax (Rs. million)	3,798	4,212	3,448	-9.8	22.2
Earnings before other income, interest and tax (% to total revenue)	12.2%	14.5%	12.7%		

Fiscal 2017 Compared to Fiscal 2016

Revenue

Our total consolidated revenue (net of excise duty, where applicable), including finance revenue, decreased by 1.8% to Rs.2,656,495 million in Fiscal 2017 from Rs.2,705,113 million in Fiscal 2016.

The revenue of our Tata brand vehicles increased by 5.7% to Rs.518,431 million in Fiscal 2017 from Rs.490,344 million in Fiscal 2016 due to increased volumes of Passenger Cars and LCV. However, the revenue of our Jaguar Land Rover business decreased by 3.6% to Rs.2,120,677 million in Fiscal 2017 from Rs.2,200,750 million in Fiscal 2016, reflecting a decrease foreign currency translation loss from GBP to Indian rupees of Rs.276,439 million. Excluding the impact of foreign currency translation, the increase in revenue is Rs.193,616 million at our Jaguar Land Rover business, primarily due to volume increases driven by the success of new products we launched, such as the F-PACE and Discovery Sport, offset by the production constraints of the Defender and Discovery ahead of the start of sales of the all new Discovery in the fourth quarter of Fiscal 2017, as well as strong growth in China, the United Kingdom, North America and European markets. The increase was attributable to an increase in sales of Jaguar-brand vehicles to 169,284 units in Fiscal 2017 from 102,106 units in Fiscal 2016, an increase of 65.8%, offset by decrease in sales of Land Rover from 407,228 units in Fiscal 2016 to 365,462 units in Fiscal 2017, a decrease of 10.3% (volumes excluding Chery Jaguar Land Rover). Furthermore, revenue includes realized losses on cash flow hedges of Rs.112,698 million in Fiscal 2017 as compared to a gain of Rs.7,691 million in Fiscal 2016.

Our revenues from sales of vehicles and spares manufactured in India increased by 3.6% to Rs.439,134 million in Fiscal 2017 from Rs.423,698 million in Fiscal 2016. The increase was mainly attributable to revenues from passenger cars in India, which increased by 37.5% to Rs.45,674 million in Fiscal 2017 from Rs.33,224 million in Fiscal 2016, and revenue attributable to utility vehicles, which increased by 21.2% to Rs.12,607 million in Fiscal 2017 from Rs.10,400 million in Fiscal 2016. New product offerings in our passenger cars helped us increase our volumes and revenues in this category. Further, revenues from LCVs increased by 3.8% to Rs.61,077 million in Fiscal 2017 from Rs.58,861 million in Fiscal 2016. However, revenues of M&HCVs in India decreased by 2.6% to Rs.213,386 million in Fiscal 2017 from Rs.219,097 in Fiscal 2016, primarily due to increased competition.

Revenue from our vehicle financing operations increased by 9% to Rs.24,318 million in Fiscal 2017, as compared to Rs.22,319 million in Fiscal 2016.

Revenue attributable to TDCV, our subsidiary company engaged in design, development and manufacturing of M&HCVs, increased by 21.0% to Rs.57,774 million in Fiscal 2017 from Rs.47,742 million in Fiscal 2016, primarily due to strong performance in its domestic Korean market. There was a strong demand from the construction sector and replacement demand including factors such as low interest rates and diesel prices. However, the exports markets were very challenging. Factors like persistently low-oil prices, local currency depreciation against the U.S. dollar, continuing statutory regulations to reduce imports, the slowdown in Chinese economy impacting commodity exporting countries, and increased dealer inventory adversely impacted TDCV s exports in major markets, such as Algeria, Russia, Vietnam, South Africa and Gulf Cooperation Council, or GCC, countries.

Revenue from other operations, before inter-segment eliminations, increased by 7.0% to Rs.31,154 million in Fiscal 2017 from Rs.29,116 million in Fiscal 2016, and represents 1.2% and 1.1% of our total revenues, before inter-segment eliminations, in Fiscal 2017 and 2016, 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 1.3% to Rs.1,659,297 million in Fiscal 2017 from Rs.1,637,210 million in Fiscal 2016. Material costs include realized exchange gain of Rs.7,553 million in Fiscal 2017 as compared to a loss of Rs.25,571 million in Fiscal 2016.

At our Jaguar Land Rover operations, material costs in Fiscal 2017 marginally decreased by 0.7% to Rs.1,309,697 million from Rs.1,318,875 million in Fiscal 2016. The decrease was attributable to favorable currency translation from GBP to INR of Rs.171,240 million. Excluding currency translation, material costs attributable to our Jaguar Land Rover operations increased by GBP 1,666 million (12.4%) in Fiscal 2017 mainly due to a 5% increase in sales volume, an increase in duties of GBP 150 million, primarily due to an increase in sales to the US, and unfavorable foreign currency effects applicable for sourcing countries, notably the weakening of Sterling against the Euro. Material costs at our Jaguar Land Rover operations as a percentage of revenue increased to 61.3% in Fiscal 2017 from 60.9% in Fiscal 2016 (in GBP terms), primarily attributable to higher sales of our popular F-PACE and the new Discovery launched in Fiscal 2017.

Material costs for Tata and other brand vehicles have also increased by 10.3% to Rs.345,437 million in Fiscal 2017 from Rs.313,172 million in Fiscal 2016, primarily due to increase in volumes. Further, material costs as a percentage of total revenue (excluding finance revenue) increased to 69.8% in Fiscal 2017, as compared to 66.9% in Fiscal 2016, primarily due to unfavorable product mix leading to lower contribution margin.

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For our India operations, material costs in the passenger vehicle segment increased by 45.1% to Rs.42,337 million in Fiscal 2017, as compared to Rs.29,183 million in Fiscal 2016 for our passenger cars, and by 26.3% to Rs.10,768 million in Fiscal 2017, as compared to Rs.8,529 million in Fiscal 2016 for our utility vehicles, mainly due to increased unit sales. Material costs for LCVs also increased 10.8% to Rs.45,318 million in Fiscal 2017, as compared to Rs.40,439 million in Fiscal 2016. Material costs for M&HCVs increased by 2.8% to Rs.148,073 million in Fiscal 2017, as compared to Rs.143,924 million in Fiscal 2016.

Material costs increased by 24.2% to Rs.38,695 million in Fiscal 2017, as compared to Rs.31,159 million in Fiscal 2016 for TDCV, primarily due to higher volumes particularly in the domestic market. The increase is also due to an unfavorable foreign currency translation from KRW to Indian rupees of Rs.1,076 million. As a percentage of total revenue, material cost increased to 66.9% in Fiscal 2017, compared to 65.3% in Fiscal 2016, primarily due to higher sale of mixer truck models (bearing lower margin) and aggressive pricing for export sales.

Provision/(Reversal) 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 (GBP157 million) (net of insurance recoveries) of Rs.5,342 million (GBP55 million)) has been recognized against the carrying value of inventory for the damage due to explosion at the port of Tianjin in China in Fiscal 2016.

In Fiscal 2017, Rs.13,301 million (GBP151 million) relating to insurance recoveries, recovery of import duties and taxes and to an updated assessment of the condition of the remaining vehicles led to a reversal of the initial provision recorded in Fiscal 2016.

Employee Costs

Our employee costs decreased by 1.6% in Fiscal 2017 to Rs.283,588 million from Rs.288,117 million in Fiscal 2016, including the foreign currency translation impact from GBP to Indian rupees discussed below.

Our permanent headcount increased by 3.9% as at March 31, 2017 to 79,558 employees from 76,598 employees as at March 31, 2016, primarily due to new production facilities and research and development centers at Jaguar Land Rover. However, the average temporary headcount decreased by 3.2% to 38,692 employees in Fiscal 2017 from 40,205 employees in Fiscal 2016.

The employee cost at Jaguar Land Rover decreased by 4.7% to Rs.218,016 million in Fiscal 2017 from Rs.228,730 million in Fiscal 2016. This decrease includes a favorable foreign currency translation from GBP to Indian rupees of Rs.27,569 million. In GBP terms, employee costs at Jaguar Land Rover increased to GBP2,490 million in Fiscal 2017 from GBP2,321 million in Fiscal 2016. The employee cost at Jaguar Land Rover as a percentage to revenue decreased to 10.2% in Fiscal 2017 from 10.4% in Fiscal 2016. Due to consistent increases in volumes and to support new launches and product development projects, Jaguar Land Rover increased its average permanent headcount by 6.8% in Fiscal 2017 to 31,810 employees from 29,789 employees in Fiscal 2016 and the average temporary headcount increased by 1.5% in to 7,324 employees in Fiscal 2017 from 7,216 employees in Fiscal 2016. Total number of permanent employees as at March 31, 2017 was 32,870, as compared to 30,750 as at March 31, 2016 for Jaguar Land Rover.

The employee cost for Tata and other brand vehicles (including financing thereof) increased by 9.5% to Rs.51,310 million in Fiscal 2017 from Rs.46,836 million in Fiscal 2016.

For our India operations, employee costs increased by 13.6% to Rs.41,856 million in Fiscal 2017 from Rs.36,834 million in Fiscal 2016, mainly due to regular annual increases in salary and wage agreements at our Pune plant. The permanent headcount increased by 1.1% as at March 31, 2017 to 36,560 employees from 36,177 employees as at March 31, 2016. However, the average temporary headcount remained same at 31,586 employees in Fiscal 2017 from 31,625 employees in Fiscal 2016. In Fiscal 2017, there was an expense of Rs.676 million towards early-retirement given to various employees.

Employee costs at TDCV increased by 5.3% to Rs.7,759 million in Fiscal 2017 from Rs.7,370 million in Fiscal 2016, primarily due to annual increments and headcount by 4.0%.

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.

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Other Expenses

Other expenses increased by 4.0% to Rs.608,462 million in Fiscal 2017 from Rs.585,321 million in Fiscal 2016. There was a favorable foreign currency translation of GBP to Indian rupees of Rs.64,840 million pertaining to Jaguar Land Rover. As a percentage of total revenues, these expenses increased to 22.9% in Fiscal 2017 from 21.6% in Fiscal 2016. The major components of expenses are as follows:

	Year ended March 31,			Percentage of Total Revenue Year ended March 31,	
	2017	2016	Change	2017	2016
	(Rs. in millions)				
Freight and transportation expenses	103,534	103,351	0.2%	3.9%	3.8%
Works operation and other expenses	232,675	223,315	4.2	8.8	8.3
Publicity	86,987	87,685	-0.8	3.3	3.2
Allowance for trade and other receivables, and finance receivables	7,360	15,319	-52.0	0.3	0.6
Warranty and product liability expenses	85,866	67,539	27.1	3.2	2.5
Research and development expenses	34,136	34,688	-1.6%	1.3%	1.3%

1. Freight and transportation expenses were flat at Rs.103,534 million in Fiscal 2017. This reflects a favorable foreign currency translation of GBP to Indian rupees of Rs.10,338 million. Considering this, 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 Passenger Cars and growth in North America and Europe and the United Kingdom, respectively, on an annual basis.

2. Our works operation and other expenses represented 8.8% and 8.3% of total revenue in Fiscal 2017 and 2016, respectively. On absolute terms, the expenses have increased by 4.2% to Rs.232,675 million in Fiscal 2017 from Rs.223,315 million in Fiscal 2016. These mainly relate to volume-related expenses at Jaguar Land Rover and Tata Motors. There is an increase in project expenses relating to our contract manufacturing arrangement with Magna Steyr which 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 2017 as compared to 3.2% in Fiscal 2016. In addition to routine product and brand campaigns, we incurred expenses relating to new product introduction campaigns in Fiscal 2016, namely the new Jaguar F-PACE, 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 Tigor, Tiago, Hexa, Yodha and Geneva Motors show at our India operations.

4. Our allowance for trade and other receivables represented 0.3% and 0.6% of total revenues in Fiscal 2017 and Fiscal 2016, respectively. The allowances for finance receivables mainly relate to India operations. These mainly reflect provisions for the impairment of vehicle loans of Rs.5,654 million for Fiscal 2017 as compared to Rs.8,600 million for the same period in 2016. The decrease in provision is mainly due to improved collections. Based on our assessment of non-recoverability of overdues in trade and other receivables, we have recorded a provision of Rs.1,706 million in Fiscal 2017, compared to a provision of Rs.6,719 million in Fiscal 2016.

5. Warranty and product liability expenses represented 3.2% and 2.5% of our total revenues in Fiscal 2017 and Fiscal 2016, respectively. The warranty expenses at Jaguar Land Rover represented 3.6% of the revenue as compared to 2.9% last year whereas for Tata Motors Indian operations these represent 1% for both Fiscal 2017 and 2016 of revenue. The increase of Jaguar Land Rover was primarily driven by higher volumes and the impact of unfavorable foreign exchange from the weakening of GBP during Fiscal 2017. 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 (GBP67 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 2017 and 2016.

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 1.2% to Rs.168,769 million in Fiscal 2017 from Rs.166,783 million in Fiscal 2016. The increase is net of an unfavorable foreign currency translation impact from GBP to Indian rupees of Rs.20,219 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 8.5% in Fiscal 2017, the breakdown of which is as follows:

	Year ended March 31,	
	2017	**2016**
	(Rs. in millions)	
Depreciation	94,557	79,643
Amortization	87,848	88,432
Total	**182,405**	**168,075**

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The increase in depreciation and amortization expenses is after a favorable foreign currency translation from GBP to Indian rupees of Rs.18,432 million pertaining to Jaguar Land Rover. The increase in depreciation expenses, excluding translation impact was primarily due to full-year depreciation of the facility at Brazil and expenses attributable to plant and equipment and tooling, which are mainly toward capacity and new products. The amortization expenses for Fiscal 2017 mainly related to product development costs capitalized and new products introduced during this period, namely the F-PACE, the new Discovery, Tigor, Hexa and Yodha. Depreciation and amortization expenses represented 6.9% and 6.2% of total revenues in Fiscal 2017 and Fiscal 2016, respectively.

Other income (net)

There was a net gain of Rs.28,172 million in Fiscal 2017, as compared to Rs.3,136 million in Fiscal 2016, representing an increase of Rs.25,036 million.

i. The gain on change in the fair value of commodity derivatives mainly at Jaguar Land Rover was Rs.9,184 million in Fiscal 2017, as compared to loss of Rs.11,555 million in Fiscal 2016, primarily due to the significant increase 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.11,419 million in Fiscal 2017, as compared to Rs.9,477 million in Fiscal 2016. In Fiscal 2017 and 2016, product development in progress for certain projects were identified for write off.

iii. Gain on sale of available-for-sale investments increased marginally to Rs.1,826 million in Fiscal 2017, as compared to Rs.1,814 million in Fiscal 2016.

iv. Miscellaneous income increased by 30.0% to Rs.28,475 million in Fiscal 2017 from Rs.21,908 million in Fiscal 2016. The increase is mainly due to increase in royalty income from Chery Jaguar Land Rover Automotive Company Ltd.

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 11.6% to Rs.42,366 million in Fiscal 2017 from Rs.47,913 million in Fiscal 2016. As a percentage of total revenues, interest expense represented 1.6% in Fiscal 2017, compared to 1.8% in Fiscal 2016. The interest expense (net) for Jaguar Land Rover was GBP68 million (Rs.6,011 million) in Fiscal 2017, as compared to GBP90 million (Rs.8,797 million) in Fiscal 2016. The decrease in interest expense is primarily due to the prepayment of higher coupon senior notes during Fiscal 2016 and by a favorable foreign currency translation of Rs.663 million from GBP to Indian rupees. For our operations of Tata and other brand vehicles (including financing thereof), interest expense decreased by 7.2% to Rs.36,435 million in Fiscal 2017 from Rs.39,249 million in Fiscal 2016, mainly due to reduction in interest rates. 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.13,285 million in Fiscal 2017, compared to Rs.20,588 million in Fiscal 2016. This was primarily attributable to our Jaguar Land Rover operations.

i. Jaguar Land Rover recorded an exchange loss of Rs. 20,148 million in Fiscal 2017, as compared to Rs.13,808 million in Fiscal 2016. We incurred a net exchange loss on senior notes of Rs.8,273 million in Fiscal 2017, as compared to Rs.5,639 million in Fiscal 2016, 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.2,293 million in Fiscal 2017, as compared to a gain of Rs.102 million in Fiscal 2016, due to fluctuations in foreign currency exchange rates on derivatives contracts which are not hedge accounted, 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.7,126 million in Fiscal 2017, as compared to Rs.9,166 million in Fiscal 2016.

ii. For India operations, due to appreciation of the Indian rupee mainly against the U.S. dollar, we incurred exchange gains. There was a net exchange gain of Rs.2,712 million in Fiscal 2017, as compared to loss of Rs.2,781 million in Fiscal 2016, mainly attributable to foreign currency denominated borrowings.

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Income Taxes

Our income tax expense increased by 29.6% to Rs.35,670 million in Fiscal 2017 from Rs.27,513 million in Fiscal 2016, resulting in consolidated effective tax rates of 36.4% and 22.1%, for Fiscal 2017 and 2016, respectively.

Reasons for significant differences in the company s recorded income tax expense of Rs.35,670 million in Fiscal 2017, as compared to Rs.27,513 million in Fiscal 2016, income tax expense are mainly the following:

i. During Fiscal 2017, Tata Motors Limited, on a standalone basis, did not recognize a deferred tax asset, amounting to Rs.27,926 million, as compared to Rs.8,152 million in Fiscal 2016, with respect to tax losses, due to the uncertainty of future taxable profit against which tax losses can be utilized.

ii. Furthermore, during Fiscal 2017, deferred tax assets totaling Rs.1,446 million, as compared to Rs.5,137 million in Fiscal 2016, were not recognized in certain subsidiaries due to uncertainty of realization.

iii. Income tax expense on undistributed earnings of subsidiaries was Rs.4,134 million in Fiscal 2017, as compared to Rs.5,402 million in Fiscal 2016.

iv. In Fiscal 2017, there was a tax credit due to share of profit of equity accounted investees of Rs.3,147 million, as compared to Rs.1,138 million in Fiscal 2016 (due to profits at our China Joint Venture).

v. During Fiscal 2017, Tata Motors Finance Ltd, a wholly-owned subsidiary, transferred its business to its subsidiary Sheba Properties Ltd. 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.4,079 million.

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.

vi. Additional deduction for patent, research and product development cost of Rs.7,456 million in Fiscal 2017, as compared to Rs.14,494 million in Fiscal 2016. 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.

vii. Reduction due to change in statutory tax rate by Rs.246 million to Rs.5,685 million in Fiscal 2017 as compared to Rs.5,931 million in Fiscal 2016.

viii. During Fiscal 2017, tax on dividend from subsidiaries, joint operations, equity accounted investees and available-for-sale investments was of Rs.27 million, as compared to Rs.1,345 million in Fiscal 2016, 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 2017, our share of profit of equity-accounted investees reflected a gain of Rs.14,930 million, as compared to Rs.5,775 million in Fiscal 2016.

Our share of profit (including other adjustments) in Chery Jaguar Land Rover Automotive Company Limited in Fiscal 2017 was Rs.13,544 million, as compared to Rs.5,781 million in Fiscal 2016.

Our share of profit in Tata Hitachi Construction Machinery Co Private Ltd was Rs.857 million in Fiscal 2017, as compared to a loss of Rs.421 million in Fiscal 2016.

The share of non-controlling interests in consolidated subsidiaries increased by 3.5% to Rs.1,024 million in Fiscal 2017 from Rs.989 million in Fiscal 2016.

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Net income

Our consolidated net income in Fiscal 2017, excluding shares of non-controlling interests, decreased by 36.2% to Rs.61,211 million from Rs.95,883 million in Fiscal 2016. Net income as a percentage of total revenues also decreased from 3.6% in Fiscal 2016 to 2.3% in Fiscal 2017. This decrease was mainly the result of the following factors:

Earnings before other income, interest and tax for Jaguar Land Rover decreased by 26.2% to Rs.120,867 million in Fiscal 2017 from Rs.163,883 million in Fiscal 2016, which amounted to 5.7% in Fiscal 2017 of sales, as compared to 7.4% in Fiscal 2016. The decrease in profitability was mainly attributable to higher manufacturing and other operating costs including higher marketing expenses, higher depreciation and amortization expenses related to significant capital expenditure in prior periods, more unfavorable revaluation of unrealized foreign currency debts, offset by lower interest expenses, favorable revaluation of commodity hedges and further insurance and other recoveries related to Tianjin.

Earnings before other income, interest and tax for Tata and other brand vehicles decreased to a loss of Rs.17,909 million in Fiscal 2017, as compared to a gain of Rs.9,432 million in Fiscal 2016, primarily due to decreased volume of M&HCVs, higher level of variable marketing spends, provision for inventory of Bharat Stage III vehicles and higher depreciation and amortization.

Fiscal 2016 Compared to Fiscal 2015

Revenue

Our total consolidated revenue (net of excise duty, where applicable), including finance revenue, increased by 2.1% to Rs.2,705,113 million in Fiscal 2016 from Rs.2,648,929 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 marginally by 0.5% to Rs.2,200,750 million in Fiscal 2016 from Rs.2,189,337 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.22,286 million at our Jaguar Land Rover business (excluding translation impact) was mainly attributable to an increase in sales of Land Rover from 390,901 units in Fiscal 2015 to 407,228 units in Fiscal 2016, an increase of 4.2%, 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% (volumes excluding Chery Jaguar Land Rover).

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 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.

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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 1.2% to Rs.1,637,210 million in Fiscal 2016 from Rs.1,617,029 million in Fiscal 2015.

At our Jaguar Land Rover operations, material costs in Fiscal 2016 marginally increased by 0.1% to Rs.1,318,875 million from Rs.1,320,194 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 GBP593 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 million 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 (GBP157 million) (net of insurance recoveries of Rs.5,342 million (GBP55 million)) has been recognized 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 GBP2,321 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.

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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 21.6% in Fiscal 2016 from 20.6% in Fiscal 2015. The major components of expenses are as follows:

	Year ended March 31,			Percentage of Total Revenue Year ended March 31,	
	2016	2015	Change	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	3.2	3.2
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 3.2% 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 (GBP67 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.

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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	**168,075**	**134,496**

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 GBP90 million (Rs.8,833 million) in Fiscal 2016, as compared to GBP135 million (Rs.12,779 million) in Fiscal 2015, due to prepayment penalties of GBP2 million in Fiscal 2016, as compared to GBP77 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.1,171.3 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.

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Foreign exchange (gain)/loss (net)

We had a net foreign exchange loss of Rs.20,588 million in Fiscal 2016, as compared to Rs.20,371 million in Fiscal 2015. This was primarily attributable to our Jaguar Land Rover operations.

i. Jaguar Land Rover recorded an exchange loss of Rs.13,808 million in Fiscal 2016, as compared to Rs.19,118 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 gain of Rs.102 million in Fiscal 2016, as compared to a loss of Rs.14,870 million in Fiscal 2015, due to fluctuations in foreign currency exchange rates on derivatives contracts, which are not hedge accounted 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 4.8% 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 41.9% to Rs.163,883 million in Fiscal 2016 from Rs.282,073 million in Fiscal 2015, which amounted to 7.4% in Fiscal 2016 of sales, as compared to 12.9% 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 (GBP67 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.9,433 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.

Recent Accounting Pronouncements

Please refer to Note 2(w) 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, 2017.

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.

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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.

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.

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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:

	As at March 31,	
	2017	**2016**
	(Rs. in millions)	
Total short-term debt (excluding current portion of long-term debt)	138,600	114,508
Total current portion of long-term debt	40,927	73,349
Long-term debt net of current portion	605,644	504,511
Total Debt	**785,171**	**692,368**

During Fiscal 2017 and 2016, the effective weighted average interest rate on our long-term debt was 5.8% and 7.2% per annum, respectively.

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The following table sets forth a summary of long-term debt outstanding as at March 31, 2017.

Details of Long-term debt	Currency	Initial Principal amounts (millions)	Redeemable on	Interest Rate	Amount repaid during year ended March 31, 2017 (Rs. millions)	Outstanding (Rs. millions)	
						31-Mar-17	31-Mar-16
Non-Convertible Debentures	INR			Various	26,052	145,163	111,317
Collateralized debt obligations	INR			Various		10,271	401
Buyers credit from bank	Various			Various	683	15,191	15,106
Loan from banks / financial institutions	Various			Various	57,856	127,410	148,264
Compulsory convertible Preference shares	INR			8.780%		4,340	4,340
Others					1,460	1,918	3,072
Senior Notes							
Tata Motors Ltd	US$	250	due 2024	5.750%		16,088	16,413
Jaguar Land Rover	US$	500	due 2023	5.625%		32,096	32,919
Jaguar Land Rover	GBP	400	due 2023	3.875%		32,108	37,814
Jaguar Land Rover	GBP	400	due 2022	5.000%		32,028	37,846
Jaguar Land Rover	US$	410	due 2021	8.125%	5,016		5,503
TML Holdings Pte Ltd	US$	300	due 2021	5.750%		19,250	19,639
Tata Motors Ltd	US$	500	due 2020	4.625%		32,176	32,825
Jaguar Land Rover	US$	500	due 2020	3.500%		32,299	32,980
Jaguar Land Rover	US$	500	due 2019	4.250%		32,315	33,007
Jaguar Land Rover	US$	700	due 2018	4.125%		45,185	46,415
Jaguar Land Rover	GBP	300	due 2021	2.750%		24,065	
Jaguar Land Rover	EUR	650	due 2024	2.200%		44,669	
					5,016	**342,278**	**295,361**
Total Long-term debt					**91,067**	**646,572**	**577,860**

The following table sets forth a summary of the maturity profile for our outstanding long term debt obligations as at March 31, 2017.

Payments Due by Period[1]	Rs. in millions
Within one year	78,486
After one year and up to two years	130,288
After two year and up to five years[2]	395,995
After five year and up to ten years[2]	193,109
Total	**797,878**

1. Including interest
2. Jaguar Land Rover has only senior notes as long-term debt obligations as at March 31, 2017 of Rs.274,765 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, 2017	As at March 31, 2016
	(Rs. in millions)	
Total cash and cash equivalents	139,868	171,536
Total short-term deposits	218,928	127,810
Total mutual funds investments	150,662	192,330
Total liquid assets	509,458	491,676

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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.444,018 million and Rs.442,817 million as at March 31, 2017 and 2016, respectively. Most of the Jaguar Land Rover s liquid assets are maintained in GBP and smaller balances are maintained in US$, EUR and RMB and other currencies to meet operational requirements in those geographies.

We expect to invest over Rs.400 billion in property, plant and equipment and product development during Fiscal 2018.

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. In December 2015, Jaguar Land Rover 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 Construction of the plant commenced in September 2016, with the all new Land Rover Discovery being the first model slated to be manufactured at the plant. In November 2015, Jaguar Land Rover announced an additional investment of GBP450 million to double its capacity at the engine manufacturing facility in Wolverhampton, and also recently commenced the production of the 2.0l Ingenium gasoline engine. In Fiscal 2017, Jaguar Land Rover entered into a partnership with Magna Steyr, an operating unit of Magna International Inc, to build vehicles in Graz, Austria. Jaguar Land Rover announced that its first battery electric vehicle, the Jaguar I-PACE, would be produced under the agreement with Magna Steyr from 2018. 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 2017 of Rs.20,301 million, calculated on a standalone basis, and expects to be free cash flow negative in Fiscal 2018. 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, 2017: 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+	Ba1
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 2016 and 2017. We had in the past issued convertible notes, which were convertible into equity or repayable on maturity. Details of major funding during Fiscal 2013 through Fiscal 2017 are provided below.

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 supporting 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.

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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 5.000% per annum. The proceeds were used 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.

In December 2011, Jaguar Land Rover entered in to committed revolving credit facility for GBP710 million for three and five years with a syndicate of banks. In July 2013, Jaguar Land Rover Automotive plc amended and restated the facility to GBP1,250 million at more favorable pricing and terms and conditions, which was subsequently upsized to GBP1,290 million. On July 29, 2015, Jaguar Land Rover refinanced the facility using a new facility agreement with a syndicate of 29 banks, increasing the size to GBP1.8 billion, all maturing in five years (2020) and subsequently upsized the facility to GBP1.87 billion in September 2015 by adding another bank under the accordion condition. Jaguar Land Rover is subject to certain customary financial and other covenants under this facility. This facility has been amended and extended for GBP 1,885 million and due to expire in July 2022. As at March 31, 2017, 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 (i) US$500 million senior notes due 2019 at a coupon of 4.250% per annum, (ii) US$500 million senior notes due 2020 at a coupon of 3.500% per annum and (iii) GBP400 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 primarily used for general corporate purposes, including support for Jaguar Land Rover s ongoing growth and 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.

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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.

In January 2017, Jaguar Land Rover Automotive plc issued (i) EUR 650 million senior notes due 2024 at a coupon of 2.200% per annum and (ii) GBP300 million senior notes due 2021 at a coupon of 2.750% per annum. The proceeds were for general corporate purposes, including support for Jaguar Land Rover s ongoing growth and capital spending requirements. In March 2017 Jaguar Land Rover Automotive plc completed consent transactions to align the terms of its (i) US$500 million 5.625% senior notes due 2023, (ii) US$ 700 million 4.125% senior notes due 2018 and (iii) GBP400 million 5.000% senior notes due 2022 to bonds it issued after January 31, 2014.

During Fiscal 2017, Tata Motors Limited issued rated, listed, unsecured NCDs of Rs.27,000 million. The proceeds have been utilized for general corporate purpose. Tata Motors Limited prepaid Rs.3000 million of its unsecured 8.60% NCD due 2018 in February 2017.

In Fiscal 2017, TMFL, and its subsidiaries, Sheba Properties Ltd. & TMFSL, issued NCDs and commercial paper and raised Rs.3,161 million and Rs.19,585 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 2017 Rs.2,625 million were raised.

Overall during Fiscal 2017 for the TMFL group, the short-term debt (net) increased by Rs.4,787 million and long-term debt (net) decreased by Rs.609 million.

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.138,599 million and Rs.114,508 million as at March 31, 2017 and 2016, 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.333,874 million and Rs.339,424 million as at March 31, 2017 and 2016, 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.

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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.

Certain debt issued by Jaguar Land Rover is subject to customary covenants and events of default, which include, among other things, restrictions or limitations on the amount of cash, which may be transferred outside of the Jaguar Land Rover group of companies in the form of dividends, loans or investments to TML and its subsidiaries. These are referred to as restricted payments in the relevant Jaguar Land Rover financing documentation. In general, the amount of cash which may be transferred as restricted payments from the Jaguar Land Rover group to the Company and its subsidiaries is limited to 50% of its cumulative consolidated net income (as defined in the relevant financing documentation) from January 2011. As at March 31, 2017, the estimated amount that is available for dividend payments, other distributions and restricted payments was approximately GBP4,841 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		
	2017	**2016**	**2015**
Net Cash provided by Operating Activities:	**303,107**	**374,713**	**365,401**
Net income after tax	62,234	96,872	129,082
Adjustments to net income after tax	226,002	284,906	316,600
Changes in operating assets and liabilities	33,822	13,333	(38,048)
Income tax paid	(18,951)	(20,398)	(42,233)
Net Cash used in Investing Activities	**(382,728)**	**(370,501)**	**(344,178)**
Purchase of property, plant and equipment and intangible assets (net)	(306,064)	(311,014)	(300,899)
Net investment, short term deposit, margin money and loans given	(89,243)	(67,374)	(50,395)
Dividend and interest received	12,579	7,887	7,115
Net Cash provided by / (used in) Financing Activities	**62,053**	**(37,929)**	**30,610**
Equity issuance / Proceeds from issue of shares by a subsidiary to non-controlling shareholders (net of issue expenses)	52	74,334	
Dividends paid (including to non-controlling shareholders of subsidiaries)	(1,212)	(1,059)	(7,207)
Interest paid	(52,224)	(56,068)	(69,131)
Short term (net) borrowings (net of debt issuance cost)	24,853	(18,780)	30,110
Long term (net) borrowings (net of debt issuance cost)	90,584	(36,356)	76,838
Net change in cash and cash equivalents	**(17,567)**	**(33,717)**	**51,834**
Cash and cash equivalents, end of the year	**139,868**	**171,536**	**197,431**

Fiscal 2017 compared to Fiscal 2016

Cash and cash equivalents decreased by Rs.31,668 million in Fiscal 2017 to Rs.139,868 million (by an unfavorable currency translation of Rs.20,281 million from GBP to Indian rupees) from Rs.171,536 million in Fiscal 2016. The decrease in cash and cash equivalents resulted from the changes to our cash flows in Fiscal 2017 when compared to Fiscal 2016 as described below.

Net cash provided by operating activities totaled Rs.303,107 million in Fiscal 2017, a decrease of Rs.71,606 million, as compared to Fiscal 2016. The net income after tax decreased to Rs.62,234 million in Fiscal 2017 from Rs.96,872 million in Fiscal 2016. Therefore, the net income after tax (after adjustments) decreased to Rs.288,236 million in Fiscal 2017 from Rs.381,778 million in Fiscal 2016.

The changes in operating assets and liabilities resulted in a net inflow of Rs.33,822 million in Fiscal 2017, as compared to Rs.13,333 million in Fiscal 2016. Primarily, as a result of an increase in volumes in Fiscal 2017, at Jaguar Land Rover inventories increased by Rs.62,855 million in Fiscal 2017, as compared to Rs.49,602 million in Fiscal 2016 and trade receivables by Rs.19,618 million, as compared to Rs.1,543 million in Fiscal 2016. 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.32,111 million in Fiscal 2017, as compared to Rs.42,315 million in Fiscal 2016, at Jaguar Land Rover.

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For Tata and other brand vehicles (including financing thereof), there was a net inflow of cash on account of changes in operating assets and liabilities of Rs.1,494 million in Fiscal 2017, as compared to an outflow of Rs.28,880 in Fiscal 2016. In Fiscal 2017, the net outflow in vehicle finance receivables was Rs.17,916 million as compared to Rs.13,955 million in Fiscal 2016. Excluding finance receivables, there was an inflow of Rs.19,410 million in Fiscal 2017, compared to an outflow of Rs.14,925 million in Fiscal 2016, which was attributable to an increase in trade payables and acceptances by Rs.29,374 million, partly offset by increase in inventory by Rs.3,374 million.

Income tax paid has decreased to Rs.18,951 million in Fiscal 2017 (lower profitability at Jaguar Land Rover), as compared to Rs.20,398 million in Fiscal 2016, 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.382,728 million in Fiscal 2017, as compared to Rs.370,501 million for Fiscal 2016, an increase of Rs.12,227 million or 3.3%, 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 2017, payments for capital expenditure at Jaguar Land Rover decreased by 3.3% to Rs.267,821 million from Rs.276,932 million in Fiscal 2016. The capital expenditure were intended to support continued growth in sales volumes at Jaguar Land Rover and manufacturing facilities in the United Kingdom, Austria and Brazil. Further, in Fiscal 2017, payments for capital expenditure at Tata and other brand vehicles (including financing thereof) were at Rs.34,635 million from Rs.33,682 million in Fiscal 2016, 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, 2017	2016
	(Rs. in millions)	
Tata and other brand vehicles	34,635	33,682
Jaguar Land Rover	267,821	276,932

Our net investment in short-term deposit margin moneys and loans resulted in an outflow of Rs.89,243 million in Fiscal 2017, as compared to Rs.67,374 million in Fiscal 2016, which mainly related to investment of surplus cash in bank deposits and mutual funds by Jaguar Land Rover of Rs.83,096 million and Tata and other brand vehicles (including financing thereof) of Rs.7,864 million.

Net cash inflow from financing activities totaled Rs.62,053 million in Fiscal 2017, as compared to an outflow of Rs.37,929 million in Fiscal 2016, mainly due to decreased in long-term and short-term borrowings.

For Tata and other brand vehicles (including financing thereof), the short-term debt increased by Rs.20,586 million, whereas long-term debt (net) decreased by Rs.53,761 million, due to repayments. Specifically, there was an increase in debt (short-term and long-term) of Rs.15,402 million in Fiscal 2017 at TMFL, as compared to Rs.9,169 million in Fiscal 2016.

For Jaguar Land Rover, the short-term debt (net) increased by Rs.3,995 million due to certain short term loans taken in some of the overseas subsidiary, and long-term debt (net) increased by Rs.145,914 million in Fiscal 2017 due to new issuance of senior notes.

Interest paid is Rs.53,364 million in Fiscal 2017, as compared to Rs.56,068 million in Fiscal 2016. For Jaguar Land Rover interest paid is Rs.14,650 million in Fiscal 2017, as compared to Rs.11,420 million in Fiscal 2016. For Tata and other brand vehicles, interest paid was Rs.38,565 million in Fiscal 2017, as compared to Rs.44,538 million in Fiscal 2016. Though there was an increase in borrowing in Fiscal 2017, interest was lower due to reduction in interest rates. 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 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 Net income decreased to Rs.96,872 million in Fiscal 2016 from Rs.129,082 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.344,178 million for Fiscal 2015, an increase of Rs.26,323 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 US$ 84 million senior notes.

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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 GBP77 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.

Balance Sheet Data

Below is a discussion of major items and variations in our consolidated balance sheet as at March 31, 2017 and 2016, included elsewhere in this annual report on Form 20-F.

Our total assets were Rs.2,666,646 million and Rs.2,619,981 million as at March 31, 2017 and 2016, respectively. The increase by 1.8% in assets as at March 31, 2017 takes into account an unfavorable foreign currency translation from GBP into Indian rupees as described below.

Our total current assets have increased by Rs.63,896 million to Rs.1,163,336 million as at March 31, 2017 or 5.8%, as compared to Rs.1,099,440 million as at March 31, 2016.

Cash and cash equivalents decreased by 18.5% to Rs.139,868 million as at March 31, 2017, compared to Rs.171,536 million as at March 31, 2016, which also includes an unfavorable foreign currency translation of Rs.20,282 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.112,922 million, which consists of surplus cash deposits for future use. As at March 31, 2017, we had short-term deposits of Rs.218,928 million, as compared to Rs.127,810 million as at March 31, 2016, an increase of 71.3%, reflecting an increase in the value of deposits invested over a term of 90 days at Jaguar Land Rover.

As at March 31, 2017, we had finance receivables, including the non-current portion (net of allowances for credit losses), of Rs.175,633 million, as compared to Rs.163,370 million as at March 31, 2016, an increase of 7.5%, 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.211,608 million as at March 31, 2017, as compared to Rs.207,502 million as at March 31, 2016. 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.140,756 million as at March 31, 2017, representing an increase of 3.4% over March 31, 2016. The increase is offset due to an unfavorable foreign currency translation of Rs.18,496 million from GBP to Indian rupees. The past dues for more than six months (gross) have increased from Rs.11,072 million as at March 31, 2016 to Rs.15,514 million or 40.1% as at March 31, 2017 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 5.5% to Rs.34,719 million as at March 31, 2017 from Rs.32,899 million as at March 31, 2016, primarily representing dues from government owned transport companies and some of our dealers. The trade receivables of Jaguar Land Rover were Rs.100,062 million as at March 31, 2017, as compared to Rs.100,248 million as at March 31, 2016. There was a favorable currency translation of Rs.18,496 million from GBP to INR. Excluding translation impact, this increase is in line with increases in revenues across regions.

As at March 31, 2017, inventories were at Rs.352,954 million, compared to Rs.326,370 million as at March 31, 2016, an increase of 8.1%, primarily due to the increase in volumes. The increase in finished goods inventory was Rs.33,271 million to Rs.282,308 million as at March 31, 2017, as compared to Rs.249,037 million as at March 31, 2016, mainly due to increase in inventory volumes, higher actual costs for all models due to the weakening of GBP and EUR exchange rates as well as other overheads. This increase is offset due to an unfavorable currency translation of Rs.50,348 million from GBP to Indian rupees. In terms of number of days to sales, finished goods represented 39 inventory days in sales in Fiscal 2017, as compared to 34 inventory days in Fiscal 2016. The increase in finished goods mainly relates to the increase in volumes.

Our investments (current and non-current investments) have decreased to Rs.157,280 million as at March 31, 2017 from Rs.198,417 million as at March 31, 2016, representing a decrease of 20.7%. Our investments mainly comprise mutual fund investments of Rs.150,662 million as at March 31, 2017, as compared to Rs.192,330 million as at March 31, 2016. Investments attributable to Jaguar Land Rover were Rs.120,073 million as at March 31, 2017, as compared to Rs.173,437 million as at March 31, 2016, a decrease of 44.5%. This decrease is also due to an unfavorable foreign currency translation of Rs.21,554 million from GBP to Indian rupees. Tata Motors has investments in mutual funds of Rs.24,009 million as at March 31, 2017, as compared to Rs.17,360 million as at March 31, 2016.

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Our other assets (current and non-current) increased by 14.0% to Rs.88,251 million as at March 31, 2017 from Rs.77,387 million as at March 31, 2016. The increase is mainly attributable to VAT, other taxes recoverable, statutory deposits and dues from Government which increased to Rs.60,302 million as at March 31, 2017, as compared with Rs.54,445 million as at March 31, 2016.

Our other financial assets (current and non-current) have increased to Rs.61,295 million as at March 31, 2017 from Rs.49,688 million as at March 31, 2016. Derivative financial instruments have increased by 82.4% to Rs.42,855 million as at March 31, 2017 from Rs.23,490 million as at March 31, 2016, 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 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 decreased to Rs.7,159 million as at March 31, 2017 from Rs.10,276 million as at March 31, 2016. Further, restricted bank deposits have decreased to Rs.2,956 million as at March 31, 2017 from Rs.7,479 million as at March 31, 2016. Additionally, in Fiscal 2017, Fiat India Automobiles Pvt Ltd, our joint operation, repaid its loan of Rs.1,325 million. A Rs.1,600 million loan to Tata Hitachi Construction Machinery Co. Private Ltd, our equity-accounted investee, was converted to equity shares.

Income tax assets (both current and non-current) decreased by 15.4% to Rs.11,955 million as at March 31, 2017 from Rs.14,124 million as at March 31, 2016.

Property, plant and equipment (net of depreciation) decreased by 2.9% from Rs.670,065 million as at March 31, 2016 to Rs.651,199 million as at March 31, 2017. The decrease is due to unfavorable foreign currency translation of Rs.70,697 million from GBP to Indian rupees. After adjusting for foreign currency translation impact, an increase of Rs.89,838 million is mainly represented additions toward new product launches and the plant at Brazil and Slovakia at Jaguar Land Rover.

Goodwill as at March 31, 2017 decreased by 11.4% to Rs.6,733 million, as compared to Rs.7,598 million as at March 31, 2016.

Intangible assets decreased by 4.8% from Rs.600,315 million as at March 31, 2016 to Rs.571,514 million as at March 31, 2017, which mainly include product development projects, brands and other intangible assets. This decrease is also due to an unfavorable foreign currency translation of Rs.57,832 million from GBP to Indian rupees. As at March 31, 2017, there were product development projects in process amounting to Rs.224,360 million.

Carrying value of investments in equity-accounted investees increased by 22.4% to Rs.46,060 million as at March 31, 2017, from Rs.37,640 million as at March 31, 2016. The increase is due to profits in our joint venture Chery Jaguar Automotive Company Limited in Fiscal 2017 of Rs.13,544 million. During Fiscal 2017, we also converted optionally convertible preference shares of Rs.1,600 million into equity shares of Tata Hitachi Construction Machinery Co Pvt Ltd.

A deferred tax liability (net) of Rs.4,296 million was recorded in our income statement and a deferred tax asset of Rs.40,577 million in other comprehensive income, which mainly includes Rs.9,877 million (including translation) toward post-retirement benefits and Rs.23,241 million toward cash flow hedges in Fiscal 2017. The net deferred tax asset of Rs.32,415 million was recorded as at March 31, 2017 as compared to a liability of Rs.3,866 million as at March 31, 2016.

Accounts payable (including acceptances) were Rs.658,544 million as at March 31, 2017, as compared to Rs.653,178 million as at March 31, 2016, a marginal increase of 0.8%, reflecting an increase in operations offset by favorable foreign currency translation of Rs.94,574 million from GBP to Indian rupees.

Other financial liabilities (current and non-current) were Rs.296,866 million as at March 31, 2017, as compared to Rs.182,041 million as at March 31, 2016, net of a favorable currency translation impact of Rs.51,417 million, reflecting 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 repurchasing arrangements increased to Rs.28,284 million as at March 31, 2017 from Rs.25,504 million as at March 31, 2016, due to an increase in the repurchase business at Jaguar Land Rover. Derivative financial instruments have increased by 79.4% to Rs.255,175 million as at March 31, 2017 from Rs.142,264 million as at March 31, 2016, 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 coupled with the strengthening of the U.S. dollar compared to GBP and therefore increasing the fair value of these derivative contracts.

Provisions (current and non-current) increased by 7.8% to Rs.148,108 million as at March 31, 2017 from Rs.137,401 million as at March 31, 2016. Provisions for warranties increased by Rs.5,149 million mainly on account of volume growth at Jaguar Land Rover, offset by favorable foreign currency translation impact of Rs.23,528 million from GBP to Indian rupees. Provisions for product warranty increased by 4.5% to Rs.120,299 million as at March 31, 2017, as compared to Rs.115,150 million as at March 31, 2016. Furthermore, provisions for product liability increased to Rs.12,655 million as at March 31, 2017, compared to Rs.7,584 million as at March 31, 2016.

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Other liabilities (current and non-current) increased by 56.6% to Rs.213,383 million as at March 31, 2017, as compared to Rs.136,266 million as at March 31, 2016. Employee benefit obligations have increased by 116.0% to Rs.119,840 million as at March 31, 2017, as compared to Rs.55,475 million as at March 31, 2016, mainly pertaining to the Jaguar Land Rover pension plan, consequent to changes in actuarial assumptions, primarily including the discount rate. Further, there was increase in the deferred revenue by 42.4% to Rs.44,130 million as at March 31, 2017 from Rs.30,988 million as at March 31, 2016, mainly due to the introduction of new service plans at Jaguar Land Rover. This was offset by a favorable currency translation of Rs.33,844 million from GBP to Indian rupees.

Our total debt was Rs.785,171 million as at March 31, 2017, as compared to Rs.692,368 million as at March 31, 2016, an increase of 13.4%, which is offset by a favorable currency translation of Rs.51,947 million from GBP to Indian rupees. Short-term debt (including the current portion of long-term debt) decreased by 4.4% to Rs.179,527 million as at March 31, 2017, as compared to Rs.187,857 million as at March 31, 2016. Long-term debt (excluding the current portion) increased by 20.0% to Rs.605,645 million as at March 31, 2017 from Rs.504,511 million as at March 31, 2016. Long-term debt (including the current portion) increased by 11.9% to Rs.646,572 million as at March 31, 2017 as compared to Rs.577,860 million as at March 31, 2016. Please see Item 5.B Liquidity and Capital Resources Long term funding for further details.

Total shareholders equity was Rs.538,842 million as at March 31, 2017 and Rs.768,037 million as at March 31, 2016, respectively.

Our reserves decreased from Rs.534,196 million as at March 31, 2016 to Rs.529,010 million as at March 31, 2017.

Our other components of equity reflected a loss of Rs.262,909 million as at March 31, 2017, as compared to Rs.38,649 million as at March 31, 2016. We have accounted for an actuarial gains/loss (net) loss of Rs.65,678 million in respect of pension obligations as at March 31, 2017. In Fiscal 2017, a loss of Rs.128,178 million on cash flow hedges (net), is recorded in comprehensive income. There was also a loss in currency translation differences of Rs.96,870 million.

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 increased from 0.4 as at March 31, 2016 to 0.9 as at March 31, 2017. 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,	
	2017	**2016**
	(Rs. in millions)	
Income tax	949	1,338
Excise duties	14,851	14,400
Sales tax	10,521	12,623
Other taxes and claims[1]	3,000	3,394
Other contingencies	419	416
Total	**29,740**	**32,171**

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.202,511 million and Rs.110,890 million in Fiscal 2017 and 2016, 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, 2017, 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.

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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 57 licenses (excluding redeemed licenses) which require us to export our products of a value of approximately Rs.43.41 billion between the years 2014 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, 2017, we have remaining obligations to export products worth approximately Rs.3.94 billion by October 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.311,627 million, Rs.306,233 million and Rs.335,771 million during Fiscal 2017, 2016 and 2015, respectively. Our automotive operations accounted for a majority of this capital expenditure. We currently plan to invest over Rs.400 billion in Fiscal 2018 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 2017 related mostly to (i) the introduction of new products such as the Tata Tiagor, Hexa and Yodha, (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 [global] launches of the Jaguar F-PACE and the all new Land Rover Discovery, the U.S. launch of the Jaguar XE, product development costs for various future products, the launch of Jaguar Land Rover s in-house 2.0l Ingenium gasoline engines, its contract manufacturing arrangement with Magna Steyr and construction costs for the ongoing new manufacturing plant in Nitra, Slovakia as well as the manufacturing plant opened in Brazil in June 2016. 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 there shortly thereafter. Manufacture of the Land Rover Discovery Sport commenced in the third quarter of Fiscal 2016 followed by the long wheel base Jaguar XFL in the first half of Fiscal 2017 which went on sale in September 2016. Jaguar Land Rover and Chery invested approximately RMB 10.9 billion in the first phase of the project, which was used to establish the manufacturing plant, a research and development center and an engine production facility. Jaguar Land Rover invested approximately 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. Investment to support phase two, which will add additional manufacturing capacity, will be supported by further capital injections from Jaguar Land Rover and Chery.

We continue to focus on development of new products for our various markets. 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 .

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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, 2017:

		Payment due by period (Rs. in millions)			
Type	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Long-term debts[1]	646,572	76,729	284,932	241,351	193,109
Capital lease	1,048	258	301	117	372
Operating lease	39,115	6,598	10,394	7,477	14,646
Capital commitments	202,511	202,099	160	132	120
Purchase commitments	118,825	38,812	42,774	15,035	22,204
Other liabilities	509,487	249,883	146,011	70,384	93,783
Provisions	148,108	58,083	68,132	15,946	5,947
Total	**1,665,666**	**632,462**	**552,704**	**350,442**	**330,181**

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, owns, as of June 30, 2017, 0.0035% of our Ordinary Shares and none of our A Ordinary Shares, has the right to nominate one director to our board of directors.

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, 2017, our directors and senior management, in their sole and joint names, beneficially held an aggregate of 5,774 Ordinary Shares (approximately 0.0002% of our issued share capital) and 3,038 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 TML with effect from February 15, 2016. Mr. Butschek chairs the Executive Committee, or ExCom, which provides oversight of strategy and other key aspects of our operations. He also chairs various business committees of TML, including the Commercial Vehicle and Passenger Vehicle product review, IT governance and risk oversight committees.

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The following table provides information about our directors, executive officers and Group Chief Financial Officer as at June 30, 2017:

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, 2017 [2]	A Ordinary Shares beneficially owned as at June 30, 2017 [2]
Mr. N. Chandrasekaran [3]	Non-Executive Chairman	June 2, 1963	2017	2020		
Mr. Cyrus P. Mistry [4]	Non-Executive Chairman	July 4, 1968	2012	Non-rotational	15,855	
Dr. R. A. Mashelkar	Independent Director	January 1, 1943	2007	2017		
Mr. Nasser Munjee	Independent Director	November 18, 1952	2008	2019		
Mr. V. K. Jairath	Independent Director	December 27, 1958	2009	2019		
Ms. Falguni Nayar	Independent Director	February 19, 1963	2013	2019		
Mr. O. P. Bhatt [5]	Independent Director	March 7, 1951	2017	2022		
Mr. Subodh Bhargava [6]	Independent Director	March 30, 1942	2008	2017		
Mr. N. N. Wadia [7]	Independent Director	February 15, 1944	1998	2016	1,000	
Dr. Ralf Speth [8]	Non-Executive Director	September 9, 1955	2010	2017		
Mr. Guenter Butschek	CEO & Managing Director	October 21, 1960	2016	2021		
Mr. C. Ramakrishnan	Group Chief Financial Officer	June 27, 1955	2007	2017	5,274	3,038
Mr. Ravindra Pisharody [9]	Executive Director (Commercial Vehicles)	November 24, 1955	2012	2017		
Mr. S. B. Borwankar [10]	Executive Director & Chief Operating Officer	July 15, 1952	2012	2019	500	

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, Elphinestone 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 Mr. O.P. Bhatt is 3, Ground Floor, Seagull, Carmichael Road, Mumbai 400 026; 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, 2017.

3. Appointed as Non-Executive Chairman and Additional Director of the Company with effect from January 17, 2017 and his appointment is expected to approved by the shareholders at the forthcoming Annual General Meeting of the Company in August 2017.

4. Resigned as the Non-Executive Chairman and Director of the Company with effect from December 19, 2016.

5. Appointed as Non-Executive Independent Director of the Company with effect from May 9, 2017.

6. Retired on March 29, 2017, upon attaining the age of 75 years in accordance with the Company s Governance Guidelines on Board Effectiveness.

7. Removed as an Independent Director by the Shareholders at the Extraordinary General Meeting of the Company held on December 22, 2016 and shareholding details are as on the date of cessation as Director of the Company.

8. 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.

9. Tendered his resignation as Executive Director (Commercial Vehicles) of the Company, vide letter dated June 5, 2017, but would continue to serve his term of office for another 6 months to ensure seamless transition in business operations.

10. Designated as the Executive Director and Chief Operating Officer of the Company with effect from June 5, 2017 and the Board of Directors has approved of this re-appointment for the period July 16, 2017 upto July 15, 2019, subject to shareholders approval.

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Biographies

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

Mr. Natarajan Chandrasekaran (Chairman)

Mr. Natarajan Chandrasekaran is the Chairman of the Board of Tata Sons, the holding company and promoter of more than 100 Tata operating companies with aggregate annual revenues of more than US$100 billion, and a combined market capitalization exceeding US$120 billion at the start of 2017. He joined the board of Tata Sons in October 2016 and was appointed Chairman in January 2017. He also serves on the boards of several Tata operating companies, including Tata Steel Limited, Tata Power Co. Limited, Indian Hotels Co. Limited, Tata Global Beverages Limited, TCS Foundation, Jaguar Land Rover Automotive plc and Tata Consultancy Services (TCS), of which he was the chief executive from 2009 to 2017.

Mr. Chandrasekaran s appointment as Chairman of the Board of Tata Sons is preceded by a 30-year career at TCS. Under his leadership, TCS implemented a culture of customer focus and innovation, and consolidated its position as the largest private sector employer in India. TCS generated total revenues of US$16.5 billion in Fiscal 2016. It was ranked among the Big 4 most valuable IT services brands worldwide and as one of the World s Most Innovative Companies by Forbes, and recognized as a Global Top Employer by the Top Employers Institute across 24 countries.

Mr. Chandrasekaran was also appointed as a Director on the Board of India s central bank, the Reserve Bank of India, in 2016. He served as the Chairperson of the Information and Communication Technology Industry Governors at the World Economic Forum, Davos in 2015-16. In Fiscal 2013, he was the chairman of NASSCOM, the apex trade body for Indian IT services firms. He is an active member of India s bilateral business forums including with the United States, United Kingdom, Australia and Japan.

Mr. Chandrasekaran s business leadership has been recognized by several corporate and community organizations, and he has received numerous awards, including Business Leader of the Year at the ET Awards for Corporate Excellence 2016; CNBC TV 18 Indian Business Icon 2014; CNN-IBN Indian of the Year 2014 (business category); Best CEO for 2013 and 2014 by Business Today; and Best CEO 2010-15 Institutional Investor s Annual All-Asia Executive Team rankings.

Mr. Chandrasekaran was appointed as a Non-Executive Board Chairman and Director of Tata Motors Limited with effect from January 17, 2017.

Mr. Cyrus P. Mistry (Ex-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 resigned as the Non-Executive Chairman and Director of the Company with effect from December 19, 2016.

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.

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Dr. Mashelkar is Chairman of the Board of Reliance GeneMedix Limited 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, Vyome Bioscience Pvt. Ltd., Access Health International Inc. 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, Cummins India Limited, HDFC Limited, Jaguar Land Rover Automotive plc, Tata Chemicals Limited, Tata Chemicals North America Inc, TMFL, Aarusha Homes Pvt. Limited and Astarda Limited, as well as various non-profit organizations.

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. 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, Wockhardt Limited, Kirloskar Industries Limited, Bombay Dyeing & Manufacturing Co. Limited, Meenakshi Energy Limited and TMFSL.

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, Endurance Technologies 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., FSN Brands Marketing Pvt. Limited, Nykaa E-Retail Pvt. Limited, 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.

Mr. Om Prakash Bhatt

From July 1, 2006 to March 31, 2011, Mr. Bhatt was the Chairman, State Bank Group, which includes State Bank of India, India s largest commercial bank; five associate banks in India; five overseas banks; SBI Life, the country s largest private life insurer; SBI Capital Markets, India s leading investment bank; SBI Fund Management; and other subsidiaries spanning diverse activities; from general insurance to custodial services. Under his leadership, SBI rose on the global list rankings of Fortune 500.

He serves as an Independent Director on several Boards including Standard Chartered Bank plc, Tata Consultancy Services, Tata Steel, Greenco Energy Holdings and Hindustan Unilever Limited.

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Mr. Bhatt has also served as Chairman of Indian Banks Association, the apex body of Indian banks. He was appointed as the government s nominee on the India-US CEO Forum, Indo-French CEO Forum and Indo-Russia CEO Forum, forging links with a cross section of the world s business leaders.

Mr. Bhatt is a graduate in Science and a post graduate in English Literature (Gold Medalist).

He was appointed as an independent director of Tata Motors Limited with effect from May 9, 2017.

Mr. Subodh Bhargava

Mr. Bhargava was appointed as an independent director of Tata Motors Limited with effect from June 27, 2008 and retired with effect from March 29, 2017, upon attaining the age of 75 years in accordance with the Company s Governance Guidelines on Board Effectiveness.

Mr. Nusli N. Wadia

Mr. Wadia was appointed as an independent director of Tata Motors Limited with effect from December 22, 1998 and was removed as an Independent Director by the Shareholders at the Extraordinary General Meeting of the Company held on December 22, 2016.

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 Tata Sons Limited, Jaguar Land Rover Limited, Jaguar Land Rover Holdings Limited, Jaguar Racing Limited, Spark44 (JV) Limited, ACEA, Bladon Jets, Confederation of British Industry and the Society of Motor 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.

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Mr. Guenter Butschek

Mr. Butschek was appointed as an additional director on our board with effect from February 15, 2016. He was also appointed as our Chief Executive Officer & Managing Director with effect from February 15, 2016. 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, TDCV, Tata Motors European Technical Centre Plc and Tata Cummins Pvt. Limited.

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 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 upto September 30, 2017. 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.

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 Carrocerries 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. Pisharody, vide letter dated June 5, 2017, tendered his resignation as Executive Director (Commercial Vehicles) of TML, but will continue to serve his term of office for another 6 months, or such shorter period as the Company may decide to ensure seamless transition in business operations.

Mr. Satish B. Borwankar

Mr. Borwankar started his career with Tata Motors Limited in 1974, as a Graduate Engineer Trainee and was appointed as an Executive Director (Quality) on June 21, 2012. He is currently the Executive Director and Chief Operating Officer with effect from June 5, 2017. He has been reappointed, subject to shareholders approval for a period from July 16, 2017 to July 15, 2019. 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.

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Mr. Borwankar was designated as the Executive Director & Chief Operating Officer (COO) of TML with effect from June 5, 2017. The board of directors has approved this re-appointment for the period July 16, 2017 up to July 15, 2019, subject to shareholders approval.

B. Compensation

The following table provides the annual compensation paid/accrued to our directors, Executive Officers and Group Chief Financial Officer in Fiscal 2017. 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. N Chandrasekaran [2]	Non-Executive Chairman	240,000
Mr. Cyrus P. Mistry [3]	Non-Executive Chairman	660,000
Mr. N. N. Wadia [4]	Independent Director	660,000
Dr. R. A. Mashelkar	Independent Director	1,960,000
Mr. Nasser Munjee [5 12]	Independent Director	6,790,000
Mr. V. K. Jairath	Independent Director	3,490,000
Ms. Falguni Nayar [12]	Independent Director	2,198,000
Mr. Om Prakash Bhatt [7]	Independent Director	
Mr. S. Bhargava	Independent Director	1,298,000
Dr. Ralf Speth [8 12]	Non-Executive Director	551,740,000
Mr. Guenter Butschek [12]	CEO & Managing Director	225,515,000
Mr. C. Ramakrishnan [11 12]	Tata Motors Group Chief Financial Officer	41,199,000
Mr. Ravindra Pisharody [10 9 12]	Executive Director (Commercial Vehicles)	30,099,000
Mr. Satish Borwankar [10 12]	Executive Director & COO	29,398,000

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, and sitting fees/directors fees for non-executive directors. No commission has been paid to directors by Tata Motors Limited for Fiscal 2017, due to inadequacy of profits.
2. Appointed as Non-Executive Chairman of the Company with effect from January 17, 2017.
3. Resigned as the Non-Executive Chairman and Director of the Company with effect from December 19, 2016.
4. Removed as an Independent Director by the Shareholders at the Extraordinary General Meeting of the Company held on December 22, 2016.
5. The remuneration of Mr. Munjee includes remuneration of GBP 50,000 received from Jaguar Land Rover Automotive plc and directors fees of Rs.460,000 paid by TMFL.
6. Retired on March 29, 2017, upon attaining the age of 75 years in accordance with the Company s Governance Guidelines on Board Effectiveness.
7. Appointed as Non-Executive Independent Director of Tata Motors Limited with effect from May 9, 2017.
8. 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.
9. The remuneration includes directors fees and commissions received from Automobile Corporation of Goa Limited of Rs.810,800 and directors fees paid by Tata International Limited of Rs.500,000, Tata Daewoo Commercial Vehicle Co. Limited of Rs.1,501,700 and Nita Company Limited of Rs.10,800 but excludes provision for a special retirement benefit of Rs.5,266,000 payable at the discretion of the board.
10. The remuneration excludes provision for a special retirement benefit of Rs.5,266,000 and Rs.7,932,000 for Mr. Pisharody and Mr. Borwankar, respectively, payable at the discretion of the board.
11. The remuneration paid includes directors fees of Rs.205,000 paid by Tata Technologies Limited.
12. 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.

At the 71st Annual General Meeting of the Company held on August 9, 2016, our shareholders approved payment of the minimum remuneration to Mr. Pisharody, Mr. Borwankar and Mr. Butschek as per their agreements in view of inadequacy of profits for Fiscal 2016, 2017 and 2018.

In respect of Fiscal 2017, the minimum remuneration of the Executive Directors is within the limits prescribed under the Companies Act, 2013. In respect of Mr. Butschek, the CEO & MD, on an application made by the Company to the Central Government for his appointment and remuneration as required under Section 197 of the Companies Act, 2013 read with Schedule V thereunder, the Central Government has approved of his appointment for a period of 5 years with effect from February 15, 2016 and his remuneration for the period September 12, 2016 to February 14, 2019. In respect of his agreed remuneration for the period February 15, 2016 to September 11, 2016, the Company s resubmission is under active consideration by the Central Government.

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C. Board Practices

Our board of directors size, comprises of ten directors, which is commensurate with the size of our company and consistent with the board size of 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 & Managing Director 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 2017, 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 at http://www.tatamotors.com/investors/pdf/familiarisation-programme-independent-directors.pdf

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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 Audit Committee functions according to its Charter that defines its composition, authority, responsibility and reporting functions in accordance with Section 177 of the Act, Regulation 18(3) read with Part C of Schedule II of the SEBI Listing Regulations and applicable U.S. regulations, and is reviewed from time to time. Provided below is the gist of the responsibilities of the Audit Committee. The full Charter is available on our website

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;

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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 valuation agent 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.

During the year, the Committee reviewed key audit findings covering operational, financial and compliance areas. It also reviewed the internal control system in subsidiary companies, status on compliance of its obligations under the Charter and confirmed that it fulfilled its duties and responsibilities. The Committee, through self-assessment, annually evaluates its performance. The Chairman of the Audit Committee briefs the Board members about the significant discussions at Audit Committee meetings. 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. It also uses external expertise, if required. 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.

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Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of three independent directors, Dr. Mashelkar, Mr. Nasser Munjee, Mr. O P Bhatt and one Non-Executive Director, Mr. N Chandrasekaran. The Chairman of the Committee is elected on a meeting-to-meeting basis. Mr. Wadia ceased to be the Committee Chairman, consequent to his removal as an Independent Director by the Shareholders at the Extraordinary General Meeting of the Company held on December 22, 2016. Mr. Cyrus Mistry ceased to be a Committee Member, consequent to his resignation as the Non-Executive Chairman and Director of the Company with effect from December 19, 2016. Mr. Bhargava a Member of the Committee retired in accordance with the Company s Governance Guidelines on Board Effectiveness on March 29, 2017, upon attaining the age of 75 years. Mr. Nasser Munjee and Mr. O P Bhatt were inducted as members of the Committee with effect from March 29, 2017 and May 16, 2017, respectively.

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;