

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)

**Republic of India**  
(Jurisdiction of incorporation or organization)

**H.K. Sethna**

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**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
<b>Ordinary Shares, par value Rs.2 per share*</b>	<b>New York Stock Exchange</b>

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)

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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<sup>1</sup> 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 Other  
issued by the International Accounting Standards  
Board

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.

<sup>1</sup> 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*

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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**

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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 activities 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.

**Table of Contents****Selected Financial Data Prepared in Accordance with IFRS**

	2017 (In US\$ millions, except share and per share amounts)	2017	Year ended March 31, 2016	2015	2014	2013
			(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	<b>959.6</b>	<b>62,234.4</b>	<b>96,872.2</b>	<b>129,082.4</b>	<b>131,178.6</b>	<b>89,556.7</b>

	2017 (In US\$ millions, except share and per share amounts)	2017	Year ended March 31, 2016	2015	2014	2013
			(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:						

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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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	2017 (in US\$ millions, except number of shares)	2017	2016	As at March 31, 2015	2014	2013
				(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



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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.

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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



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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 cyclical and seasonality of demand for these products. The automotive industry has been cyclical in the past, and we expect this cyclical 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<sub>2</sub>~~ 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

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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 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.

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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.

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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,

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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](http://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 4<sup>th</sup> 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.

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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 4<sup>th</sup> 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 through research and development. In India, our Engineering Research Centre, or ERC, established in 1966, has enabled us to successfully design, develop and produce our own range of vehicles. Jaguar Land Rover's research and development operations are built around state-of-the-art engineering facilities, extensive test tracks, testing centers, design hubs and a virtual innovation center. The Engineering Research Centre, or ERC, in India and Jaguar Land Rover engineering and development operations in the United Kingdom have identified areas to leverage the facilities and resources to enhance the product development process and achieve economies of scale. Furthermore, we have a wholly-owned subsidiary, Tata Motors European Technical Centre PLC, or TMETC, in the United Kingdom, which is engaged in automobile research and engineering.

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

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

Our product portfolio of Tata-brand vehicles includes the Nano, Indica, Tiago, Indigo, 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<sub>2</sub> 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			Best Value for Money Car of the Year Tata Tiago
8	Autocar India	2017 Autocar Awards	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

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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.

<b>Award</b>	<b>Model</b>	<b>Awarding Institution</b>	<b>Date</b>
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
<b><i>Environmental performance</i></b>			

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.

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Jaguar Land Rover uses aluminum and other lightweight materials to reduce overall vehicle weight and improve fuel and CO<sub>2</sub> 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 as 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<sub>2</sub> 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<sub>2</sub> emission performance. The 2.0-liter Ingenium diesel and gasoline engines, now used extensively in the product line-up, provide significant CO<sub>2</sub> 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 cyclicalities***

The automobile industry is impacted by cyclicalities. To mitigate the impact of cyclicalities, 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 cyclicalities 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 Baldrige National Quality Award to enable us to improve performance and attain higher levels of efficiency in our businesses and in discharging our social responsibility. The model aims to nurture core values and concepts embodied in various focus areas such as leadership, strategic planning, customers, markets and human resources, and to translate them to operational performance. Our adoption and implementation of this model seeks to ensure that our business is conducted through superior processes.

We have deployed a balance score card system for measurement-based management and feedback. We have also deployed a new product introduction process for systematic product development and a PLM system for effective product data management across our organization. We have adopted various processes to enhance the skills and competencies of our employees. We have also enhanced our performance management system, with appropriate mechanisms to recognize talent and sustain our leadership base. We believe these will enhance our way of doing business, given the dynamic and demanding global business environment.

### ***Expanding customer financing activities***

With financing a critical factor in vehicle purchases, and in light of the rising 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<sub>2</sub> 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 (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%
<b>Total</b>	<b>1,157,808</b>	<b>100.0%</b>	<b>1,064,596</b>	<b>100.0%</b>	<b>997,550</b>	<b>100.0%</b>

## 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%
<b>Total</b>	<b>557,002</b>	<b>100.0%</b>	<b>520,511</b>	<b>100.0%</b>	<b>524,522</b>	<b>100.0%</b>

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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 <sup>1</sup>	6.5%	5.3%	5.9%
Utility vehicles <sup>2</sup>	2.1%	2.7%	3.7%
Light commercial vehicles <sup>3</sup>	41.1%	42.2%	47.0%
Medium and heavy commercial vehicles	49.2%	51.9%	54.4%
<b>Total Four-Wheel Vehicles</b>	<b>12.8%</b>	<b>13.1%</b>	<b>14.1%</b>

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

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

<sup>2</sup> 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).

<sup>3</sup> 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*

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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.

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### *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 led 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

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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.

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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

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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.

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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%
<b>Total</b>	<b>600,806</b>	<b>100.0%</b>	<b>544,085</b>	<b>100.0%</b>	<b>473,028</b>	<b>100.0%</b>

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

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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 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.

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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<sup>2</sup>). 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 CO<sub>2</sub> 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.

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### *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%.





**Table of Contents*****The FDI Policy***

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

***Indian Taxes***

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

***Excise Duty***

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

Change of Tax Rate	Excise Duty (per vehicle or chassis)						
	Small cars <sup>1</sup>	Cars other than small cars <sup>2</sup>	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		20% or					
	8%	24% <sup>1</sup>	8%	10%	8%	9%	24%
January 2015		24% or					27% or
	12%	27% <sup>1</sup>	12%	14%	12%	13%	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**

## Edgar Filing: TATA MOTORS LTD/FI - Form 20-F

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.

**Table of Contents***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:

<b>Commodity</b>	<b>GST Rate</b>	<b>GST Comp. Cess Rate</b>
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<sub>2</sub> / fuel economy legislation*

Current legislation in Europe limits passenger car fleet average greenhouse gas emissions to 130 grams of CO<sub>2</sub> 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<sub>2</sub> emissions target. Jaguar Land Rover had an overall 2015 target of an average of 178.0 grams of CO<sub>2</sub> 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<sub>2</sub> 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<sub>2</sub> 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<sub>2</sub> 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<sub>2</sub> target.

The European Union has also adopted an average emissions limit of 175 grams of CO<sub>2</sub> per kilometer for light commercial vehicles to be phased in between 2014 and 2017. Implementation of light commercial vehicle CO<sub>2</sub> 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<sub>2</sub> emissions per kilometer for the fleet, including the allowed phase-in of 75%, were 259 grams of CO<sub>2</sub> per kilometer, while the specific target was 276.9 grams of CO<sub>2</sub> per kilometer. A further average emissions limit of 147 grams of CO<sub>2</sub> 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<sub>2</sub> 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<sub>2</sub> 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.

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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 court 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:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Ownership Interest / Voting Power</b>
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***

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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 21<sup>st</sup> 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<sub>2</sub>. Jaguar Land Rover expects requirements to reduce greenhouse gases 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.

**Table of Contents****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)	
<b>Tata Motors Plants in India<sup>1</sup></b>			
Medium and heavy commercial vehicles, light commercial vehicles, utility vehicles and passenger cars	1,607,064	529,927	466,622
<b>Jaguar Land Rover<sup>2, 5</sup></b>			
Utility vehicles, passenger cars	772,368	620,287	559,880
<b>Other subsidiary companies plants (excluding Jaguar Land Rover<sup>3</sup>)</b>			
Medium and heavy commercial vehicles, buses, bus bodies and pickup trucks	52,000	21,858	20,237
<b>Joint operations<sup>4</sup> (Passenger Vehicles)</b>	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.

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

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<b>Location</b>	<b>Facility or Subsidiary / Joint Operations Name</b>	<b>Principal Products or Functions</b>
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 <sup>3</sup>	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**



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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.

**Table of Contents****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.

	<b>For the year ended March 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>Rs. in million</b>		
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.

	<b>Year ended March 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>Rs. in million</b>		
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.

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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.

**Table of Contents***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

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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:

Revenue	2017		Year ended March 31, 2016		2015	
	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%
<b>Total</b>	<b>2,656,495</b>	<b>100%</b>	<b>2,705,113</b>	<b>100%</b>	<b>2,648,929</b>	<b>100%</b>

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.



**Table of Contents****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			