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

**FORM 20-F/A
(Amendment No. 1)**

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)

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

H.K. Sethna
Tel.: +91 22 6665 7219
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Bombay House
24, Homi Mody Street
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(Name, Telephone, Facsimile number, Email and Address of company contact person)

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

Title of each class

Name of Each Exchange On Which Registered

Ordinary Shares, par value Rs.2 per share*

New York Stock Exchange

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

None
(Title of Class)

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

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

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report. — 2,887,348,428 Ordinary Shares and 508,502,291 'A' Ordinary Shares, including 530,496,280 Ordinary Shares represented by 106,095,104 American Depositary Shares, or ADSs, outstanding as at March 31, 2017. Each ADS represents five (5) Ordinary Shares as at March 31, 2017.

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards¹ provided pursuant to Section 13(a) of the Exchange Act. N/A

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

U.S. GAAP

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

Other

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

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

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

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

EXPLANATORY NOTE

This Amendment No.1 (“Amendment No.1”) to the annual report on Form 20-F of Tata Motors Limited (“we”, “our” or the “Company”) for the fiscal year ended March 31, 2017 filed on July 28, 2017 (the “Fiscal 2017 Form 20-F”) is being filed to amend the table reconciling our consolidated earnings before other income, interest and tax with our consolidated net income as provided in response to Item 5.A “—Operating Results —Overview”.

Other than as expressly set forth above, this Amendment No. 1 to the Fiscal 2017 Form 20-F does not, and does not purport to, revise, update, amend or restate the information presented in, or any exhibits to, the Fiscal 2017 Form 20-F or reflect any events that have occurred subsequent to the filing of the Fiscal 2017 Form 20-F.

Item 5. Operating and Financial Review and Prospects

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

A. Operating Results

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

Overview

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

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

	For the year ended March 31,		
	2017	2016	2015
		(Rs. in million)	
Earnings before other income, interest and tax	104,813	176,789	254,311
Add/(Less):			
Share of profit/(loss) of equity accounted investees (net)	14,930	5,775	(1,748)
Other income/(loss) (net)	28,172	3,136	11,508
Foreign exchange gain/(loss) (net)	(13,285)	(20,588)	(20,371)
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	<u>62,234</u>	<u>96,872</u>	<u>129,082</u>

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.

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

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

Economy

India

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

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

World

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

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

Automotive operations

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

Our automotive operations include:

- All activities relating to the development, design, manufacture, assembly and sale of vehicles, as well as related spare parts and accessories;
- Distribution and service of vehicles; and
- Financing of our vehicles in certain markets.

Our automotive operations segment is further divided into Tata and other brand vehicles (including financing thereof), and Jaguar Land Rover. In Fiscal 2017, Jaguar Land Rover contributed 80.4% of our total automotive revenue compared to 81.8% in Fiscal 2016 and 83.0% in Fiscal 2015 (before intra-segment elimination) and the remaining 19.6% was contributed by Tata and other brand vehicles in Fiscal 2017 compared to 18.2% in Fiscal 2016 and 17.0% in Fiscal 2015. Jaguar Land Rover revenue includes a translation loss from GBP to Indian rupees. For further detail see Item 5.A “—Operating Results—Fiscal 2017 Compared to Fiscal 2016—Revenue.”

Other Operations

Our other operations business segment mainly includes information technology services, machine tools and factory automation solutions. Our revenue from other operations before inter-segment eliminations was Rs.31,154 million in Fiscal 2017, an increase of 7.0% from Rs.29,116 million in Fiscal 2016. Revenues from other operations represented 1.2%, 1.1% and 1.0% of our total revenues, before inter-segment eliminations, in Fiscal 2017, 2016 and 2015, respectively. Earnings before other income, interest and tax before inter-segment eliminations (segment earnings), were Rs.3,798 million in Fiscal 2017 and Rs.4,212 million and Rs.3,448 million in Fiscal 2016 and 2015, respectively.

Geographical breakdown

We have pursued a strategy of increasing exports of Tata and other brand vehicles to new and existing markets. Improved market sentiment in certain countries to which we export and a strong portfolio of Jaguar Land Rover vehicles have enabled us to increase sales in these international markets in Fiscal 2017. Sales in Europe have overtaken those in China, and Europe has become our second largest single market in terms of volume, after India. Sales in Europe increased by 45.2% in Fiscal 2016, in terms of volume. Besides, Jaguar Land Rover, TDCV, our subsidiary in South Korea, and TTL, our specialized subsidiary engaged in engineering, design and information technology services, contributes to our revenue from international markets. The proportion of our net sales earned from markets outside of India has decreased marginally to 84.1% in Fiscal 2017 from 84.8% in Fiscal 2016, due to growth in revenues from India. Our net sales do not include revenues of the China Joint Venture (which commenced operations in Q3 of Fiscal 2015), as the China Joint Venture is an equity accounted investee.

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

Revenue	Year ended March 31,					
	2017		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%
Total	2,656,495	100%	2,705,113	100%	2,648,929	100%

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

Significant Factors Influencing Our Results of Operations

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

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

Results of operations

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

	Percentage of Total Revenue			Percentage Change	
	Year ended March 31,			2016 to 2017	2015 to 2016
	2017	2016	2015		
Total revenues	100%	100%	100%	-1.8%	2.1%
Raw materials, components and purchase of product for sale (including change in inventories of finished goods & work-in-progress)	62.5	60.5	61.0	1.3	1.2
Employee cost	10.7	10.7	9.5	-1.6	15.1
Other expenses	22.9	21.6	20.6	4.0	7.2
Provision for loss of inventory (net of insurance recoveries)	-0.5	0.6	—	-181.2	100.0
Depreciation and amortization	6.9	6.2	5.1	8.5	25.0
Expenditure capitalized	-6.4	-6.2	-5.8	1.2	8.9
Other (income)/ loss (net)	-1.1	-0.1	-0.4	798.4	-72.8
Interest income	-0.2	-0.3	-0.3	-21.5	6.2
Interest expense (net)	1.6	1.8	2.0	-11.6	-8.3
Foreign exchange (gain) / loss (net)	0.5	0.8	0.8	-35.5	1.1
Share of (profit) / loss of equity accounted investees	-0.6	-0.2	0.1	158.5	-430.3
Net income before tax	3.7	4.6	7.4	-21.3	-37.3
Income tax expense	-1.3	-1.0	-2.6	29.6	-60.2
Net income	2.4	3.6	4.8	-35.8	-25.0
Net income attributable to shareholders of Tata Motors Limited	2.4	3.6	4.8	-36.2	-25.3
Net income attributable to non-controlling interests	— *	— *	— *	3.5	25.0

* Less than 0.1

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

	Year ended March 31,			Percentage Change	
	2017	2016	2015	2016 to 2017	2015 to 2016
Total Revenues (Rs. million)	2,639,061	2,691,018	2,635,966	-1.9	2.1
Earnings before other income, interest and tax (Rs. million)	102,958	173,315	252,241	-40.6	-31.3
Earnings before other income, interest and tax (% to total revenue)	3.9%	6.4%	9.6%		

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

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

Fiscal 2017 Compared to Fiscal 2016

Revenue

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

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

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

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

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

Revenue from other operations, before inter-segment eliminations, increased by 7.0% to Rs.31,154 million in Fiscal 2017 from Rs.29,116 million in Fiscal 2016, and represents 1.2% and 1.1% of our total revenues, before inter-segment eliminations, in Fiscal 2017 and 2016, respectively.

Cost and Expenses

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

Material costs increased marginally by 1.3% to Rs.1,659,297 million in Fiscal 2017 from Rs.1,637,210 million in Fiscal 2016. Material costs include realized exchange gain of Rs.7,553 million in Fiscal 2017 as compared to a loss of Rs.25,571 million in Fiscal 2016.

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

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

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

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

Provision/(Reversal) for Loss of Inventory

On August 12, 2015, a series of explosions caused widespread damage at the Port of Tianjin in China, one of three major locations in China through which Jaguar Land Rover imports its vehicles. A provision of Rs.16,384 million (GBP157 million) (net of insurance recoveries) of Rs.5,342 million (GBP55 million) has been recognized against the carrying value of inventory for the damage due to explosion at the port of Tianjin in China in Fiscal 2016.

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

Employee Costs

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

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

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

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

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

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

In Fiscal 2016, we closed the manufacturing operations at Tata Hispano Motors Carrocerries Maghreb, or Hispano Maghreb, and paid Rs.223 million as employee separation costs.

Other Expenses

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

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

- Freight and transportation expenses were flat at Rs.103,534 million in Fiscal 2017. This reflects a favorable foreign currency translation of GBP to Indian rupees of Rs.10,338 million. Considering this, the increase in freight and transportation expenses corresponds to an increase in volumes at both Tata brand vehicles and Jaguar Land Rover operations, predominantly on account of increased sales of Passenger Cars and growth in North America and Europe and the United Kingdom, respectively, on an annual basis.
- Our works operation and other expenses represented 8.8% and 8.3% of total revenue in Fiscal 2017 and 2016, respectively. On absolute terms, the expenses have increased by 4.2% to Rs.232,675 million in Fiscal 2017 from Rs.223,315 million in Fiscal 2016. These mainly relate to volume-related expenses at Jaguar Land Rover and Tata Motors. There is an increase in project expenses relating to our contract manufacturing arrangement with Magna Steyr which are capitalized and shown under the line item "expenditure capitalized" discussed below.
- Publicity expenses remains flat at 3.3% of our total revenues in Fiscal 2017 as compared to 3.2% in Fiscal 2016. In addition to routine product and brand campaigns, we incurred expenses relating to new product introduction campaigns in Fiscal 2016, namely the new Jaguar F-PACE, the all new Jaguar XF, the refreshed 2016 model year Jaguar XJ, new Jaguar F-PACE and the Range Rover Evoque (including convertible) at Jaguar Land Rover, and the Tigor, Tiago, Hexa, Yodha and Geneva Motors show at our India operations.
- Our allowance for trade and other receivables represented 0.3% and 0.6% of total revenues in Fiscal 2017 and Fiscal 2016, respectively. The allowances for finance receivables mainly relate to India operations. These mainly reflect provisions for the impairment of vehicle loans of Rs.5,654 million for Fiscal 2017 as compared to Rs.8,600 million for the same period in 2016. The decrease in provision is mainly due to improved collections. Based on our assessment of non-recoverability of overdues in trade and other receivables, we have recorded a provision of Rs.1,706 million in Fiscal 2017, compared to a provision of Rs.6,719 million in Fiscal 2016.
- Warranty and product liability expenses represented 3.2% and 2.5% of our total revenues in Fiscal 2017 and Fiscal 2016, respectively. The warranty expenses at Jaguar Land Rover represented 3.6% of the revenue as compared to 2.9% last year whereas for Tata Motors Indian operations these represent 1% for both Fiscal 2017 and 2016 of revenue. The increase of Jaguar Land Rover was primarily driven by higher volumes and the impact of unfavorable foreign exchange from the weakening of GBP during Fiscal 2017. In May 2016, an industry-wide passenger airbag safety recall was announced in the United States by the NHTSA in respect of airbags from Takata. Certain front-passenger airbags from Takata are installed in vehicles sold by Jaguar Land Rover Group. Accordingly, we recognized an additional provision of Rs.6,415 million (GBP67 million) for the estimated cost of repairs in Fiscal 2016. Please refer to Item 5.A "Critical Accounting Policies" of this annual report for further details.
- Research and product development costs represent research costs and costs pertaining to minor product enhancements, refreshes and upgrades to existing vehicle models. These represented 1.3% of total revenues for Fiscal 2017 and 2016.

Expenditure capitalized

This represents employee costs, stores and other manufacturing supplies and other works expenses incurred mainly toward product development projects. Considering the nature of our industry, we continually invest in the development of new products and invest to address safety, emission and other regulatory norms. The expenditure capitalized increased by 1.2% to Rs.168,769 million in Fiscal 2017 from Rs.166,783 million in Fiscal 2016. The increase is net of an unfavorable foreign currency translation impact from GBP to Indian rupees of Rs.20,219 million pertaining to Jaguar Land Rover. These reflect expenditures on new products and other major product development plans.

Depreciation and Amortization

Our depreciation and amortization expenses increased by 8.5% in Fiscal 2017, the breakdown of which is as follows:

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

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

Other income (net)

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

- i. The gain on change in the fair value of commodity derivatives mainly at Jaguar Land Rover was Rs.9,184 million in Fiscal 2017, as compared to loss of Rs.11,555 million in Fiscal 2016, primarily due to the significant increase in commodity prices of major commodities, including aluminum, copper and platinum.
- ii. We recorded a loss on a sale of assets and assets written off of Rs.11,419 million in Fiscal 2017, as compared to Rs.9,477 million in Fiscal 2016. In Fiscal 2017 and 2016, product development in progress for certain projects were identified for write off.
- iii. Gain on sale of available-for-sale investments increased marginally to Rs.1,826 million in Fiscal 2017, as compared to Rs.1,814 million in Fiscal 2016.
- iv. Miscellaneous income increased by 30.0% to Rs.28,475 million in Fiscal 2017 from Rs.21,908 million in Fiscal 2016. The increase is mainly due to increase in royalty income from Chery Jaguar Land Rover Automotive Company Ltd.

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

Interest expense (net)

Our interest expense (net of interest capitalized) decreased by 11.6% to Rs.42,366 million in Fiscal 2017 from Rs.47,913 million in Fiscal 2016. As a percentage of total revenues, interest expense represented 1.6% in Fiscal 2017, compared to 1.8% in Fiscal 2016. The interest expense (net) for Jaguar Land Rover was GBP68 million (Rs.6,011 million) in Fiscal 2017, as compared to GBP90 million (Rs.8,797 million) in Fiscal 2016. The decrease in interest expense is primarily due to the prepayment of higher coupon senior notes during Fiscal 2016 and by a favorable foreign currency translation of Rs.663 million from GBP to Indian rupees. For our operations of Tata and other brand vehicles (including financing thereof), interest expense decreased by 7.2% to Rs.36,435 million in Fiscal 2017 from Rs.39,249 million in Fiscal 2016, mainly due to reduction in interest rates. See Item 5.B “—Liquidity and Capital Resources” of this annual report on Form 20-F for additional details on our debt financing arrangements.

Foreign exchange (gain)/loss (net)

We had a net foreign exchange loss of Rs.13,285 million in Fiscal 2017, compared to Rs.20,588 million in Fiscal 2016. This was primarily attributable to our Jaguar Land Rover operations.

- i. Jaguar Land Rover recorded an exchange loss of Rs. 20,148 million in Fiscal 2017, as compared to Rs.13,808 million in Fiscal 2016. We incurred a net exchange loss on senior notes of Rs.8,273 million in Fiscal 2017, as compared to Rs.5,639 million in Fiscal 2016, mainly due to appreciation of the U.S. dollar, as compared to GBP as at March 31, 2016. Further, there was a loss of Rs.2,293 million in Fiscal 2017, as compared to a gain of Rs.102 million in Fiscal 2016, due to fluctuations in foreign currency exchange rates on derivatives contracts which are not hedge accounted, mainly reflecting a stronger U.S. dollar and Euro, offset by weaker Chinese RMB and emerging market currencies. Furthermore, this also includes a loss on revaluation of other assets and liabilities of Rs.7,126 million in Fiscal 2017, as compared to Rs.9,166 million in Fiscal 2016.
- ii. For India operations, due to appreciation of the Indian rupee mainly against the U.S. dollar, we incurred exchange gains. There was a net exchange gain of Rs.2,712 million in Fiscal 2017, as compared to loss of Rs.2,781 million in Fiscal 2016, mainly attributable to foreign currency denominated borrowings.

Income Taxes

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

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

- i. During Fiscal 2017, Tata Motors Limited, on a standalone basis, did not recognize a deferred tax asset, amounting to Rs.27,926 million, as compared to Rs.8,152 million in Fiscal 2016, with respect to tax losses, due to the uncertainty of future taxable profit against which tax losses can be utilized.
- ii. Furthermore, during Fiscal 2017, deferred tax assets totaling Rs.1,446 million, as compared to Rs.5,137 million in Fiscal 2016, were not recognized in certain subsidiaries due to uncertainty of realization.
- iii. Income tax expense on undistributed earnings of subsidiaries was Rs.4,134 million in Fiscal 2017, as compared to Rs.5,402 million in Fiscal 2016.
- iv. In Fiscal 2017, there was a tax credit due to share of profit of equity accounted investees of Rs.3,147 million, as compared to Rs.1,138 million in Fiscal 2016 (due to profits at our China Joint Venture).
- v. During Fiscal 2017, Tata Motors Finance Ltd, a wholly-owned subsidiary, transferred its business to its subsidiary Sheba Properties Ltd. The resultant gain was subject to capital gains tax in India for Tata Motors Limited, on a standalone basis, resulting in utilization of business losses having a tax effect of Rs.4,079 million.

During Fiscal 2016, Tata Motors Limited, on a standalone basis received additional consideration of Rs.3,245 million, from TML Holdings Pte Ltd, a wholly owned subsidiary towards divestment of investments in Fiscal 2014 in a foreign subsidiary. Further, Tata Motors Limited, on a standalone basis divested investments in Sheba Properties Limited, wholly owned subsidiary, to Tata Motors Finance Ltd, a subsidiary, resulting in a profit of Rs.3,304 million. The resultant gain was subject to capital gains tax in India for Tata Motors Limited, on a standalone basis, resulting in utilization of business losses having a tax effect of Rs.550 million.

- vi. Additional deduction for patent, research and product development cost of Rs.7,456 million in Fiscal 2017, as compared to Rs.14,494 million in Fiscal 2016. During Fiscal 2016, we have applied for tax benefit under patent box regime in the United Kingdom leading to additional benefit of Rs.6,958 million.
- vii. Reduction due to change in statutory tax rate by Rs.246 million to Rs.5,685 million in Fiscal 2017 as compared to Rs.5,931 million in Fiscal 2016.
- viii. During Fiscal 2017, tax on dividend from subsidiaries, joint operations, equity accounted investees and available-for-sale investments was of Rs.27 million, as compared to Rs.1,345 million in Fiscal 2016, mainly due to an additional dividend received during Fiscal 2016.

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

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

In Fiscal 2017, our share of profit of equity-accounted investees reflected a gain of Rs.14,930 million, as compared to Rs.5,775 million in Fiscal 2016.

- Our share of profit (including other adjustments) in Chery Jaguar Land Rover Automotive Company Limited in Fiscal 2017 was Rs.13,544 million, as compared to Rs.5,781 million in Fiscal 2016.
- Our share of profit in Tata Hitachi Construction Machinery Co Private Ltd was Rs.857 million in Fiscal 2017, as compared to a loss of Rs.421 million in Fiscal 2016.

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

Net income

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

- Earnings before other income, interest and tax for Jaguar Land Rover decreased by 26.2% to Rs.120,867 million in Fiscal 2017 from Rs.163,883 million in Fiscal 2016, which amounted to 5.7% in Fiscal 2017 of sales, as compared to 7.4% in Fiscal 2016. The decrease in profitability was mainly attributable to higher manufacturing and other operating costs including higher marketing expenses, higher depreciation and amortization expenses related to significant capital expenditure in prior periods, more unfavorable revaluation of unrealized foreign currency debts, offset by lower interest expenses, favorable revaluation of commodity hedges and further insurance and other recoveries related to Tianjin.
- Earnings before other income, interest and tax for Tata and other brand vehicles decreased to a loss of Rs.17,909 million in Fiscal 2017, as compared to a gain of Rs.9,432 million in Fiscal 2016, primarily due to decreased volume of M&HCVs, higher level of variable marketing spends, provision for inventory of Bharat Stage III vehicles and higher depreciation and amortization.

Fiscal 2016 Compared to Fiscal 2015

Revenue

Our total consolidated revenue (net of excise duty, where applicable), including finance revenue, increased by 2.1% to Rs.2,705,113 million in Fiscal 2016 from Rs.2,648,929 million in Fiscal 2015.

The increase in revenue was driven by both Tata brand vehicles in India and our Jaguar Land Rover business. The revenue of our Tata brand vehicles increased by 9.6% to Rs.490,344 million in Fiscal 2016 from Rs.447,218 million in Fiscal 2015 due to increased volumes of M&HCV.

The revenue of our Jaguar Land Rover business increased marginally by 0.5% to Rs.2,200,750 million in Fiscal 2016 from Rs.2,189,337 million in Fiscal 2015, primarily due to volume increases driven by the success of new products we launched, such as the Discovery Sport and the XE, as well as strong growth in the United Kingdom, North America and European markets. The increase in revenue also reflects an increase on account of foreign currency translation gain from GBP to Indian rupees of Rs.2,087 million pertaining to Jaguar Land Rover. The increase in revenue of Rs.22,286 million at our Jaguar Land Rover business (excluding translation impact) was mainly attributable to an increase in sales of Land Rover from 390,901 units in Fiscal 2015 to 407,228 units in Fiscal 2016, an increase of 4.2%, which was supplemented by an increase in sales of Jaguar-brand vehicles to 102,106 units in Fiscal 2016 from 78,083 units in Fiscal 2015, an increase of 30.8% (volumes excluding Chery Jaguar Land Rover).

Our revenues from sales of vehicles and spares manufactured in India increased by 17.0% to Rs.423,698 million in Fiscal 2016 from Rs.362,214 million in Fiscal 2015. The increase was mainly attributable to increased revenues of M&HCVs in India, which increased by 31.8% to Rs.219,097 million in Fiscal 2016 from Rs.166,263 in Fiscal 2015, primarily due to replacement of fleet vehicles, supported by stable freight rates across key routes, lower fuel prices, higher load factor and renewal of mining activities in certain states of India. Such increase in revenue was partially offset by the decrease in revenue of LCVs, which decreased by 14.6% to Rs.58,860.7 million in Fiscal 2016 from Rs.68,890 million in Fiscal 2015. Furthermore, revenue attributable to passenger cars decreased by 10.7% to Rs.33,224 million in Fiscal 2016 from Rs.37,196 million in Fiscal 2015, and revenue attributable to utility vehicles decreased by 20.3% to Rs.10,399.7 million in Fiscal 2016 from Rs.13,051 million in Fiscal 2015.

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

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

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

Cost and Expenses

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

Material costs increased marginally by 1.2% to Rs.1,637,210 million in Fiscal 2016 from Rs.1,617,029 million in Fiscal 2015.

At our Jaguar Land Rover operations, material costs in Fiscal 2016 marginally increased by 0.1% to Rs.1,318,875 million from Rs.1,320,194 million in Fiscal 2015. Material costs attributable to our Jaguar Land Rover operations had decreased by Rs.10,917 million in Fiscal 2016 mainly due to a positive movement of foreign currency rates applicable for sourcing countries and a decrease in duties of GBP593 million, primarily due to a decrease in sales in China, which partially offset increases in material costs, primarily due to changes in product mix and higher volumes. Material costs at our Jaguar Land Rover operations as a percentage of revenue decreased to 59.2% in Fiscal 2016 from 60.3% in Fiscal 2015 (in GBP terms).

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

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

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

Provision for Loss of Inventory

On August 12, 2015, a series of explosions caused widespread damage at the Port of Tianjin in China, one of three major locations in China through which Jaguar Land Rover imports its vehicles. A provision of Rs.16,384 million (GBP157 million) (net of insurance recoveries of Rs.5,342 million (GBP55 million)) has been recognized against the carrying value of inventory for the damage due to explosion at the port of Tianjin in China. We may have additional claims for insurance recoveries in future.

Employee Costs

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

The employee cost at Jaguar Land Rover increased by 17.6% to Rs.228,730 million in Fiscal 2016 from Rs.194,467 million in Fiscal 2015. This increase includes an unfavorable foreign currency translation from GBP to Indian rupees of Rs.546 million. In GBP terms, employee costs at Jaguar Land Rover increased to GBP2,321 million in Fiscal 2016 from GBP1,977 million in Fiscal 2015. The employee cost at Jaguar Land Rover as a percentage to revenue increased to 10.5% in Fiscal 2016 from 9.0% in Fiscal 2015. Due to consistent increases in volumes and to support new launches and product development projects, Jaguar Land Rover increased its average permanent headcount by 19.6% in Fiscal 2016 to 29,789 employees from 24,902 employees in Fiscal 2015. However, the average temporary headcount was flat at 7,216 employees in Fiscal 2016 from 7,225 employees in Fiscal 2015. Total number of permanent employees as at March 31, 2016 was 30,750, as compared to 27,004 as at March 31, 2015 for Jaguar Land Rover.

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

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

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

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

Other Expenses

Other expenses increased by 7.2% to Rs.585,321 million in Fiscal 2016 from Rs.545,910 million in Fiscal 2015. This increase reflects an unfavorable foreign currency translation of GBP to Indian rupees of Rs.818 million pertaining to Jaguar Land Rover. As a percentage of total revenues, these expenses increased to 21.6% in Fiscal 2016 from 20.6% in Fiscal 2015. The major components of expenses are as follows:

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

1. The increase in freight and transportation expenses corresponds to an increase in volumes at both Tata brand vehicles and Jaguar Land Rover operations, predominantly on account of increased sales of M&HCV and growth in North America and Europe and the United Kingdom, respectively, on an annual basis.
2. Our works operation and other expenses represented 8.3% and 8.1% of total revenue in Fiscal 2016 and 2015, respectively. On absolute terms, the expenses have increased by 4.7% to Rs.223,315 million in Fiscal 2016 from Rs.213,280 million in Fiscal 2015. These mainly relate to volume-related expenses at Jaguar Land Rover and Tata Motors. Engineering expenses at Jaguar Land Rover have increased, reflecting our increased investment in the development of new vehicles by 6.4% to Rs.65,054 million in Fiscal 2016 from Rs.61,127 million in Fiscal 2015. A significant portion of these costs are capitalized and shown under the line item "expenditure capitalized" discussed below.
3. Publicity expenses remains flat at 3.2% of our total revenues in Fiscal 2016 and 2015. In addition to routine product and brand campaigns, we incurred expenses relating to new product introduction campaigns in Fiscal 2016, namely the new Jaguar XE, the all new Jaguar XF, the refreshed 2016 model year Jaguar XJ, new Jaguar F-PACE and the Range Rover Evoque (including convertible) at Jaguar Land Rover, and the SIGMA range of trucks, the Ace Mega and the "Made of Great" campaign and auto expo at our India operations.
4. Our allowance for trade and other receivables represented 0.6% and 1.0% of total revenues in Fiscal 2016 and Fiscal 2015, respectively. The allowances for finance receivables mainly relate to India operations. These mainly reflect provisions for the impairment of vehicle loans of Rs.8,600 million for Fiscal 2016 as compared to Rs.23,226 million for the same period in 2015. The decrease in provision is mainly due to improved financing (more M&HCV and lower loan-to-value ratio) during the year and increased collections. Based on our assessment of non-recoverability of overdues in trade and other receivables, we have recorded a provision of Rs.6,719 million in Fiscal 2016, compared to a provision of Rs.2,371 million in Fiscal 2015, increased mainly at Jaguar Land Rover due to certain doubtful debts.
5. Warranty and product liability expenses represented 2.5% and 2.3% of our total revenues in Fiscal 2016 and Fiscal 2015, respectively. The warranty expenses at Jaguar Land Rover represented 2.86% of the revenue as compared to 2.57% last year whereas for Tata Motors Indian operations these represent 1.16% of revenue as compared to 1.17% last year. In May 2016, an industry-wide passenger airbag safety recall was announced in the United States by the NHTSA in respect of airbags from Takata. Certain front-passenger airbags from Takata are installed in vehicles sold by Jaguar Land Rover Group. Accordingly, we recognized an additional provision of Rs.6,415 million (GBP67 million) for the estimated cost of repairs in Fiscal 2016. Please refer to Item 5.A "—Critical Accounting Policies" of this annual report for further details.
6. Research and product development costs represent research costs and costs pertaining to minor product enhancements, refreshes and upgrades to existing vehicle models. These represented 1.3% of total revenues for Fiscal 2016 as compared to 1.1% in Fiscal 2015.

Expenditure capitalized

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

Depreciation and Amortization

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

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

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

Other income (net)

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

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

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

Interest expense (net)

Our interest expense (net of interest capitalized) decreased by 8.3% to Rs.47,913 million in Fiscal 2016 from Rs.52,232 million in Fiscal 2015. As a percentage of total revenues, interest expense represented 1.8% in Fiscal 2016, compared to 2.0% in Fiscal 2015. The interest expense (net) for Jaguar Land Rover was GBP90 million (Rs.8,833 million) in Fiscal 2016, as compared to GBP135 million (Rs.12,779 million) in Fiscal 2015, due to prepayment penalties of GBP2 million in Fiscal 2016, as compared to GBP77 million in Fiscal 2015. The decrease (excluding prepayment penalty) in interest expense is primarily due to the prepayment of higher coupon senior notes during Fiscal 2016 and Fiscal 2015, offset by an unfavorable foreign currency translation of Rs.361 million from GBP to Indian rupees. For our operations of Tata and other brand vehicles (including financing thereof), interest expense decreased marginally by 1.0% to Rs.39,249 million in Fiscal 2016 from Rs.39,665 million in Fiscal 2015. This includes mark-to-market on interest rate swaps of Rs.1,171.3 million at TML Holdings Pte Ltd. See Item 5.B “—Liquidity and Capital Resources” of this annual report on Form 20-F for additional details on our debt financing arrangements.

Foreign exchange (gain)/loss (net)

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

- i. Jaguar Land Rover recorded an exchange loss of Rs.13,808 million in Fiscal 2016, as compared to Rs.19,118 million in Fiscal 2015. We incurred a net exchange loss on senior notes of Rs.5,639 million in Fiscal 2016, as compared to Rs.15,387 million in Fiscal 2015, mainly due to appreciation of the U.S. dollar, as compared to GBP as at March 31, 2016. Further, there was a gain of Rs.102 million in Fiscal 2016, as compared to a loss of Rs.14,870 million in Fiscal 2015, due to fluctuations in foreign currency exchange rates on derivatives contracts, which are not hedge accounted mainly reflecting a stronger U.S. dollar and Euro, offset by weaker Chinese RMB and emerging market currencies. Furthermore, this also includes a loss on revaluation of other assets and liabilities of Rs.9,166 million in Fiscal 2016, as compared to a gain of Rs.11,195 million in Fiscal 2015.
- ii. For India operations, due to depreciation of the Indian rupee mainly against the U.S. dollar, we incurred exchange losses. There was a net exchange loss of Rs.2,781 million in Fiscal 2016, as compared to Rs.1,777 million in Fiscal 2015, mainly attributable to foreign currency denominated borrowings.

Income Taxes

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

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

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

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

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

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

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

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

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

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

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

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

Net income

Our consolidated net income in Fiscal 2016, excluding shares of non-controlling interests, decreased by 25.3% to Rs.95,883 million from Rs.128,291 million in Fiscal 2015. Net income as a percentage of total revenues also decreased from 4.8% in Fiscal 2015 to 3.5% in Fiscal 2016. This decrease was mainly the result of the following factors:

- Earnings before other income, interest and tax for Jaguar Land Rover decreased by 41.9% to Rs.163,883 million in Fiscal 2016 from Rs.282,073 million in Fiscal 2015, which amounted to 7.4% in Fiscal 2016 of sales, as compared to 12.9% in Fiscal 2015.

The decrease in profitability was mainly attributable to softer sales in China, product mix and higher depreciation and amortization. Further, Jaguar Land Rover recorded a provision for loss of inventory (net of insurance recoveries) of Rs.16,384 million (GBP157 million), following the assessment of the physical condition of the vehicles involved in the explosion at the port of Tianjin in China in August 2015. Furthermore, in May 2016, an industry-wide passenger airbag safety recall was announced in the United States by the NHTSA in respect of airbags from Takata. Certain front-passenger airbags from Takata are installed in vehicles sold by Jaguar Land Rover Group. Accordingly, we recognized an additional provision of Rs.6,415 million (GBP67 million) for the estimated cost of recall in Fiscal 2016.

These were primarily offset by the following factors:

- Earnings before other income, interest and tax for Tata and other brand vehicles increased to Rs.9,433 million in Fiscal 2016, as compared to a loss of Rs.29,831 million in Fiscal 2015, primarily due to increased volume of M&HCVs.

Recent Accounting Pronouncements

Please refer to Note 2(w) to our consolidated financial statements included elsewhere in this annual report on Form 20-F for adopted and yet to be adopted accounting pronouncements as at March 31, 2017.

Critical Accounting Policies

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

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

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

Impairment of Goodwill

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

Impairment

Property, plant and equipment and intangible assets

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

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

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

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

Finance receivables

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

Product Warranty

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

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

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

Employee Benefits

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

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

Recoverability/recognition of deferred tax assets

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

B. Liquidity and Capital Resources

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

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

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

Principal Sources of Funding Liquidity

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

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

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

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

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

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

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

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

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

1. Including interest

2. Jaguar Land Rover has only senior notes as long-term debt obligations as at March 31, 2017 of Rs.274,765 million.

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

	As at March 31,	
	2017	2016
	(Rs. in millions)	
Total cash and cash equivalents	139,868	171,536
Total short-term deposits	218,928	127,810
Total mutual funds investments	150,662	192,330
Total liquid assets	509,458	491,676

These resources enable us to address business needs in the event of changes in credit market conditions. Of the above liquid assets, Jaguar Land Rover holds Rs.444,018 million and Rs.442,817 million as at March 31, 2017 and 2016, respectively. Most of the Jaguar Land Rover's liquid assets are maintained in GBP and smaller balances are maintained in US\$, EUR and RMB and other currencies to meet operational requirements in those geographies.

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

We will continue to invest in new products and technologies to meet consumer and regulatory requirements and in our manufacturing base in the United Kingdom and overseas. In December 2015, Jaguar Land Rover announced the initial investment of GBP1 billion to build a manufacturing facility in Slovakia with annual capacity of 150,000 units and production scheduled to begin in 2018. Construction of the plant commenced in September 2016, with the all new Land Rover Discovery being the first model slated to be manufactured at the plant. In November 2015, Jaguar Land Rover announced an additional investment of GBP450 million to double its capacity at the engine manufacturing facility in Wolverhampton, and also recently commenced the production of the 2.0l Ingenium gasoline engine. In Fiscal 2017, Jaguar Land Rover entered into a partnership with Magna Steyr, an operating unit of Magna International Inc, to build vehicles in Graz, Austria. Jaguar Land Rover announced that its first battery electric vehicle, the Jaguar I-PACE, would be produced under the agreement with Magna Steyr from 2018. We expect that these investments will enable us to pursue further growth opportunities and address competitive positioning. We expect to meet most of our investments out of operating cash flows and cash liquidity available to us. In order to meet the balance of the requirements of our investments, we may be required to raise funds through additional loans and by accessing the capital markets from time to time, as deemed necessary.

With the ongoing need for investments in products and technologies, Tata Motors Limited was free cash flow (which is a non-IFRS measure that equals cash flow from operating activities, less payment for property, plant and equipment and intangible assets) negative in Fiscal 2017 of Rs.20,301 million, calculated on a standalone basis, and expects to be free cash flow negative in Fiscal 2018. We expect that with the improvement in macro-economic conditions and business performance, through other steps like raising funds at subsidiary levels, review of non-core investments, and through appropriate actions for raising additional long-term resources at Tata Motors Limited on a standalone basis, the funding gap can be appropriately addressed.

The following table provides information for the credit ratings of Tata Motors Limited for short-term borrowing and long-term borrowing from the following rating agencies as at March 31, 2017: Credit Analysis & Research Limited, or CARE, ICRA Limited, or ICRA, CRISIL Ltd, or CRISIL, Standard & Poor's Ratings Group, or S&P, and Moody's Investors Service, or Moody's. A credit rating is not a recommendation to buy, sell or hold securities. A credit rating may be subject to withdrawal or revision at any time. Each rating should be evaluated separately of any other rating:

	<u>CARE</u>	<u>ICRA</u>	<u>CRISIL</u>	<u>S&P</u>	<u>Moody's</u>
Long-term borrowings	AA+	AA	AA	BB+	Ba1
Short-term borrowings	—	A1+	A1+	—	—

We believe that we have sufficient liquidity available to meet our planned capital requirements. However, our sources of funding could be materially and adversely affected by an economic slowdown, as was witnessed in Fiscal 2009, or other macroeconomic factors in India, the United Kingdom, the United States, Europe and China, which are beyond our control. A decrease in the demand for our vehicles could affect our ability to obtain funds from external sources on acceptable terms or in a timely manner.

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

Long-term funding

In order to refinance our existing borrowings and for supporting long-term funding needs, we continued to raise funds during Fiscal 2016 and 2017. We had in the past issued convertible notes, which were convertible into equity or repayable on maturity. Details of major funding during Fiscal 2013 through Fiscal 2017 are provided below.

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

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

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

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

In December 2013 and January 2014, Jaguar Land Rover Automotive plc issued US\$700 million senior notes due 2018 at a coupon of 4.125% per annum and GBP400 million senior notes due 2022 at a coupon of 5.000% per annum. The proceeds were used to refinance the GBP500 million senior notes due 2018 at a coupon of 8.125% per annum and US\$410 million senior notes due 2018 at a coupon of 7.75% per annum, which were callable in May 2014 and subsequently redeemed them in full through a tender offer/deposit with the agent in March 2014.

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

In December 2011, Jaguar Land Rover entered into committed revolving credit facility for GBP710 million for three and five years with a syndicate of banks. In July 2013, Jaguar Land Rover Automotive plc amended and restated the facility to GBP1,250 million at more favorable pricing and terms and conditions, which was subsequently upsized to GBP1,290 million. On July 29, 2015, Jaguar Land Rover refinanced the facility using a new facility agreement with a syndicate of 29 banks, increasing the size to GBP1.8 billion, all maturing in five years (2020) and subsequently upsized the facility to GBP1.87 billion in September 2015 by adding another bank under the accordion condition. Jaguar Land Rover is subject to certain customary financial and other covenants under this facility. This facility has been amended and extended for GBP 1,885 million and due to expire in July 2022. As at March 31, 2017, the facility was fully undrawn.

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

In Fiscal 2015, Jaguar Land Rover Automotive plc issued (i) US\$500 million senior notes due 2019 at a coupon of 4.250% per annum, (ii) US\$500 million senior notes due 2020 at a coupon of 3.500% per annum and (iii) GBP400 million senior notes due 2023 at a coupon of 3.875% per annum. The proceeds were used for part prepayment of US\$326 million senior notes due 2021 at a coupon of 8.125% per annum and GBP442 million senior notes due 2020 at a coupon of 8.250% per annum, and are being primarily used for general corporate purposes, including support for Jaguar Land Rover's ongoing growth and capital spending requirements.

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

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

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

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

During Fiscal 2016, TML Holdings Pte. Ltd., refinanced an existing unsecured multi-currency loan of US\$600 million (US\$250 million and SG\$62.8 million maturing in November 2017 and US\$210 million and SG\$114 million maturing in November 2019) with a new unsecured loan of US\$600 million (US\$300 million maturing in October 2020 and US\$300 million maturing in October 2022) and refinanced the existing SG\$350 million 4.25% senior notes due in May 2018 with a new syndicated loan of US\$250 million maturing in March 2020.

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

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

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

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

In Fiscal 2017, TMFL, and its subsidiaries, Sheba Properties Ltd. & TMFSL, issued NCDs and commercial paper and raised Rs.3,161 million and Rs.19,585 million, respectively. Bank borrowings through secured and unsecured term loans continued to remain as the major source of funds for long-term borrowing, and during, Fiscal 2017 Rs.2,625 million were raised.

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

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

Short-term funding

We fund our short-term working capital requirements with cash generated from operations, overdraft facilities with banks, short- and medium-term borrowings from lending institutions, banks and commercial paper. The maturities of these short- and medium-term borrowings and debentures are generally matched to particular cash flow requirements. We had borrowings of Rs.138,599 million and Rs.114,508 million as at March 31, 2017 and 2016, respectively.

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

We had unused credit facilities of Rs.333,874 million and Rs.339,424 million as at March 31, 2017 and 2016, respectively.

Loan Covenants

Some of our financing agreements and debt arrangements set limits on and/or require prior lender consent for, among other things, undertaking new projects, issuing new securities, changes in management, mergers, sales of undertakings and investments in subsidiaries. In addition, certain negative covenants may limit our ability to borrow additional funds or to incur additional liens, and/or provide for increased costs in case of breach. Certain of our financing arrangements also include financial covenants to maintain certain debt-to-equity ratios, debt-to-earnings ratios, liquidity ratios, capital expenditure ratios and debt coverage ratios.

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

Certain debt issued by Jaguar Land Rover is subject to customary covenants and events of default, which include, among other things, restrictions or limitations on the amount of cash, which may be transferred outside of the Jaguar Land Rover group of companies in the form of dividends, loans or investments to TML and its subsidiaries. These are referred to as restricted payments in the relevant Jaguar Land Rover financing documentation. In general, the amount of cash which may be transferred as restricted payments from the Jaguar Land Rover group to the Company and its subsidiaries is limited to 50% of its cumulative consolidated net income (as defined in the relevant financing documentation) from January 2011. As at March 31, 2017, the estimated amount that is available for dividend payments, other distributions and restricted payments was approximately GBP4,841 million.

Cash Flow Data

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

	Rs. in millions		
	2017	2016	2015
Net Cash provided by Operating Activities:	303,107	374,713	365,401
Net income after tax	62,234	96,872	129,082
Adjustments to net income after tax	226,002	284,906	316,600
Changes in operating assets and liabilities	33,822	13,333	(38,048)
Income tax paid	(18,951)	(20,398)	(42,233)
Net Cash used in Investing Activities	(382,728)	(370,501)	(344,178)
Purchase of property, plant and equipment and intangible assets (net)	(306,064)	(311,014)	(300,899)
Net investment, short term deposit, margin money and loans given	(89,243)	(67,374)	(50,395)
Dividend and interest received	12,579	7,887	7,115
Net Cash provided by / (used in) Financing Activities	62,053	(37,929)	30,610
Equity issuance / Proceeds from issue of shares by a subsidiary to non-controlling shareholders (net of issue expenses)	52	74,334	—
Dividends paid (including to non-controlling shareholders of subsidiaries)	(1,212)	(1,059)	(7,207)
Interest paid	(52,224)	(56,068)	(69,131)
Short term (net) borrowings (net of debt issuance cost)	24,853	(18,780)	30,110
Long term (net) borrowings (net of debt issuance cost)	90,584	(36,356)	76,838
Net change in cash and cash equivalents	(17,567)	(33,717)	51,834
Cash and cash equivalents, end of the year	139,868	171,536	197,431

Fiscal 2017 compared to Fiscal 2016

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

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

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

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

Income tax paid has decreased to Rs.18,951 million in Fiscal 2017 (lower profitability at Jaguar Land Rover), as compared to Rs.20,398 million in Fiscal 2016, which was primarily attributable to tax payments by Jaguar Land Rover's foreign subsidiaries in their respective tax jurisdictions.

Net cash used in investing activities totaled Rs.382,728 million in Fiscal 2017, as compared to Rs.370,501 million for Fiscal 2016, an increase of Rs.12,227 million or 3.3%, mainly due to investment in property, plant and equipment by Jaguar Land Rover and product development projects both at our Jaguar Land Rover and India operations. In Fiscal 2017, payments for capital expenditure at Jaguar Land Rover decreased by 3.3% to Rs.267,821 million from Rs.276,932 million in Fiscal 2016. The capital expenditure were intended to support continued growth in sales volumes at Jaguar Land Rover and manufacturing facilities in the United Kingdom, Austria and Brazil. Further, in Fiscal 2017, payments for capital expenditure at Tata and other brand vehicles (including financing thereof) were at Rs.34,635 million from Rs.33,682 million in Fiscal 2016, mainly related to new products planned for future.

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

	<u>For the year ended,</u>	
	<u>2017</u>	<u>2016</u>
	(Rs. in millions)	
Tata and other brand vehicles	34,635	33,682
Jaguar Land Rover	267,821	276,932

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

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

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

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

Interest paid is Rs.53,364 million in Fiscal 2017, as compared to Rs.56,068 million in Fiscal 2016. For Jaguar Land Rover interest paid is Rs.14,650 million in Fiscal 2017, as compared to Rs.11,420 million in Fiscal 2016. For Tata and other brand vehicles, interest paid was Rs.38,565 million in Fiscal 2017, as compared to Rs.44,538 million in Fiscal 2016. Though there was an increase in borrowing in Fiscal 2017, interest was lower due to reduction in interest rates. Please see Item 5.B “—Liquidity and Capital Resources—Long-term funding” of this annual report on Form 20-F for additional details on our repayments of senior notes.

Fiscal 2016 compared to Fiscal 2015

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

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

The Net income decreased to Rs.96,872 million in Fiscal 2016 from Rs.129,082 million in Fiscal 2015. Therefore, the net income after tax (after adjustments) decreased to Rs.381,778 million in Fiscal 2016 from Rs.445,682 million in Fiscal 2015.

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

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

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

Net cash used in investing activities totaled Rs.370,501 million in Fiscal 2016, as compared to Rs.344,178 million for Fiscal 2015, an increase of Rs.26,323 million or 7.6%, mainly due to investment in property, plant and equipment by Jaguar Land Rover and product development projects both at our Jaguar Land Rover and India operations. In Fiscal 2016, payments for capital expenditure at Jaguar Land Rover was flat at Rs.276,932 million from Rs.272,703 million in Fiscal 2015. The increases in capital expenditure were intended to support continued growth in sales volumes at Jaguar Land Rover and engine manufacturing facilities in the United Kingdom and Brazil. Further, in Fiscal 2016, payments for capital expenditure at Tata and other brand vehicles (including financing thereof) increased by 22.6% to Rs.33,682 million from Rs.27,477 million in Fiscal 2015, mainly related to new products planned for future.

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

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

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

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

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

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

Interest paid is Rs.56,068 million in Fiscal 2016, as compared to Rs.69,131 million in Fiscal 2015. For Jaguar Land Rover interest paid is Rs.11,420 million in Fiscal 2016, as compared to Rs.23,509 million in Fiscal 2015. This includes prepayment charges on senior notes of GBP2 million (Rs.197 million) in Fiscal 2016, as compared to GBP77 million (Rs.7,592 million) in Fiscal 2015. For Tata and other brand vehicles, interest paid was Rs.44,538 million in Fiscal 2016, as compared to Rs.38,074 million in Fiscal 2015. Please see Item 5.B “—Liquidity and Capital Resources—Long-term funding” of this annual report on Form 20-F for additional details on our prepayments of senior notes.

Balance Sheet Data

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

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

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

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

As at March 31, 2017, we had finance receivables, including the non-current portion (net of allowances for credit losses), of Rs.175,633 million, as compared to Rs.163,370 million as at March 31, 2016, an increase of 7.5%, primarily due to the decrease in allowances for our vehicle financing due to improved collection, which has contributed to the increase in net finance receivables. Gross finance receivables were Rs.211,608 million as at March 31, 2017, as compared to Rs.207,502 million as at March 31, 2016. Vehicle financing is integral to our automotive operations in India. For further detail see Item 4.B Business Overview—Our Automobile Operations—Tata and other brand vehicles (including financing thereof)—Tata and other brand vehicles—Vehicle Financing”.

Trade receivables (net of allowance for doubtful receivables) were Rs.140,756 million as at March 31, 2017, representing an increase of 3.4% over March 31, 2016. The increase is offset due to an unfavorable foreign currency translation of Rs.18,496 million from GBP to Indian rupees. The past dues for more than six months (gross) have increased from Rs.11,072 million as at March 31, 2016 to Rs.15,514 million or 40.1% as at March 31, 2017 and these mainly represent dues from government-owned transport undertakings and passenger vehicle dealers, for which we are pursuing recovery. Trade receivables for Tata and other brand vehicles have increased by 5.5% to Rs.34,719 million as at March 31, 2017 from Rs.32,899 million as at March 31, 2016, primarily representing dues from government owned transport companies and some of our dealers. The trade receivables of Jaguar Land Rover were Rs.100,062 million as at March 31, 2017, as compared to Rs.100,248 million as at March 31, 2016. There was a favorable currency translation of Rs.18,496 million from GBP to INR. Excluding translation impact, this increase is in line with increases in revenues across regions.

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

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

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

Our other financial assets (current and non-current) have increased to Rs.61,295 million as at March 31, 2017 from Rs.49,688 million as at March 31, 2016. Derivative financial instruments have increased by 82.4% to Rs.42,855 million as at March 31, 2017 from Rs.23,490 million as at March 31, 2016, representing options and other hedging arrangements, mainly related to Jaguar Land Rover, predominantly due to an increase in the volume of U.S. dollar forward foreign exchange contracts coupled with the strengthening of the U.S. dollar compared to GBP and therefore decreasing the fair value of these derivative contracts. Advances and other receivables recoverable in cash have decreased to Rs.7,159 million as at March 31, 2017 from Rs.10,276 million as at March 31, 2016. Further, restricted bank deposits have decreased to Rs.2,956 million as at March 31, 2017 from Rs.7,479 million as at March 31, 2016. Additionally, in Fiscal 2017, Fiat India Automobiles Pvt Ltd, our joint operation, repaid its loan of Rs.1,325 million. A Rs.1,600 million loan to Tata Hitachi Construction Machinery Co. Private Ltd, our equity-accounted investee, was converted to equity shares.

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

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

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

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

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

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

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

Other financial liabilities (current and non-current) were Rs.296,866 million as at March 31, 2017, as compared to Rs.182,041 million as at March 31, 2016, net of a favorable currency translation impact of Rs.51,417 million, reflecting liabilities toward vehicles sold under repurchase arrangements, derivative instruments, deferred payment liabilities, interest accrued but not due on loans and lease liabilities. Furthermore, liability toward vehicles sold under repurchasing arrangements increased to Rs.28,284 million as at March 31, 2017 from Rs.25,504 million as at March 31, 2016, due to an increase in the repurchase business at Jaguar Land Rover. Derivative financial instruments have increased by 79.4% to Rs.255,175 million as at March 31, 2017 from Rs.142,264 million as at March 31, 2016, representing options and other hedging arrangements, mainly related to Jaguar Land Rover, predominantly due to an increase in the volume of U.S. dollar forward foreign exchange contracts coupled with the strengthening of the U.S. dollar compared to GBP and therefore increasing the fair value of these derivative contracts.

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

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

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

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

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

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

The ratio of net debt to shareholders’ equity (total debt less cash and cash equivalents and liquid marketable securities divided by total shareholders’ equity) under IFRS increased from 0.4 as at March 31, 2016 to 0.9 as at March 31, 2017. Details of the calculation of this ratio are set forth in Exhibit 7.1 to this annual report on Form 20-F.

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

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

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

Rs.202,511 million and Rs.110,890 million in Fiscal 2017 and 2016, respectively, represent executory contracts on capital accounts otherwise provided for.

Under the joint venture agreement for our China Joint Venture, we are committed to contribute RMB3.5 billion of capital toward our share in the capital of the joint venture. As at March 31, 2017, we have an outstanding commitment of approximately RMB625 million.

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

Since Fiscal 1997, we have benefited from participation in the Export Promotion Capital Goods Scheme, or the EPCG Scheme, which permits us to import capital equipment under a special license at a substantially reduced customs duty. Our participation in this scheme is subject to us fulfilling an obligation to export goods manufactured or produced by the use of capital equipment imported under the EPCG Scheme to the value of a multiple of the cost plus insurance and freight value of these imports or customs duty saved over a period of 6, 8 and 12 years from the date of obtaining the special license. We currently hold 57 licenses (excluding redeemed licenses) which require us to export our products of a value of approximately Rs.43.41 billion between the years 2014 to 2022, and we carefully monitor our progress in meeting our incremental milestones. After fulfilling some of the export obligations as per provisions of Foreign Trade Policy, as at March 31, 2017, we have remaining obligations to export products worth approximately Rs.3.94 billion by October 2022. In the event that the export obligation under the EPCG Scheme is not fulfilled, we would have to pay the differential between the reduced and normal duty on the goods imported along with interest. In view of our past record of exceeding our export milestones, and our current plans with respect to our export markets, we do not currently foresee any impediments to meeting our export obligation in the required time frame.

Capital Expenditure

Capital expenditure totaled Rs.311,627 million, Rs.306,233 million and Rs.335,771 million during Fiscal 2017, 2016 and 2015, respectively. Our automotive operations accounted for a majority of this capital expenditure. We currently plan to invest over Rs.400 billion in Fiscal 2018 in new products and technologies. Please see Item 5.B “—Liquidity and Capital Resources” of this annual report on Form 20-F for additional details.

Our capital expenditures in India during Fiscal 2017 related mostly to (i) the introduction of new products such as the Tata Tiagor, Hexa and Yodha, (ii) the development of planned future products and technologies, and (iii) quality and reliability improvements aimed at operating cost reductions.

Capital expenditure for Jaguar Land Rover mainly included expenditure for the [global] launches of the Jaguar F-PACE and the all new Land Rover Discovery, the U.S. launch of the Jaguar XE, product development costs for various future products, the launch of Jaguar Land Rover’s in-house 2.0l Ingenium gasoline engines, its contract manufacturing arrangement with Magna Steyr and construction costs for the ongoing new manufacturing plant in Nitra, Slovakia as well as the manufacturing plant opened in Brazil in June 2016. Jaguar Land Rover opened a manufacturing plant for the China Joint Venture in Changshu, China in October 2014 and began manufacturing the Range Rover Evoque there shortly thereafter. Manufacture of the Land Rover Discovery Sport commenced in the third quarter of Fiscal 2016 followed by the long wheel base Jaguar XFL in the first half of Fiscal 2017 which went on sale in September 2016. Jaguar Land Rover and Chery invested approximately RMB 10.9 billion in the first phase of the project, which was used to establish the manufacturing plant, a research and development center and an engine production facility. Jaguar Land Rover invested approximately RMB 3.5 billion of equity capital in the China Joint Venture, representing 50% of the share capital and voting rights of the joint venture company. Investment to support phase two, which will add additional manufacturing capacity, will be supported by further capital injections from Jaguar Land Rover and Chery.

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

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

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

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

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

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

D. Trend Information.

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

E. Off-balance Sheet Arrangements

None

F. Tabular Disclosure of Contractual Obligations

The following table summarizes payments due under significant contractual commitments as at March 31, 2017:

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

1. Includes interest.

G. Safe Harbor

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

Description

- | | | |
|------|--|----------------|
| 12.3 | Certification of the Principal Executive Officer required by Rule 13a – 14(a). | Filed herewith |
| 12.4 | Certification of the Principal Financial Officer required by Rule 13a – 14(a). | Filed herewith |

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on Form 20-F/A its behalf.

July 31, 2017

TATA MOTORS LIMITED

By /s/ Guenter Butschek

Name: **Guenter Butschek**

Title: **CEO & Managing Director**

By /s/ C. Ramakrishnan

Name: **C. Ramakrishnan**

Title: **Tata Motors' Group Chief Financial Officer**

CERTIFICATION

I, Guenter Butschek, certify that:

1. I have reviewed this annual report on Form 20-F of Tata Motors Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; and
3. Based on my knowledge, the other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report.

July 31, 2017

/s/ Guenter Butschek

Guenter Butschek
CEO and Managing Director

CERTIFICATION

I, C. Ramakrishnan, certify that:

1. I have reviewed this annual report on Form 20-F of Tata Motors Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; and
3. Based on my knowledge, the other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report.

July 31, 2017

/s/ C. Ramakrishnan

C. Ramakrishnan

Tata Motors' Group Chief Financial Officer